

Inter Pipeline Fund Announces Expansion of Polaris Pipeline for the Kearl Oil Sands Project

CALGARY, ALBERTA, August 7, 2013: Inter Pipeline Fund (“Inter Pipeline”) (TSX: IPL.UN) announced today that it will increase capacity on its Polaris Pipeline system in support of the phased development of the Kearl oil sands project operated by Imperial Oil Resources Ventures Limited (“Imperial”). Under the terms of an existing 25-year ship-or-pay diluent transportation contract, Imperial holds an option to increase its firm capacity commitment on the Polaris Pipeline from 60,000 barrels per day currently to 120,000 barrels per day. Imperial has exercised its option and, accordingly, Inter Pipeline will install additional pumping capacity on the Polaris system to meet Imperial’s higher diluent requirements.

Inter Pipeline will utilize its existing 12-inch diameter Polaris diluent pipeline, which runs from the Edmonton area to the Kearl project north of Fort McMurray, to supply additional diluent transportation capacity. Inter Pipeline will invest approximately \$45 million to expand mainline capacity through the re-commissioning of three existing pump stations on the Polaris system, which were removed from service in 2011. Upon completion, capacity on the Polaris 12-inch pipeline will increase to approximately 165,000 barrels per day to meet diluent demand from Imperial and other third party shippers. The new pump station facilities are expected to be in service by mid 2015.

Inter Pipeline currently receives approximately \$37 million in annual EBITDA for diluent transportation services under the existing Polaris ship-or-pay agreement with Imperial. As a result of Imperial’s higher capacity commitment, Inter Pipeline expects to receive incremental EBITDA of \$19 million per year once the new Polaris mainline facilities are in service.

Inter Pipeline Fund

Inter Pipeline is a major petroleum transportation, natural gas liquids extraction, and bulk liquid storage business based in Calgary, Alberta, Canada. Structured as a publicly traded limited partnership, Inter Pipeline owns and operates energy infrastructure assets in western Canada, the United Kingdom, Denmark, Germany and Ireland. Additional information about Inter Pipeline can be found at www.interpipelinefund.com.

Inter Pipeline is a member of the S&P/TSX Composite Index. Class A Units trade on the Toronto Stock Exchange under the symbol IPL.UN.

Eligible Investors

Pursuant to Inter Pipeline’s limited partnership agreement dated October 9, 1997, as amended, all unitholders are required to be residents of Canada. A copy of the limited partnership agreement can be found at www.interpipelinefund.com by selecting “Corporate Governance”. If a unitholder is a non-resident of Canada (“Non-Eligible Unitholder”), he will not be considered to be a member of the partnership effective the date the Class A Units were acquired. Inter Pipeline requires all Non-Eligible Unitholders to dispose of their Class A Units in accordance with the limited partnership agreement.

In most cases, a unitholder with an address outside of Canada will be a Non-Eligible Unitholder.

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Disclaimer

Certain information contained herein may constitute forward-looking statements that involve risks and uncertainties. Forward-looking statements in this news release include, but are not limited to, timing and completion cost estimates for the Polaris expansion, and forward EBITDA estimates. Readers are cautioned not to place undue reliance on forward-looking statements. Such information, although considered reasonable by the General Partner of Inter Pipeline at the time of preparation, may later prove to be incorrect and actual results may differ materially from those anticipated in the statements made. For this purpose, any statements that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements often contain terms such as "may", "will", "should", "anticipate", "expects" and similar expressions. Such risks and uncertainties include, but are not limited to, risks associated with operations, such as loss of markets, regulatory matters, environmental risks, industry competition, potential delays and cost overruns of construction projects, and the ability to access sufficient capital from internal and external sources. You can find a discussion of those risks and uncertainties in Inter Pipeline's securities filings at www.sedar.com. The forward-looking statements contained in this news release are made as of the date of this document, and, except to the extent required by applicable securities laws and regulations, Inter Pipeline assumes no obligation to update or revise forward-looking statements made herein or otherwise, whether as a result of new information, future events, or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary note.

All dollar values are expressed in Canadian dollars unless otherwise noted.

**Non-GAAP
Financial
Measures**

Certain financial measures referred to in this news release, namely, "EBITDA" and "cash flow" are not measures recognized by GAAP. These non-GAAP financial measures do not have standardized meanings prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities. Investors are cautioned that these non-GAAP financial measures should not be construed as alternatives to other measures of financial performance calculated in accordance with GAAP.