Creating Alignment for Growth

Corporate Presentation

January 2018

KANATA's Simonette Facility

Overview

Founded in 2012, KANATA raised $335 million in private equity from ARC Financial Corp., Energy Spectrum Capital, Teachers Private Capital, co-investors and employees

KANATA's business focus is:

- **Midstream infrastructure -** hydrocarbon gathering, processing, liquids extraction, delivery of natural gas liquids and natural gas to markets while employing innovative deal structures
- **Western Canadian focus** – British Columbia, Alberta and Saskatchewan, in resource plays that provide long-term scalability
- **Brownfield and greenfield projects** - ranging from $30 million to $250 million
- **Differentiation** - through risk sharing, flexibility, customer problem solving, a transparent approach and a proven commitment to exceptional customer service

Why KANATA

- Extensive experience provides rapid deployment of the “right” facilities while striving to be one step ahead of our customer needs
- Flexible contracting providing customers with critical control elements
- Enhancing customers’ balance sheets by adding value through the monetization of midstream infrastructure
- Exceptional service, solving customer problems with innovative solutions in a transparent, collaborative approach
- Sharing of risk, maintaining strict cost control, driving alignment with our customers

KANATA ENERGY GROUP

Expertise

Sweet and sour gathering & processing

Enhanced natural gas liquids extraction

New construction & acquisitions/enhancements of existing facilities

Alberta, British Columbia, and Saskatchewan, project and operations capability

1. **Sweet processing**
   - Compression/dehydration/JT
   - Refrigeration
2. **Sour processing**
   - Selective amine H_2S, mercaptan, and CO_2 removal
   - Acid gas injection
   - Sulfur recovery (Sulferox®, LO-CAT®, Claus)
3. **Liquids recovery**
   - Turbo expander deep cut
   - Field fractionation
   - Condensate sweetening and stabilization
4. **Stakeholder relations**
   - Building and maintaining long lasting relationships in our operating areas

Experience

Facility	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Sweet		•			•	•	•				•			•	•
Sour	•		•	•				•	•	•		•	•		
Size (mmcfd)	5	10	20	20	28	35	40	40	40	55	120	145	350	500	1,100
Constructed	•				•		•		•		•			•	
Operated	•	•	•	•	•	•	•	•	•	•	•	•	•		•
Refrigeration	•	•	•	•	•	•					•	•			
Turbo expander				•			•	•	•				•	•	•
Fractionation	•												•	•	•
Condensate stablization	•		•	•	•				•		•	•			
Dehydration	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Compression	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Amine sweetening	•		•					•		•		•			
Sulfinol									•						
Claus sulphur recovery												•			
LoCat, sulferox									•	•					
Acid gas injection			•						•						
Acid gas incineration	•			•		•									

KANATA Approach

KANATA differentiates itself by having a flexible approach to risk taking:

- **KANATA provides critical control aspects for anchor customers**
  - First priority access to facility capacity
  - Open to customers providing construction and operations expertise (best value approach)
- **KANATA invests in facilities with limited customer commitments**
  - Investments are based on play economics with limited long-term volume obligations
  - Will upsize facilities providing our customers confidence in their ability to grow
- **KANATA takes capital and schedule risk in the project development stage**
  - Reduces customer exposure to capital overruns, by providing fixed capital fees
  - Early project sanctioning ensures facilities are developed on time
- **KANATA takes operating cost risk and has a transparent operations approach**
  - Insulates customers from operating cost overruns
  - Provides customers with cost oversight on flow through operating costs or fixed operating costs
- **Flexible approach to contracting**
  - Simple contracting approach accelerates project development
  - Potential for customer equity/joint venture participation
  - Transparent, collaborative and open approach through every step

Potential Deal Structure

- **Profit center joint venture (example 50/50 arrangement)**
  - KANATA provides capital to equalize into an existing asset based on a valuation of customer assets between NBV and replacement cost
  - Customer pays fees based on capital valuation of infrastructure and receives its share of net revenue
  - Operations approach where KANATA provides operations oversight to drive lowest cost and customer has direct control of operations
  - KANATA markets capacity to third parties, customer and KANATA share in third party revenues
  - New capital is shared based on JV ownership or KANATA provides capital and JV ownership percentage changes
  - Simple contracting approach with standard industry agreements
- Provides alignment between customer and KANATA to ensure mutually beneficial and profitable decision making

KANATA Proven Expertise

- **Safety first**
  - A ‘Safety First” culture that places priority on worker and public safety
  - Certificate of Recognition certified
- **Environmental protection**
  - Every step in project development, execution and operations considers and works to reduce our environmental impact
- **Exceeding expectations on operations**
  - Continuous annual year over year reduction in operating costs
  - Achieving plant availability of 99.5%+
  - Regulatory compliance always a key priority, so facilities remain available to serve customers’ needs

Summary

- **Service oriented** – Accountable from project conception to marketing & logistics
- **Focused –** Hydrocarbon gathering & processing and NGL extraction in the WCSB
- **Experienced** – Leadership team brings 130+ years of midstream expertise
- **Aligned** – Partnering approach with a sharing of risk
- **Responsive** – Positioned to move quickly on projects and solve producer problems
- **Well capitalized** – Financing available through equity and debt facilities

KANATA's mission is to be the premier midstream solution provider to the oil and gas industry in Canada

Daiber Gas Facility

KANATA's Daiber gas plant is located 110 km northwest of Fort St. John in the heart of British Columbia's Montney resource development. The plant provides dehydration, refrigeration, condensate stabilization, and compression services. The facility is 100% owned by KANATA and is adjacent to a lean gas dehydration and compression facility that is 50% owned by KANATA.

Project history

Needing to meet tight timelines, Unconventional Gas Resources (UGR) required refrigeration-based gas processing capability to match its drilling plans. Collaborating with UGR to ensure we clearly understood the project requirements, KANATA quickly sourced the key equipment and delivered a rapid response solution. Commissioned in January 2015, this greenfield facility was delivered in less than 12 months, ahead of schedule and under budget. KANATA led all aspects of the project including: cost estimating, project management, regulatory and stakeholder consultations, EH&S, engineering, procurement and construction. The plant commissioning was carefully planned, the start-up of the plant was seamless and the plant performance has exceeded expectations.

Facility specifications

- **Lean gas facility inlet capacity:** 50 mmcfd
- **Refrigeration inlet capacity**: 28 mmcfd, rapidly expandable to 100 mmcfd
- **Refrigeration inlet pressure**: 500 psi
- **Natural gas deliveries**: Spectra T-North
- **Stabilized condensate deliveries:** Truck out

Simonette Gas Plant

KANATA's Simonette gas plant is located 110 km southeast of Grande Prairie in the heart of Alberta's Montney resource development. The plant provides dehydration, refrigeration, condensate stabilization, compression and condensate and NGL storage. With a 50% ownership, KANATA is the operator and marketer for the facility.

Project history

Our customer, Cequence Energy, welcomed the opportunity to create a trusted partnership, turning to KANATA to provide leadership, expertise and fast response to their developing project opportunities. Working together, our two companies are building on each other's success. As operator of the Simonette joint venture, KANATA led the construction of a new 100 mmcfd refrigeration facility that delivers processed gas to both the Alliance and TransCanada pipelines. The expansion was completed in the first quarter of 2016 on time and under budget.

Facility specifications

- **Refrigeration inlet capacity:** 100 mmcfd, rapidly expandable to 120 mmcfd
- **Refrigeration inlet pressure:** 320 psi
- **Natural gas deliveries:** Alliance, TCPL
- **NGL and stabilized condensate deliveries:** Truck out – future pipeline interconnection in the planning stages

Valhalla Gas Plant

The Valhalla gas plant is located approximately 60 km northwest of Grande Prairie, in the heart of Alberta's Montney resource development. The facility will provide amine sweetening, refrigeration, condensate stabilization, compression, condensate and NGL storage. KANATA will operate and market the facility.

Project history

KANATA is providing project management and taking on capital risk in the construction to enlarge TAQA's existing 12 mmcfd gas facility to 45 mmcfd including incremental amine sweetening, a new condensate stabilizer, refrigeration, acid gas compression, condensate and NGL storage. The facility is currently connected to both the Alliance and TransCanada gas transmission systems. Engineering and fabrication of major equipment is well underway. The expansion is expected to be online in the fourth quarter of 2018.

Facility specifications

- **Plant inlet capacity:** 45 mmcfd
- **Plant inlet pressure:** 480 psi
- **Natural gas deliveries:** Alliance, TCPL
- **NGL and stabilized condensate deliveries:** Truck out – Future pipeline interconnection in the planning stages