

2018 Industry Outlook

Liquid Asphalt Binder

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2018 MARKET OUTLOOK

Worldwide, the crude market has been tightening.

Global demand growth.

Reduction in supply.

- OPEC restrictions
- Political tensions in Libya & Nigeria
- Forties pipeline system down in December

Floating storage has gone from over 100 mln bbls last June to less than 40 mln bbls now.

In the U.S., Crude inventories are down.

Heavy crude backed up in Western Canada.

- Keystone pipeline down for 2 weeks in November
- Insufficient rail capacity
- Pipelines near capacity

Cushing inventory down 56% from last March.

Rocky Mountain region inventory down 13% from last March.

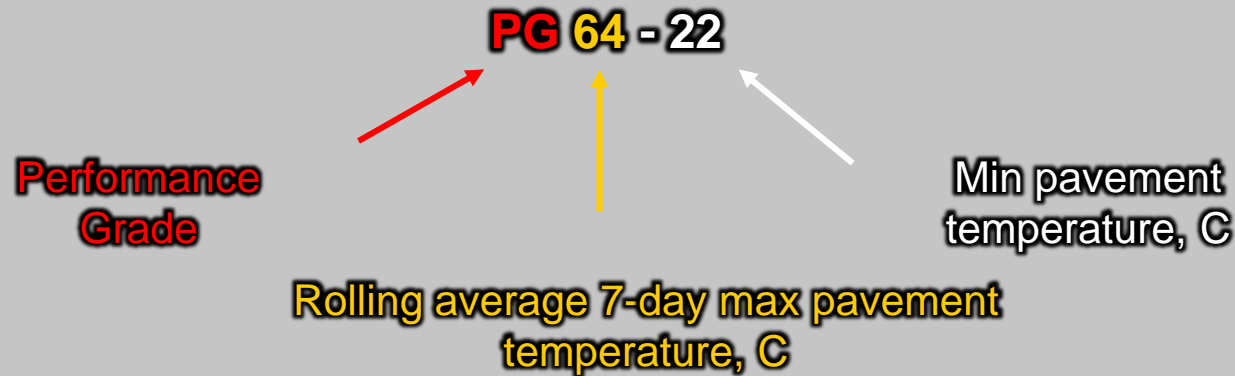
2018 MARKET OUTLOOK

Going forward we expect supply growth, especially in U.S. as more rigs come online. We may even see supply outpace demand.

Asphalt supply: Although somewhat limited, asphalt supply remains stable in Colorado. We would expect pricing to stay relatively flat, provided no major changes to market conditions.

SPECIFYING PERFORMANCE

Based on Climate



The binder designation is based on expected extremes of hot and cold pavement temperatures.

The high temperature number (64) is based on a seven day rolling average. That means days 1 thru 7 averaged, then days 2 thru 8 averaged, then days 3 thru 9 averaged, etc.

The low temperature number (-22) is based on a one time occurrence of the pavement surface temperature.

The temperatures are pavement temperatures and not air temperatures.

If the 7 day rolling average exceeds 64C, then an engineer should specify the next higher grade, (i.e. 70C). If a one time temperature is less than -22C, then the engineer should specify the next lower grade, (i.e. -28C). The grading system moves in 6 degree increments.

AVAILABLE PG GRADES

CDOT Polymer Modified Grades

- PG 58-34
- PG 64-28
- PG 70-28
- PG 76-28

CDOT Commodity Grades

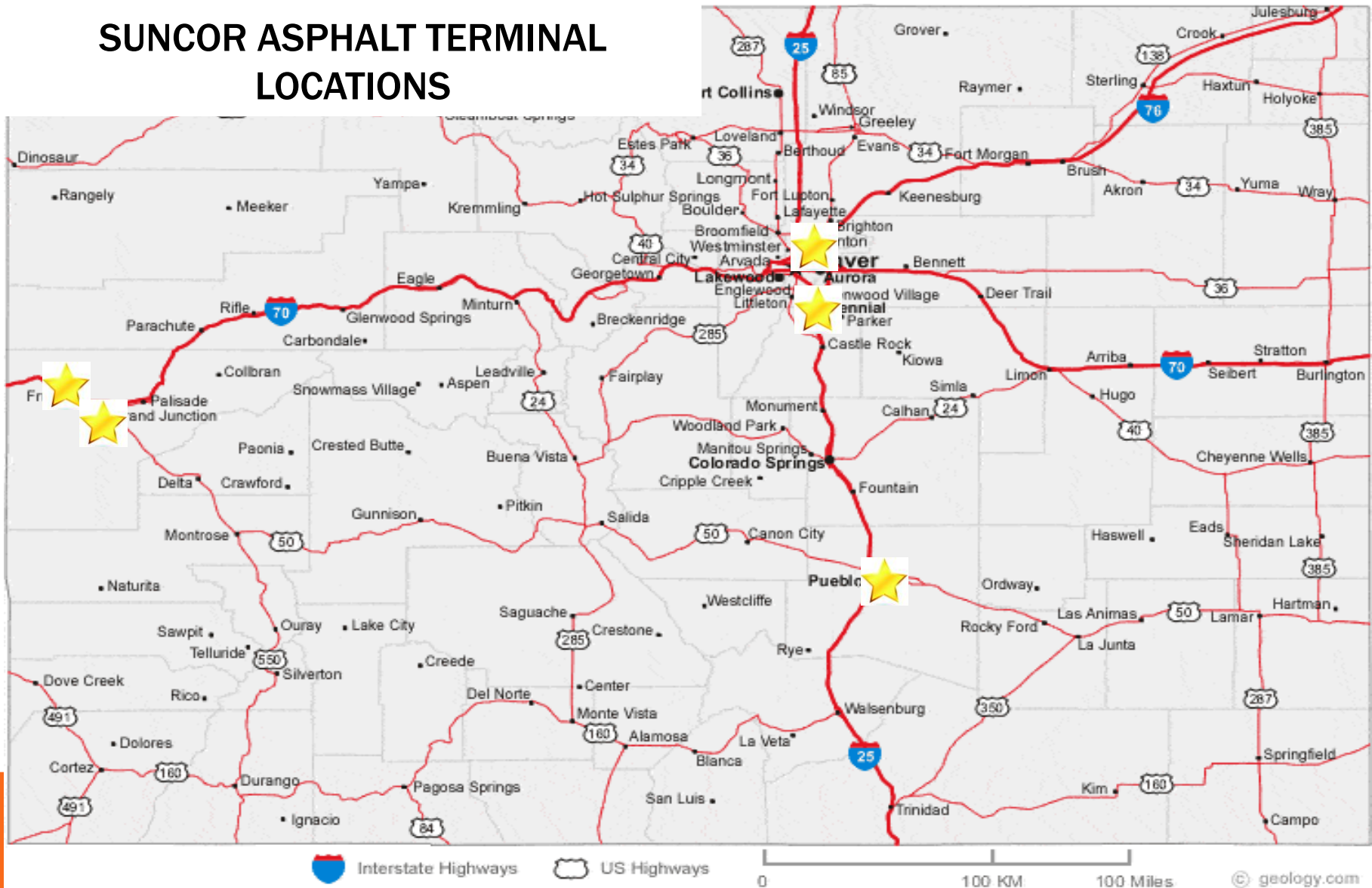
- PG 58-28
- PG 64-22

Additional Grade Commonly used by the FAA

- PG 64-34

Note: Other grades may be available depending on available tankage.

SUNCOR ASPHALT TERMINAL LOCATIONS



Suncor has 5 locations in Colorado.

The paving season is generally between mid-March and Thanksgiving. Availability and pricing are both improved if using the CDOT spec.