

Inter Pipeline to Acquire Remaining Interest in the Cold Lake Pipeline System and Announces New Oil Sands Transportation Agreement

CALGARY, ALBERTA, December 12, 2016: Inter Pipeline Ltd. (“Inter Pipeline”)(TSX:IPL) announced today that it has entered into an agreement to acquire Canadian Natural Resources Limited’s (“Canadian Natural”) 15 percent interest in the Cold Lake pipeline system for \$527.5 million, subject to closing adjustments. As a result, Inter Pipeline will own 100% of the Cold Lake pipeline system. Canadian Natural will receive \$350 million in cash and \$177.5 million through the issuance of 6,417,740 Inter Pipeline common shares in consideration for its Cold Lake ownership interest. The transaction is expected to close before the end of the year and is subject to customary closing conditions.

Additionally, upon closing of the Cold Lake acquisition, Inter Pipeline will enter into a binding long-term take-or-pay agreement with Canadian Natural to transport diluent and bitumen blend for its Kirby North SAGD oil sands project. The agreement will trigger the construction of a new \$125 million pipeline connection to the Kirby North production facility, with service targeted for the first quarter of 2020.

“Inter Pipeline’s purchase of the remaining interest in the Cold Lake pipeline system is a highly logical and immediately accretive investment on a funds from operations basis,” stated Christian Bayle, President and Chief Executive Officer of Inter Pipeline. “Furthermore with the Kirby North connection, Inter Pipeline secures a material oil sands transportation contract during a challenging time for the energy industry. We look forward to working with Canadian Natural to complete this important project.”

Transaction Highlights

- Acquisition is immediately accretive to Inter Pipeline’s funds from operations per share and fully consolidates ownership of the Cold Lake pipeline system
- New transportation agreement increases contracted capacity commitments by approximately 30,000 b/d and 8,000 b/d on Inter Pipeline’s Cold Lake and Polaris pipeline systems, respectively
- Highly capital efficient and accretive Kirby North connection project makes effective use of valuable surplus Cold Lake and Polaris mainline capacity

Cold Lake Pipeline Overview

The Cold Lake pipeline system is the largest transporter of Cold Lake area bitumen production. This 1,400 km pipeline system provides long-term pipeline transportation service to a variety of large oil producers including Imperial Oil, Canadian Natural, as well as Cenovus Energy and ConocoPhillips through the FCCL Partnership. Bitumen production is blended with diluent and shipped on the Cold Lake pipeline system to major crude oil terminalling hubs in Edmonton and Hardisty, Alberta.

The Cold Lake pipeline system transported approximately 535,000 b/d of bitumen blend in the third quarter of 2016. However, the system has an ultimate throughput capacity of 1.9 million b/d, which underscores the attractive, long term development potential of this high quality asset.

Kirby North Connection

The Kirby North project is a thermal in situ oil sands project being developed by Canadian Natural located approximately 40 kilometres southwest of Conklin, Alberta. This multi-phase project may ultimately produce up to 100,000 b/d of bitumen and require bitumen blend and diluent transportation capacity over the long term. Earlier this quarter, Canadian Natural announced the sanctioning of the first phase of the Kirby North project which is expected to enter service in the first quarter of 2020.

Under the terms of the agreement, Canadian Natural has contracted for bitumen blend and diluent transportation capacity for the first phase of Kirby North production on a take-or-pay basis. This contract also integrates existing long-term transportation arrangements for Canadian Natural's Kirby South oil sands development. Inter Pipeline has provided bitumen blend and diluent transportation service to Canadian Natural's Kirby South project since August 2013.

Inter Pipeline will invest approximately \$125 million in pipeline and associated facilities to connect the Kirby North production facility to Inter Pipeline's Cold Lake and Polaris pipeline systems. This includes the construction of 25 km of 16-inch blend and 8-inch diameter diluent pipeline laterals, as well as a new pumping and metering facility at Kirby North. The connections will be designed to cost effectively accommodate future phases of the Kirby North project.

The new transportation agreement will provide highly stable, long term cash flow, which is not dependent on actual volumes shipped. All operating costs will be recovered on a flow through basis.

A map showing the location of the new laterals and facilities is available on our website at www.interpipeline.com.

Financing

Funding for the acquisition will be partially provided through the issuance of 6,417,740 common shares to Canadian Natural at a 10-day weighted average price of \$27.6577 per share for total proceeds of \$177.5 million. In addition, the cash consideration of \$350 million will be funded from proceeds from a new term debt offering that is expected to be completed prior to closing.

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

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Disclaimer

Certain information contained herein may constitute forward-looking statements that involve risks and uncertainties. Readers are cautioned not to place undue reliance on forward-looking statements, including, but not limited to, statements regarding the anticipated benefits of the Cold Lake acquisition and the related transportation agreement with Canadian Natural, development opportunities associated with the Cold Lake pipeline system, the completion, size, funding and timing of the Cold Lake acquisition, the completion, size and timing of a new term debt offering and the timing for the targeted service date of the first phase of Canadian Natural's Kirby North project and the anticipated long term transportation volumes associated with such project. Such statements reflect the current views of Inter Pipeline with respect to future events and are subject to certain risks, uncertainties and assumptions that could cause the results

of Inter Pipeline to differ materially from those expressed in the forward-looking statements. Factors that could cause actual results to vary from forward-looking information or may affect the operations, performance, development and results of Inter Pipeline's businesses include, among other things: risks relating to closing of the Cold Lake acquisition; the potential for undisclosed liabilities associated with the Cold Lake acquisition and realizing the expected benefits from the Cold Lake acquisition and the related transportation agreement with Canadian Natural. 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", "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, government policies, environmental risks, industry competition, potential delays and cost overruns of construction projects, and the ability to access sufficient debt or equity 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.

Certain financial measures referred to in this news release including funds from operations are not measures recognized by Canadian generally accepted accounting principles (GAAP), as outlined in the Chartered Professional Accountant (CPA) Handbook Part I, and used by management to evaluate the performance of Inter Pipeline and its business segments. Since certain non-GAAP financial measures may not have a standardized meaning, securities regulations require that non-GAAP financial measures are clearly defined, qualified and reconciled with their nearest GAAP measure. See the "Non-GAAP Financial Measures" section in Inter Pipeline's most recently filed management's discussion and analysis available at www.sedar.com for further information on the definition, calculation and reconciliation of non-GAAP financial measures.

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