

Inter Pipeline Announces Capital Expenditure Program for 2018

CALGARY, ALBERTA, DECEMBER [20], 2017: Inter Pipeline Ltd. (“Inter Pipeline”) (TSX: IPL) announced today a \$900 million capital expenditure program for 2018. Approximately \$820 million, or 91 percent of total capital expenditures will be for organic growth initiatives, with the remaining \$80 million invested for sustaining capital projects.

In 2018, the majority of Inter Pipeline’s growth capital program is expected to be directed towards engineering and construction activities for the Heartland Petrochemical Complex which was sanctioned on December 18, 2017. Smaller investments will be made to enhance the connectivity of Inter Pipeline’s oil sands transportation and conventional oil pipeline assets, expand NGL processing infrastructure, and develop European storage operations.

Approximate 2018 growth and sustaining capital expenditures by business segment are described below.

Capital Expenditure Summary	(millions)	<u>2018 Forecast</u>
	Growth Capital	
	NGL Processing*	\$670
	Oil Sands Transportation	110
	Conventional Oil Pipelines	20
	Bulk Liquid Storage	<u>20</u>
	Total Growth Capital	820
	Sustaining Capital	<u>80</u>
	Total Capital	<u>\$900</u>

* Includes proportionate costs for 50 percent interest in the Empress V NGL straddle facility

NGL Processing

Within the NGL processing business, Inter Pipeline will focus primarily on advancing the development of the \$3.5 billion Heartland Petrochemical Complex. This facility, located in Strathcona county, Alberta, will be designed to convert locally sourced, low-cost propane into 525,000 tonnes per year of polypropylene, a high value plastic used in the manufacturing of a wide range of finished products.

In 2018, approximately \$600 million is expected to be invested in the complex on a number of activities including finalizing engineering, continued procurement of equipment, facility module fabrication and site construction activities. Construction of this large-scale facility is expected to be complete by late 2021.

At Inter Pipeline’s Redwater Olefinic Fractionator, approximately \$65 million will be invested in 2018 primarily focused on capacity expansion activities, as well as rail loading and storage investments. Other modest organic growth activities at the Cochrane and Empress straddle plants account for the remaining \$5 million.

Oil Sands Transportation

Inter Pipeline expects to invest approximately \$110 million in its oil sands transportation business in 2018. Approximately \$35 million will be directed towards the continued development of a diluent and bitumen blend connection to the Canadian Natural’s Kirby North oil sands project. In aggregate, Inter Pipeline will invest approximately \$110 million to connect the Kirby North production facility to

the Cold Lake and Polaris pipeline systems by 2020.

The remaining capital will be invested in various organic growth projects on the Cold Lake, Polaris and Corridor pipeline systems and primarily focus on the construction of new diluent receipt and bitumen blend delivery connections.

Conventional Oil Pipelines

In 2018, Inter Pipeline expects to invest \$20 million on several smaller projects across its two conventional oil pipeline systems.

These investments include expanding oil battery connections, truck terminal construction and capacity expansions on the Mid-Saskatchewan and Bow River conventional oil pipeline systems.

Bulk Liquid Storage

Demand for storage services at Inter Pipeline's European terminals continues to remain robust. In aggregate, Inter Pipeline plans to invest approximately \$20 million on various organic growth projects at its terminals in the U.K, Germany, Denmark and Sweden.

These projects include jetty and tank storage infrastructure enhancements as well as cavern improvements.

Sustaining Capital

Sustaining capital expenditures in 2018 are expected to total \$80 million. Approximately \$21 million of the total will be spent in the European bulk liquid storage business on tank upgrades with an additional \$28 million spent on several projects across Inter Pipeline's NGL processing business segment including automation improvements and equipment upgrades.

Approximately \$17 million will be invested in corporate infrastructure in 2018, including improvements to corporate information technology systems. The remaining \$14 million will be spent on a number of projects across Inter Pipeline's transportation businesses.

Financing

Funding for Inter Pipeline's 2018 capital program is expected to be provided through a combination of capacity available under its existing \$1.5 billion committed credit facility, undistributed cash flow from operations, the periodic issuance of new term debt and proceeds from existing dividend re-investment programs.

At current participation levels, Inter Pipeline expects to raise \$25 million per month, or \$300 million annually, under its regular and premium dividend re-investment programs. Inter Pipeline has no plan to finance its 2018 capital program utilizing underwritten equity offerings.

Inter Pipeline Ltd.

Inter Pipeline is a major petroleum transportation, natural gas liquids processing, and bulk liquid storage business based in Calgary, Alberta, Canada. Inter Pipeline owns and operates energy infrastructure assets in western Canada and Europe. Inter Pipeline is a member of the S&P/TSX 60 Index and its common shares trade on the Toronto Stock Exchange under the symbol IPL. www.interpipeline.com.

Contact Information

Investor Relations:

Jeremy Roberge
Vice President, Capital Markets
Email: investorrelations@interpipeline.com
Tel: 403-290-6015 or 1-866-716-7473

Media Relations:

Breanne Oliver
Manager, Corporate Communications
Email: mediarelations@interpipeline.com
Tel: 587-475-1118 or 1-866-716-7473

Disclaimer

Certain information contained herein may constitute forward-looking statements that involve known and unknown risks, assumptions, uncertainties and other factors. Forward-looking statements in this news release include, but are not limited to, statements regarding: (i) the design, engineering and continued construction of Inter Pipeline's 2018 capital growth program and the potential benefits to be derived the various programs, including: the advancement of the Heartland Petrochemical Complex; the expansion, rail loading and storage investments at the Redwater Olefinic Fractionator, and growth activities at Cochrane and Empress Straddle Plants; the development of diluent bitumen blend connections to Canadian Natural's Kirby North oil sands project and construction of new diluent receipt and bitumen blend delivery connections on the Cold Lake, Polaris and Corridor pipeline systems; the expansion of oil battery connections, truck terminal construction and capacity expansions on the Mid-Saskatchewan and Bow River conventional oil pipeline systems; and the jetty and tank storage infrastructure enhancements as well as cavern improvements at Inter Pipeline's European terminals; (ii) demand for storage services at Inter Pipeline's European terminals; and (iii) the ability to fund Inter Pipeline's 2018 capital growth program by way of debt or equity financings. Readers are cautioned not to place undue reliance on forward-looking statements, as such statements are not guarantees of future performance. Inter Pipeline in no manner represents that actual results, levels of activity and achievements will be the same in whole or in part as those set out in the forward-looking statements herein. Such information, although considered reasonable by 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", "expected", "potential" and similar expressions. Such assumptions, risks, uncertainties and other factors include, but are not limited to, risks and assumptions associated with operations, such as Inter Pipeline's ability to successfully implement its strategic initiatives and achieve expected benefits, including the design, engineering and continued construction of Inter Pipeline's 2018 capital growth program; further development of its oil sands pipeline systems; assumptions concerning operational reliability; the availability and price of labour and construction materials; Inter Pipeline's ability to make capital investments and the amounts of capital investments, including those described herein which may be subject to change; the status, credit risk and continued existence of customers having contracts with Inter Pipeline and its affiliates; availability of energy commodities; volatility of and assumptions regarding prices of energy commodities; competitive factors including competition from third-parties in the areas in which Inter Pipeline operates or intends to operate, pricing pressures and supply and demand in the natural gas, propane and oil transportation, ethane transportation and natural gas liquids extraction and storage industries; assumptions based upon Inter Pipeline's current guidance; fluctuations in currency and interest rates; inflation; the ability to access sufficient capital from internal and external sources including debt and equity capital; risks and uncertainties associated with Inter Pipeline's ability to maintain its current level of cash dividends to its shareholders; risks inherent in Inter Pipeline's Canadian and foreign operations; risks of war, hostilities, civil insurrection, instability and political and economic conditions in or affecting countries in which Inter Pipeline and its affiliates operate; severe weather conditions; terrorist threats; risks associated with technology; Inter Pipeline's ability to generate sufficient cash flow from operations to meet its current and future obligations; general economic and business conditions; the potential delays of and costs of overruns on construction projects, including, but not limited to Inter Pipeline's current projects and future expansions of Inter Pipeline's pipeline systems and processing facilities; risks associated with the failure to finalize formal agreements with counterparties in circumstances where letters of intent or similar agreements have been executed and announced by Inter Pipeline; Inter Pipeline's ability to make capital investments and the amounts of capital investments; changes in laws and regulations, including environmental, regulatory and taxation laws, and the interpretation of such changes to Inter Pipeline's business; the risks associated with existing and potential future lawsuits and regulatory actions against Inter Pipeline and its affiliates; increases in maintenance, operating or financing costs; availability of adequate levels of insurance; difficulty in obtaining necessary regulatory approvals and maintenance of support of such approvals; and such other risks and uncertainties described from time to time in Inter Pipeline's reports and filings with the Canadian securities authorities. The impact of any one assumption, risk, uncertainty or other factor on a particular forward-looking statement cannot be determined with certainty, as these are interdependent and Inter Pipeline's future course of action depends on management's assessment of all information available at the relevant time. 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.