Parkland Fuel Corporation

Interim Condensed Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2016

Parkland
FUEL CORPORATION

Parkland Fuel Corporation

Consolidated Balance Sheets
(Unaudited)

(In 000's of Canadian dollars)	September 30, 2016	December 31, 2015[i]
Assets		
Current Assets		
Cash and cash equivalents	**16,801**	36,710
Restricted cash	**-**	321
Cash held in escrow (Notes 10 and 15)	**535,084**	-
Accounts receivable	**328,607**	314,263
Inventories	**134,765**	117,403
Income taxes receivable	**14,708**	4,768
Risk management (Note 11)	**434**	4,801
Prepaid expenses and other	**32,468**	35,932
	1,062,867	514,198
Property, plant and equipment (Note 7)	**521,221**	499,873
Intangible assets (Note 8)	**189,986**	192,611
Goodwill (Note 9)	**548,221**	540,474
Long-term receivables	**32,368**	22,941
Other long-term assets (Note 11)	**26,050**	13,258
Deferred tax asset	**43,308**	35,307
	2,424,021	1,818,662
Liabilities		
Current Liabilities		
Bank indebtedness	**-**	15,325
Accounts payable and accrued liabilities	**414,148**	349,127
Dividends declared and payable	**9,191**	8,479
Deferred revenue	**10,329**	11,685
Long-term debt – current portion (Note 10)	**299,630**	4,413
Asset retirement obligations – current portion (Note 14)	**15,159**	20,790
Risk management (Note 11)	**2,638**	3,563
Other liabilities – current portion (Note 15)	**226,396**	1,029
	977,491	414,411
Long-term debt (Note 10)	**470,697**	441,040
Other liabilities	**12,476**	8,200
Asset retirement obligations (Note 14)	**110,704**	94,641
Refinery and terminal remediation accrual	**14,797**	13,778
Deferred tax liability	**24,906**	33,962
	1,611,071	1,006,032
Shareholders' Equity		
Shareholders' capital (Note 15)	**901,132**	857,534
Contributed surplus	**18,591**	18,986
Accumulated other comprehensive income	**12,262**	17,761
Deficit	**(119,035)**	(81,651)
	812,950	812,630
	2,424,021	1,818,662

[i] Certain comparative figures have been revised. See Note 16 – Business Combinations.
See accompanying notes to the interim condensed consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Income
(Unaudited)

(In 000's of Canadian dollars and shares, except per share amounts)	Three months ended September 30, **2016**	2015	Nine months ended September 30, **2016**	2015
Sales and operating revenue	**1,638,097**	1,862,234	**4,526,016**	4,643,770
Cost of goods sold, excluding depreciation	**1,467,773**	1,694,734	**4,013,260**	4,198,150
Customer finance income	**(404)**	(484)	**(1,066)**	(1,650)
Operating costs	**74,525**	73,971	**227,988**	200,842
Marketing, general and administrative	**42,012**	39,872	**125,556**	116,806
Depreciation and amortization	**27,424**	26,630	**82,947**	63,927
Finance costs (Note 12)	**7,831**	8,361	**12,992**	25,832
Foreign exchange loss (gain)	**339**	(902)	**1,440**	(3,508)
Loss (gain) on disposal of property, plant and equipment	**209**	57	**(217)**	188
Loss on risk management activities	**203**	340	**5,265**	5,266
Earnings before income taxes	**18,185**	19,655	**57,851**	37,917
Income tax expense (recovery)				
Current	**11,402**	7,455	**29,471**	19,624
Deferred	**(7,974)**	(2,367)	**(15,835)**	(5,528)
Net earnings	**14,757**	14,567	**44,215**	23,821
Net earnings per share (Note 6)				
- Basic	**0.15**	0.16	**0.47**	0.28
- Diluted	**0.15**	0.16	**0.46**	0.28
Weighted average number of common shares (Note 6)	**95,638**	90,365	**95,022**	85,621

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Comprehensive Income
(Unaudited)

(In 000's of Canadian dollars)	**Three months ended September 30, 2016**	2015	**Nine months ended September 30, 2016**	2015
Net earnings	**14,757**	14,567	**44,215**	23,821
Other comprehensive income (loss):				
Items that may be reclassified to consolidated statements of income in subsequent periods:				
Exchange differences on translation of foreign operations	**965**	8,490	**(6,644)**	16,562
Net (loss) gain on hedge of net investment in foreign operations, net of tax expense of nil and $182 (2015 – tax benefit of $330 and $673)	**-**	(2,108)	**1,145**	(4,077)
Other comprehensive income (loss), net of tax	**965**	6,382	**(5,499)**	12,485
Total comprehensive income, net of tax	**15,722**	20,949	**38,716**	36,306

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)

(In 000's of Canadian dollars)	Shareholders' capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity
As at January 1, 2016	**857,534**	**18,986**	**17,761**	**(81,651)**	**812,630**
Net earnings	**-**	**-**	**-**	**44,215**	**44,215**
Other comprehensive loss, net of tax	**-**	**-**	**(5,499)**	**-**	**(5,499)**
Dividends	**-**	**-**	**-**	**(81,599)**	**(81,599)**
Share incentive compensation	**-**	**4,315**	**-**	**-**	**4,315**
Issued under dividend reinvestment plan, net of costs	**36,614**	**-**	**-**	**-**	**36,614**
Issued under share option plan	**4,282**	**(364)**	**-**	**-**	**3,918**
Issued under vesting of restricted share units	**2,702**	**(4,346)**	**-**	**-**	**(1,644)**
As at September 30, 2016	**901,132**	**18,591**	**12,262**	**(119,035)**	**812,950**
As at January 1, 2015	584,856	6,339	2,188	(23,532)	569,851
Net earnings	-	-	-	23,821	23,821
Other comprehensive income, net of tax	-	-	12,485	-	12,485
Issued on acquisition of Pioneer Energy	150,116	-	-	-	150,116
Share issuance costs	(170)	-	-	-	(170)
Dividends	-	-	-	(72,213)	(72,213)
Share incentive compensation	-	14,650	-	-	14,650
Issued under dividend reinvestment plan, net of costs	50,896	-	-	-	50,896
Issued under share option plan	3,344	(299)	-	-	3,045
Issued under vesting of restricted share units	4,896	(8,472)	-	-	(3,576)
Issued upon conversion of convertible debentures	3,908	-	-	-	3,908
As at September 30, 2015	797,846	12,218	14,673	(71,924)	752,813

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Cash Flows
(Unaudited)

(In 000's of Canadian dollars)	Three months ended September 30, **2016**	2015	Nine months ended September 30, **2016**	2015
Operating activities				
Net earnings	**14,757**	14,567	**44,215**	23,821
Adjustments for:				
Depreciation and amortization	**27,424**	26,630	**82,947**	63,927
Loss (gain) on disposal of property, plant and equipment	**209**	57	**(217)**	188
Share incentive compensation	**3,276**	987	**6,787**	5,504
Accretion on refinery and terminal remediation	**121**	127	**370**	376
Accretion on asset retirement obligations	**753**	939	**2,212**	1,904
Change in risk management activities	**942**	56	**3,442**	2,242
Change in other liabilities	**(227)**	(342)	**809**	1,564
Accretion on convertible debentures	**-**	90	**-**	277
Amortization of deferred financing costs and debt premium	**194**	218	**462**	652
Change in fair value of Redemption Options	**(500)**	(260)	**(10,580)**	1,840
Deferred taxes	**(7,974)**	(2,367)	**(15,835)**	(5,528)
Cash expenditures on asset retirement obligations	**(880)**	(1,133)	**(2,068)**	(1,816)
Net change in non-cash working capital (Note 13)	**(26,362)**	(3,747)	**27,168**	79,989
Cash generated from operating activities	**11,733**	35,822	**139,712**	174,940
Financing activities				
Long-term debt repayments	**(3,434)**	(382)	**(40,377)**	(1,091)
Proceeds from long-term debt, net of financing costs	**46,526**	811	**62,983**	811
Dividends paid to shareholders, net of dividend reinvestment plan	**(20,319)**	(7,551)	**(44,276)**	(20,125)
Shares issued for cash	**2,633**	1,464	**3,918**	3,045
Share issuance costs	**-**	-	**-**	(170)
Cash generated from (used in) financing activities	**25,406**	(5,658)	**(17,752)**	(17,530)
Investing activities				
Acquisition of other businesses (Note 16)	**(7,246)**	(1,017)	**(36,024)**	(1,017)
Acquisition of Pioneer Energy (Note 16)	**-**	6,605	**-**	(247,485)
Acquisition of North Dakota service stations, net of cash assumed	**-**	-	**-**	(17,633)
Acquisition of Chevron-branded service stations	**-**	-	**-**	(18,252)
Change in long-term receivables	**(4,884)**	(2,711)	**(9,510)**	(2,639)
Change in prepaid expenses and other	**(4,827)**	-	**(9,863)**	-
Additions to cash held in escrow	**(8,554)**	-	**(8,554)**	-
Additions to property, plant and equipment and intangible assets	**(33,462)**	(21,147)	**(69,926)**	(42,305)
Proceeds on sale of property, plant and equipment and intangible assets	**996**	288	**6,075**	1,568
Cash used in investing activities	**(57,977)**	(17,982)	**(127,802)**	(327,763)
Increase (decrease) in net cash	**(20,838)**	12,182	**(5,842)**	(170,353)
Net foreign exchange difference	**(1)**	251	**937**	1,137
Net cash at beginning of period	**37,640**	17,479	**21,706**	199,128
Net cash at end of period	**16,801**	29,912	**16,801**	29,912
Represented by:				
Cash and cash equivalents	**16,801**	29,628	**16,801**	29,628
Restricted cash	**-**	321	**-**	321
Bank indebtedness	**-**	(37)	**-**	(37)
Net cash	**16,801**	29,912	**16,801**	29,912
Supplementary cash flow information:				
Interest paid	**595**	605	**13,448**	14,273
Interest received	**404**	484	**1,066**	1,650
Income taxes paid	**16,843**	4,436	**38,368**	23,933

See accompanying notes to the interim condensed consolidated financial statements.

(In 000's of Canadian dollars, shares and options, except per share amounts)

1. CORPORATE INFORMATION

Parkland Fuel Corporation ("Parkland") is an independent marketer and distributor of fuels and lubricants. Parkland delivers refined fuels and other high quality petroleum products to motorists, businesses, consumers and wholesale customers in Canada and the United States. Parkland was incorporated under the laws of the Province of Alberta on March 9, 2010. Parkland's head office is located at Suite 100, 4919 59th Street, Red Deer, Alberta, T4N 6C9, Canada. The interim condensed consolidated financial statements include the accounts of Parkland and its wholly-owned subsidiaries.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements were approved for issue by the Board of Directors on November 3, 2016. The interim condensed consolidated financial statements are prepared and reported in Canadian dollars in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). The interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with Parkland's annual consolidated financial statements for the year ended December 31, 2015 (the "Annual Consolidated Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Annual Consolidated Financial Statements, except for (i) the adoption of new standards and interpretations effective as of January 1, 2016, (ii) for the purposes of calculating income taxes during the interim periods, where Parkland utilizes estimated annualized income tax rates, and (iii) the accounting of subscription receipts, which is a new financial instrument issued on September 7, 2016.

Subscription receipts

Parkland accounts for subscription receipts as a financial liability in other liabilities, including when there may be a requirement for Parkland to deliver cash or another financial asset in the event of the occurrence or non-occurrence of uncertain future events that are beyond the control of both Parkland and the holder of the subscription receipt. Transaction costs are recorded as a deferred financing cost reducing the financial liability. Subscription receipts are accounted for as an equity instrument only when both conditions (a) and (b) below are met:

(a) The subscription receipt does not include a contractual obligation to deliver cash or another financial asset to another entity, or does not include a contractual obligation to exchange financial assets or liabilities with another entity under conditions that are potentially unfavourable to Parkland; and

(b) The subscription receipt does not include a contractual obligation for Parkland to deliver a variable number of its own equity instruments, or is a derivative that will be settled only by Parkland exchanging a fixed amount of cash or another financial asset for a fixed number of Parkland's own equity instruments.

(b) Use of estimates

The preparation of the interim condensed consolidated financial statements involves the use of estimates and approximations that are consistent with those stated in the Annual Consolidated Financial Statements, with exception of the additional source of estimation uncertainty described below.

Fair values of assets acquired and liabilities assumed in a business combination are estimated based on information available at the date of acquisition and involve considerable judgment in determining the fair values assigned to property, plant and equipment and intangible assets acquired and liabilities assumed on acquisition. The determination of these fair values may involve various widely accepted valuation techniques and analysis, including, but not limited to, the use of discounted cash flows, estimated future margins, future growth rates, market rents, capitalization rates, reference to market-based evidence, reference to comparable rates adjusted for specific market factors, such as nature, location and condition of the property, and other established methodologies and techniques. There is measurement uncertainty inherent in this analysis and actual results could differ from these estimates.

(In 000's of Canadian dollars, shares and options, except per share amounts)

4. CHANGES IN ACCOUNTING POLICIES

(a) IAS 1 – Presentation of Financial Statements

On December 18, 2014, the IASB issued amendments to IAS 1 – Presentation of Financial Statements as part of its major initiative to improve presentation and disclosure in financial reports, and these amendments will be effective for annual periods beginning on or after January 1, 2016. This standard does not apply to the structure and content of condensed interim financial statements prepared in accordance with IAS 34 – Interim Financial Reporting. The amendments are not expected to have a significant impact on the consolidated financial statements for the year ending December 31, 2016.

(b) Annual Improvements 2012-2014 Cycle

These improvements were applicable for annual periods beginning on or after January 1, 2016 and Parkland adopted these amendments in the interim condensed consolidated financial statements. They include improvements to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 – Financial Instruments: Disclosures, and IAS 34 – Interim Financial Reporting. The adoption of these amendments did not have a significant impact on Parkland's consolidated financial statements.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Parkland has not yet adopted certain standards and amendments that have been issued but that are not yet effective. The following new accounting pronouncement introduced since the date of the Annual Consolidated Financial Statements is being assessed to determine its impact on Parkland's results and financial position.

IFRS 2 – Share-based Payment

In June 2016, the IASB issued three amendments to IFRS 2 to eliminate diversity in practice in the classification and measurement of particular share-based payment transactions: i) the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, ii) the classification of a share-based payment transaction with net settlement features for withholding tax obligations, iii) the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The effective date of the amendments is January 1, 2018.

6. NET EARNINGS PER SHARE

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	**2016**	2015
Net earnings - basic and diluted	**14,757**	14,567	**44,215**	23,821
Weighted average number of common shares	**95,638**	90,365	**95,022**	85,621
Effects of dilution from:				
- Share options	**423**	-	**313**	306
Weighted average number of common shares adjusted for the effects of dilution	**96,061**	90,365	**95,335**	85,927
Net earnings per share				
- Basic	**0.15**	0.16	**0.47**	0.28
- Diluted	**0.15**	0.16	**0.46**	0.28

In computing the diluted net earnings per share amount for the three and nine months ended September 30, 2015, the impact of convertible debentures was excluded as their effect was antidilutive. There were no convertible debentures outstanding as at September 30, 2016. The impact of 9,430,000 subscription receipts and the related dividend equivalents were also excluded as their conversion to common shares is contingent on the closing of the CST Brands Canada Acquisition (refer to Note 15) and the completion of certain release conditions.

(In 000's of Canadian dollars, shares and options, except per share amounts)

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Land improvements	Buildings	Assets under finance lease	Plant and equipment	Asset retirement costs	Total
Cost							
As at January 1, 2016	**88,217**	**44,594**	**139,952**	**1,961**	**492,419**	**53,099**	**820,242**
Additions	**2,296**	**3,581**	**12,175**	**-**	**47,209**	**-**	**65,261**
Change in asset retirement obligations	**-**	**-**	**-**	**-**	**-**	**6,547**	**6,547**
Additions due to acquisitions (Note 16)	**474**	**2**	**1,656**	**-**	**10,218**	**-**	**12,350**
Consolidation of Hold Separate Assets (Note 16)	**430**	**140**	**970**	**-**	**897**	**-**	**2,437**
Disposals	**(350)**	**(424)**	**(2,406)**	**-**	**(13,052)**	**-**	**(16,232)**
Exchange differences	**(321)**	**(273)**	**(756)**	**-**	**(3,625)**	**(351)**	**(5,326)**
As at September 30, 2016	**90,746**	**47,620**	**151,591**	**1,961**	**534,066**	**59,295**	**885,279**
Depreciation							
As at January 1, 2016	**-**	**9,099**	**40,782**	**526**	**246,408**	**23,554**	**320,369**
Depreciation	**-**	**1,591**	**7,534**	**83**	**42,166**	**7,750**	**59,124**
Consolidation of Hold Separate Assets (Note 16)	**-**	**5**	**58**	**-**	**176**	**-**	**239**
Disposals	**-**	**(257)**	**(745)**	**-**	**(10,120)**	**(2,460)**	**(13,582)**
Exchange differences	**-**	**(30)**	**(158)**	**-**	**(1,771)**	**(133)**	**(2,092)**
As at September 30, 2016	**-**	**10,408**	**47,471**	**609**	**276,859**	**28,711**	**364,058**
Net book value							
As at September 30, 2016	**90,746**	**37,212**	**104,120**	**1,352**	**257,207**	**30,584**	**521,221**

	Land	Land improvements	Buildings	Assets under finance lease	Plant and equipment	Asset retirement costs	Total
Cost							
As at January 1, 2015	41,762	34,161	87,210	4,138	402,940	48,508	618,719
Additions	1,660	689	14,166	-	46,479	-	62,994
Change in asset retirement obligations	-	-	-	-	-	3,355	3,355
Additions due to acquisitions (Note 16)	46,841	9,590	38,562	-	43,004	-	137,997
Disposals	(3,020)	(416)	(1,841)	(2,177)	(8,517)	-	(15,971)
Exchange differences	974	570	1,855	-	8,513	1,236	13,148
As at December 31, 2015	88,217	44,594	139,952	1,961	492,419	53,099	820,242
Depreciation							
As at January 1, 2015	-	7,715	33,422	2,542	200,758	14,777	259,214
Depreciation	-	1,593	8,027	166	46,772	9,854	66,412
Disposals	-	(280)	(1,095)	(2,182)	(5,960)	(1,369)	(10,886)
Exchange differences	-	71	428	-	4,838	292	5,629
As at December 31, 2015	-	9,099	40,782	526	246,408	23,554	320,369
Net book value							
As at December 31, 2015	88,217	35,495	99,170	1,435	246,011	29,545	499,873

As at September 30, 2016, Parkland had assets under construction of $13,337 (December 31, 2015 – $13,232) consisting primarily of assets related to construction and upgrades of retail stations within the Retail Fuels and Parkland USA segments. Contractual commitments for the acquisition of property, plant and equipment as at September 30, 2016 were $8,486 (December 31, 2015 – $8,444).

(In 000's of Canadian dollars, shares and options, except per share amounts)

8. INTANGIBLE ASSETS

	Customer relationships	Trade names	Non-compete and other agreements	Lease benefit	Software systems	Total
Cost						
As at January 1, 2016	**260,725**	**33,411**	**18,618**	**2,213**	**33,193**	**348,160**
Additions	**32**	**-**	**-**	**-**	**4,633**	**4,665**
Additions due to acquisitions (Note 16)	**10,066**	**-**	**7,498**	**-**	**71**	**17,635**
Consolidation of Hold Separate Assets (Note 16)	**344**	**289**	**307**	**7**	**-**	**947**
Disposals	**(276)**	**-**	**-**	**-**	**-**	**(276)**
Exchange differences	**(2,914)**	**(517)**	**(29)**	**(20)**	**-**	**(3,480)**
As at September 30, 2016	**267,977**	**33,183**	**26,394**	**2,200**	**37,897**	**367,651**
Amortization						
As at January 1, 2016	**125,767**	**10,390**	**7,389**	**1,586**	**10,417**	**155,549**
Amortization	**16,604**	**1,692**	**2,282**	**157**	**2,244**	**22,979**
Consolidation of Hold Separate Assets (Note 16)	**17**	**9**	**31**	**1**	**-**	**58**
Disposals	**(180)**	**-**	**-**	**-**	**-**	**(180)**
Exchange differences	**(617)**	**(109)**	**(12)**	**(3)**	**-**	**(741)**
As at September 30, 2016	**141,591**	**11,982**	**9,690**	**1,741**	**12,661**	**177,665**
Net book value						
As at September 30, 2016	**126,386**	**21,201**	**16,704**	**459**	**25,236**	**189,986**

	Customer relationships	Trade names	Non-compete and other agreements	Lease benefit	Software systems	Total
Cost						
As at January 1, 2015	238,228	20,540	6,575	1,869	23,935	291,147
Additions	47	-	-	-	9,924	9,971
Additions due to acquisitions (Note 16)	13,416	11,271	11,953	283	-	36,923
Disposals	-	-	-	-	(666)	(666)
Exchange differences	9,034	1,600	90	61	-	10,785
As at December 31, 2015	260,725	33,411	18,618	2,213	33,193	348,160
Amortization						
As at January 1, 2015	104,224	8,272	5,886	991	7,941	127,314
Amortization	20,215	1,883	1,477	589	2,517	26,681
Disposals	-	-	-	-	(41)	(41)
Exchange differences	1,328	235	26	6	-	1,595
As at December 31, 2015	125,767	10,390	7,389	1,586	10,417	155,549
Net book value						
As at December 31, 2015	134,958	23,021	11,229	627	22,776	192,611

9. GOODWILL

	January 1, 2016 to September 30, 2016	January 1, 2015 to December 31, 2015
Balance, beginning of period	**540,474**	179,607
Acquisition of other businesses (Note 16)	**2,961**	2,825
Acquisition of Pioneer Energy (Note 16)	**-**	333,426
Acquisition of North Dakota service stations	**-**	7,646
Acquisition of Chevron-branded service stations	**-**	8,837
Consolidation of Hold Separate Assets (Note 16)	**7,681**	-
Exchange differences	**(2,895)**	8,133
Balance, end of period	**548,221**	540,474

(In 000's of Canadian dollars, shares and options, except per share amounts)

10. LONG-TERM DEBT AND CREDIT FACILITY

	September 30, 2016	December 31, 2015
Credit Facility (a)	**65,971**	36,676
Unamortized discount: deferred financing costs	**(735)**	(313)
	65,236	36,363
Senior Unsecured Notes (b)		
5.50% Senior Notes, due 2021	**200,000**	200,000
Unamortized premium: Redemption Options	**2,267**	2,583
Unamortized discount: deferred financing costs	**(3,509)**	(4,005)
6.00% Senior Notes, due 2022	**200,000**	200,000
Unamortized premium: Redemption Options	**4,157**	4,574
Unamortized discount: deferred financing costs	**(3,803)**	(4,187)
5.75% Senior Notes, due 2024	**300,000**	-
Unamortized premium: Redemption Options	**3,090**	-
Unamortized discount: deferred financing costs	**(6,355)**	-
	695,847	398,965
Finance Lease Obligations	**1,275**	1,377
Collateralized Notes	**7,969**	8,748
	9,244	10,125
Total long-term debt	**770,327**	445,453
Less: current portion	**(299,630)**	(4,413)
Long-term debt	**470,697**	441,040

The following table provides an analysis of the estimated principal repayments of long-term debt:

	2016	2017	2018	2019	2020	Thereafter	Interest included in minimum lease payments	Total
Credit Facility (a)	-	-	-	-	65,971	-	-	65,971
Senior Unsecured Notes (b)								
5.50% Senior Notes, due 2021	-	-	-	-	-	200,000	-	200,000
6.00% Senior Notes, due 2022	-	-	-	-	-	200,000	-	200,000
5.75% Senior Notes, due 2024	-	300,000	-	-	-	-	-	300,000
Finance Lease Obligations	1,015	163	66	66	66	318	(419)	1,275
Collateralized Notes	1,314	1,106	2,516	857	542	1,634	-	7,969
	2,329	301,269	2,582	923	66,579	401,952	(419)	775,215

(a) Credit Facility

A revolving extendible credit facility (the "Credit Facility") agreement was last amended on June 30, 2016 to extend the maturity to November 30, 2020. The facility is extendible each year for a rolling four-year period at the option of Parkland. If the Credit Facility is not extended past the maturity date of November 30, 2020, all amounts outstanding are repayable on the maturity date.

The Credit Facility consists of i) a revolving operating loan with interest payable to a maximum of $320,000 for the Canadian Syndicated Facility and US$30,000 for the U.S. Operating Facility (December 31, 2015 – $320,000 and US$30,000) less the value of letters of credit issued; and ii) letters of credit to a maximum of $100,000 and US$10,000 (December 31, 2015 – $100,000 and US$10,000). Information pertaining to the Credit Facility as at September 30, 2016 is summarized below:

(In 000's of Canadian dollars, shares and options, except per share amounts)

	Rate	Effective rate as at September 30, 2016	September 30, 2016
Canadian Syndicated Facility			
Canadian Prime Rate Loan	Prime + 0.75%	3.45%	**50,434**
Banker's acceptance	Banker's acceptance + 1.75%	N/A	**-**
LIBOR Loan	LIBOR + 1.75%	N/A	**-**
U.S. Operating Facility	Prime + 0.75%	4.25%	**15,537**
Outstanding borrowings under the Credit Facility			**65,971**

As at September 30, 2016, total outstanding balances for letters of credit were $13,857 (December 31, 2015 – $14,931), and these mature at various dates up to August 23, 2017.

The revolving operating loan incurs standby fees for any unused portion of the facility at a rate between 0.300% and 0.619% (December 31, 2015 – between 0.300% and 0.619%) depending on the ratio of funded debt to earnings (including pre-acquisition earnings) before finance costs, taxes and depreciation and amortization, gain (loss) on disposal of property, plant and equipment, non-cash stock-based compensation, non-recurring transactions related to earnings (loss), cash payments related to non-cash charges that were added back previously, unrealized gain (loss) from foreign exchange and unrealized gain (loss) from the change in fair value of commodities swaps and forward contracts, futures contracts and U.S. dollar forward exchange contracts included in risk management activities ("Credit Facility EBITDA" – as defined under the terms of the Credit Facility). Security on the Credit Facility is the assignment of insurance and a floating charge demand debenture for $900,000, creating a first floating charge over all of the undertaking, property and assets of Parkland.

As at September 30, 2016, Parkland was in compliance with all debt covenants. Debt covenant ratios are tested on a trailing-twelve-month Credit Facility EBITDA basis. On June 30, 2016, the debt covenants of the Credit Facility were amended. The financial covenants of the Credit Facility are as follows:

1. Senior Funded Debt to Credit Facility EBITDA Ratio shall not exceed 3.50 to 1.00 as at the first and fourth quarter ends and for the first two full quarters following a completion of a material acquisition, and 3.00 to 1.00 as at the second and third quarter ends;
2. Total Funded Debt to Credit Facility EBITDA Ratio shall not exceed 4.50 to 1.00 at any quarter end; and
3. Interest Coverage Ratio at each quarter shall not be less than 3.00 to 1.00 at any quarter end.

As at September 30, 2016, Parkland provided $722,231 (December 31, 2015 – $758,907) of unsecured guarantees to counterparties of commodities swaps and U.S. dollar forward exchange contracts used in natural gas liquids and crude oil purchases and supply agreements.

(b) Senior Unsecured Notes

The Senior Unsecured Notes are notes guaranteed by Parkland subsidiaries and are unsecured obligations. On September 16, 2016, Parkland completed a private placement of Senior Unsecured Notes with an aggregate principal amount of $300,000 due September 16, 2024, bearing an interest rate of 5.75% per annum, payable semi-annually in arrears on March 16 and September 16 each year until maturity (the "5.75% Senior Notes"). The 5.75% Senior Notes will be used to partially fund the CST Brands Canada Acquisition. The first interest payment will be paid on March 16, 2017. The proceeds of the 5.75% Senior Notes are being held in escrow and have been recorded as cash held in escrow. The 5.75% Senior Notes are mandatorily redeemable if certain conditions relating to the CST Brands Canada Acquisition are not satisfied before August 22, 2017. As such, the 5.75% Senior Notes have been classified as a current liability in long-term debt – current portion.

As at September 30, 2016, Parkland was in compliance with all of the covenants limiting Parkland's ability to incur additional debt, make certain restricted payments and investments, create liens, enter into transactions with affiliates, and consolidate, merge, transfer or sell all or substantially all of its property and assets.

(In 000's of Canadian dollars, shares and options, except per share amounts)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

(a) Fair value measurement hierarchy

The tables below present information about the financial assets and liabilities measured at fair value on a recurring basis and the fair value hierarchy of the valuation techniques used:

	Fair value as at September 30, 2016			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Redemption Options	-	**22,810**	-	**22,810**
Risk management assets				
Commodities swaps and forward contracts	-	**244**	-	**244**
Commodities futures contracts	-	**190**	-	**190**
Total risk management assets	-	**434**	-	**434**
Risk management liabilities				
Commodities swaps and forward contracts	-	**(1,929)**	-	**(1,929)**
U.S. dollar forward exchange contracts	-	**(709)**	-	**(709)**
Total risk management liabilities	-	**(2,638)**	-	**(2,638)**

	Fair value as at December 31, 2015			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Redemption Options	-	9,140	-	9,140
Risk management assets				
Commodities swaps and forward contracts	-	4,566	-	4,566
U.S. dollar forward exchange contracts	-	235	-	235
Total risk management assets	-	4,801	-	4,801
Risk management liabilities				
Commodities swaps and forward contracts	-	(136)	-	(136)
U.S. dollar forward exchange contracts	-	(3,427)	-	(3,427)
Total risk management liabilities	-	(3,563)	-	(3,563)

(b) Other financial instruments

The carrying values of cash and cash equivalents, restricted cash, cash held in escrow, accounts receivable, bank indebtedness, accounts payable and accrued liabilities and dividends declared and payable approximate their fair values as at September 30, 2016 due to the short-term nature of these instruments. The carrying value of the long-term receivables approximates fair value as at September 30, 2016, as Parkland currently issues loans and advances to dealers and customers with similar terms. The Senior Unsecured Notes had a carrying value of $700,000 and an estimated fair value of $700,534 as at September 30, 2016 (December 31, 2015 – carrying value $400,000 and estimated fair value $381,971). The carrying value of other long-term debt approximates fair value as at September 30, 2016 as either the interest rate on the long-term debt is adjusted monthly or the debt was issued recently. The carrying value of other long-term liabilities approximates fair value as at September 30, 2016 as either it is adjusted to its fair value on a quarterly basis or it is related to liabilities recently incurred.

(c) Fair value measurement hierarchy transfers

Parkland's policy is to recognize transfers between fair value measurement hierarchy levels as at the date of the event or change in circumstances that caused the transfer. There were no transfers between levels during the nine months ended September 30, 2016. There were also no changes in the purpose of any financial asset or financial liability that subsequently resulted in a different classification of that asset or liability.

(In 000's of Canadian dollars, shares and options, except per share amounts)

(d) Redemption Options

The Senior Unsecured Notes contain optional redemption features that allow Parkland to redeem the notes prior to maturity at a premium (the "Redemption Options"). The Redemption Options have been accounted for as an embedded derivative financial instrument under IFRS. On initial recognition on May 29, 2014, November 21, 2014 and September 16, 2016, the Redemption Options embedded within the 5.50% Notes, 6.00% Notes and 5.75% Notes were ascribed fair values of $3,220, $5,160 and $3,090, respectively, which were recorded within other long-term assets in the consolidated balance sheets. On initial recognition, the carrying value of the Senior Unsecured Notes was increased by the fair value of the Redemption Options, which is amortized to finance costs in the consolidated statements of income over the term of the Senior Unsecured Notes. The amortization was $247 and $733 for the three and nine months ended September 30, 2016, respectively (three and nine months ended September 30, 2015 – $235 and $694).

The Redemption Options are fair valued at the end of the reporting period and any change in the fair value is recognized in the consolidated statements of income in finance costs. The fair value of the Redemption Options recorded in other long-term assets was $22,810 as at September 30, 2016 (December 31, 2015 – $9,140). The change in fair value of the Redemption Options for the three and nine months ended September 30, 2016 was a gain of $500 and $10,580, respectively (three and nine months ended September 30, 2015 – gain of $260 and loss of $1,840).

(e) Hedge of net investments in foreign operations

During the second quarter of 2016, Parkland discontinued its net investment hedge on SPF Energy Inc. ("SPF"), a foreign subsidiary in the Parkland USA segment that has a U.S. dollar functional currency. As at September 30, 2016, no amounts have been designated as a hedge of net investment of SPF (December 31, 2015 – US$26,500).

12. FINANCE COSTS

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	**2016**	2015
Interest on long-term debt	**7,448**	6,870	**20,977**	20,128
Interest and accretion on convertible debentures	**-**	673	**-**	2,076
Amortization of deferred financing costs	**441**	452	**1,195**	1,346
Accretion on refinery and terminal remediation	**121**	127	**370**	376
Accretion on asset retirement obligations	**753**	939	**2,212**	1,904
Change in fair value of Redemption Options	**(500)**	(260)	**(10,580)**	1,840
Amortization of debt premium arising from Redemption Options	**(247)**	(235)	**(733)**	(694)
Interest income	**(185)**	(205)	**(449)**	(1,144)
Finance costs	**7,831**	8,361	**12,992**	25,832

13. NET CHANGE IN NON-CASH WORKING CAPITAL

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	**2016**	2015
Accounts receivable	**(23,183)**	(7,314)	**(13,243)**	105,396
Inventories	**(19,869)**	2,006	**(16,498)**	30,816
Income taxes receivable	**(5,462)**	1,080	**(10,139)**	(6,285)
Prepaid expenses and other	**6,490**	(5,812)	**4,346**	(13,193)
Accounts payable and accrued liabilities	**19,591**	(1,716)	**64,058**	(39,165)
Deferred revenue	**(3,929)**	8,009	**(1,356)**	2,420
Total net change in non-cash working capital	**(26,362)**	(3,747)	**27,168**	79,989

(In 000's of Canadian dollars, shares and options, except per share amounts)

14. ASSET RETIREMENT OBLIGATIONS

	January 1, 2016 to September 30, 2016	January 1, 2015 to December 31, 2015
Asset retirement obligations, beginning of period	**115,431**	60,586
Additional provisions made in the period	**8,793**	7,777
Additions due to acquisitions (Note 16)	**431**	52,408
Consolidation of Hold Separate Assets (Note 16)	**1,046**	
Obligations settled during the period	**(2,068)**	(3,107)
Change in estimated future cash flows	**(4,349)**	(6,255)
Change due to passage of time, foreign exchange and discount rate	**6,579**	4,022
Asset retirement obligations, end of period	**125,863**	115,431
Current	**15,159**	20,790
Non-current	**110,704**	94,641
Asset retirement obligations, end of period	**125,863**	115,431

The total undiscounted estimated future cash flows required to settle Parkland's asset retirement obligations were $176,205 as at September 30, 2016 (December 31, 2015 – $172,281). The costs are expected to be paid up to 2046. As at September 30, 2016, the inflation rates used to determine the value of future costs ranged from 2.70% to 2.80% (December 31, 2015 – 2.80% to 3.00%) and the discount rates used to determine the present value of the future costs ranged from 3.33% to 3.96% (December 31, 2015 – 3.77% to 4.64%).

15. SHAREHOLDERS' CAPITAL

(a) Shareholders' capital

Authorized capital of Parkland consists of an unlimited number of common shares and an unlimited number of preferred shares issuable in series without par value. There are no preferred shares outstanding. Changes to shareholders' capital were as follows:

	January 1, 2016 to September 30, 2016			January 1, 2015 to December 31, 2015		
	Number of common shares		**Amount**	Number of common shares		Amount
Shareholders' capital, beginning of period	**93,856**	**$**	**857,534**	82,114	$	584,856
Issued on acquisitions, net of issue costs	**-**		**-**	5,830		149,946
Issued under dividend reinvestment plan, net of costs	**1,641**		**36,614**	2,952		69,344
Issued under share option plan	**213**		**4,282**	340		6,186
Issued on vesting of restricted share units	**140**		**2,702**	270		4,896
Issued upon conversion of convertible debentures	**-**		**-**	2,350		42,306
Shareholders' capital, end of period	**95,850**	**$**	**901,132**	93,856	$	857,534

(b) Share options, restricted share units, and deferred share units

The following table summarizes information related to share options, restricted share units ("RSUs") and deferred share units ("DSUs") held by directors, officers and employees:

	September 30, 2016	December 31, 2015
Number of share options outstanding	**3,117**	2,511
Number of share options outstanding and exercisable	**1,186**	827
Number of RSUs outstanding	**906**	784
Number of DSUs outstanding	**199**	158

(In 000's of Canadian dollars, shares and options, except per share amounts)

The following table summarizes expenses recorded in marketing, general and administrative expenses for share options, RSUs and DSUs:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	**2016**	2015
Share options	**541**	407	**1,437**	1,115
RSUs	**986**	709	**2,878**	3,491
DSUs	**1,749**	(128)	**2,472**	972
	3,276	988	**6,787**	5,578

The liability recorded for DSUs in other long-term liabilities as at September 30, 2016 was $6,146 (December 31, 2015 – $3,674).

(c) Subscription receipts

On September 7, 2016, Parkland issued 9,430,000 subscription receipts to partially fund the CST Brands Canada Acquisition at a price of $24.50 each for total gross proceeds of $231,035. Each subscription receipt entitles the holder to receive one common share and the applicable dividend equivalent amount upon closing of the CST Brands Canada Acquisition (see Note 16) and certain release conditions, without payment of additional consideration or further action on part of the holder. The subscription receipts would be automatically terminated and cancelled if certain conditions relating to the CST Brands Canada Acquisition are not satisfied before August 22, 2017. As such, the subscription receipts have been classified as a current liability in other liabilities – current portion. The proceeds of the subscription receipts are being held in escrow and have been recorded as cash held in escrow. As at September 30, 2016, subscription receipts recorded within other liabilities of $226,396 comprise gross proceeds of $231,035 offset by deferred financing costs of $4,639. If the release conditions for the escrow are met and the common shares are issued, the amount of the liability will be reclassified to shareholders' capital net of any dividend equivalents owing to the holders.

(d) Base shelf prospectus and "At-the-Market" equity finance program

On April 11, 2016, Parkland filed a base shelf prospectus ("Shelf Prospectus") for debentures, notes and other evidence of indebtedness and common shares (collectively, the "Securities") having an aggregate offering amount of up to $500,000. The Shelf Prospectus allows for the offering of the Securities from time to time in one or more offerings. Terms of the Securities, including, but not limited to, prices or maturity dates will be determined at the date of issue.

On June 3, 2016, Parkland entered into an equity distribution agreement with Canaccord Genuity Corp. pursuant to which Parkland may, from time to time, sell common shares of Parkland for aggregate gross proceeds of up to $110,000. The common shares will be distributed at market prices prevailing at the time of the sale and, as a result, prices may vary between purchasers and during the period of distribution. The volume and timing of sales, if any, will be determined at the sole discretion of Parkland's Board and management. The offering is being made pursuant to a prospectus supplement ("Prospectus Supplement") to the Shelf Prospectus dated June 3, 2016. As at November 3, 2016, no Securities have been issued under the Shelf Prospectus or the Prospectus Supplement. The Shelf Prospectus expires in May 2018.

16. BUSINESS COMBINATIONS

(a) Acquisition of other businesses

During the second and third quarters of 2016, Parkland completed the acquisition of individually immaterial businesses complementary to Parkland's existing lines of business in Quebec, Saskatchewan, Alberta, and Ontario, Canada. These acquisitions are expected to support Parkland's growing Retail Fuels and Commercial Fuels segments in those regions. The preliminary fair value of the identifiable assets and liabilities of these individually immaterial acquisitions are presented below. Parkland expects to finalize these amounts no later than one year from the acquisition date.

(In 000's of Canadian dollars, shares and options, except per share amounts)

	Other businesses
Assets	
Accounts receivable	**1,889**
Inventories	**1,593**
Property, plant and equipment (Note 7)	**12,350**
Intangible assets (Note 8)	**17,635**
Deferred tax asset	**160**
	33,627
Liabilities	
Accounts payable and accrued liabilities	**(2)**
Deferred tax liability	**(131)**
Asset retirement obligations (Note 14)	**(431)**
	(564)
Goodwill arising on acquisition (Note 9)	**2,961**
Purchase consideration transferred	**36,024**
Fair value analysis of purchase consideration transferred	
Cash paid	**36,024**
Total purchase consideration	**36,024**

The transactions have been accounted for using the acquisition method. The allocation of the purchase price was based on the fair value of identifiable assets, including assets acquired and liabilities assumed at the effective date of the acquisitions, with the excess of the purchase price over the fair value being allocated to goodwill.

Goodwill arising on acquisition is attributable to the earnings capacity of the acquired businesses in excess of the net tangible assets and net intangible assets acquired, the geographic presence of the acquired businesses, the benefits of acquiring the established businesses with certain capabilities in the industry, as well as expected synergies and other benefits from the acquisitions. A portion of the amounts assigned to goodwill may be deductible for income tax purposes.

Given the recent timing of the transactions, Parkland is still assessing the fair value of the net assets acquired. As a result, these amounts are subject to change.

Revenue and net loss of the individually immaterial businesses included in the consolidated statements of comprehensive income since the acquisition date were $5,106 and $2,268, respectively.

(b) Acquisition of Pioneer Energy

On June 25, 2015, Parkland completed the acquisition of substantially all of the assets and select liabilities comprising the Pioneer Energy business ("Pioneer Energy") (the "Pioneer Acquisition"). At the date of acquisition, Pioneer Energy's network consisted of 397 retailer and dealer operated service stations in Ontario and Manitoba, which included 152 Pioneer-branded and 230 Esso-branded service stations. The Pioneer Acquisition is expected to expand Parkland's retailer and dealer-operated service station network and provide access to key markets, material supply synergies and an expandable platform for growth in Ontario and Manitoba. The finalized fair values of the identifiable assets and liabilities of Pioneer Energy and the purchase consideration are presented below:

(In 000's of Canadian dollars, shares and options, except per share amounts)

	Pioneer Energy
Assets	
Accounts receivable	**15,239**
Prepaid expenses and other	**21,823**
Inventories	**19,137**
Property, plant and equipment	**106,532**
Intangible assets	**36,923**
Deferred tax asset	**16,732**
	216,386
Liabilities	
Accounts payable and accrued liabilities	**(104,002)**
Asset retirement obligations	**(48,209)**
	(152,211)
Goodwill arising on acquisition (Note 9)	**333,426**
Purchase consideration transferred	**397,601**
Fair value analysis of purchase consideration transferred	
Cash paid on date of acquisition	**254,090**
Cash received on working capital adjustment	**(6,605)**
Common shares issued on date of acquisition	**150,116**
Purchase consideration transferred	**397,601**

The transaction has been accounted for using the acquisition method. The allocation of the purchase price was based on a provisional assessment of the fair value of identifiable assets, including assets acquired and liabilities assumed at the effective date of the acquisition, with the excess of the purchase price over the fair value being allocated to goodwill. Parkland engaged independent valuators to determine the fair value allocated to the property, plant and equipment and intangible assets.

During the first quarter of 2016, Parkland revised the preliminary fair values of the identifiable assets from the amounts reported on the Annual Consolidated Financial Statements and updated the purchase price equation to reflect new information obtained during the measurement period about the acquisition-date fair value of prepaid expenses and other. The result was a decrease of $7,000 to prepaid expenses and other, an increase of $467 to deferred tax asset, and an increase of $6,533 to goodwill. These adjustments have been applied retrospectively to the acquisition date of June 25, 2015, resulting in a revised prepaid expenses and other balance of $21,823, a revised deferred tax asset balance of $16,732, and a revised goodwill balance of $333,426.

Hold Separate Assets

In connection with the Pioneer Acquisition, the Competition Tribunal of Canada (the "Competition Tribunal") had issued an interim order (the "Interim Order") whereby one of the requirements was that the Pioneer Energy supply agreements with independent dealers and Pioneer Energy owned corporate sites in six local communities were to be held separate from Parkland's other assets and operations and be managed by an independent third-party manager (the "Hold Separate Assets"). On March 29, 2016, Parkland and the Commissioner of Competition (the "Commissioner") entered into a consent agreement registered with the Competition Tribunal to settle the litigation (the "Settlement") initiated by the Commissioner with respect to the Hold Separate Assets.

During the third quarter of 2016, Parkland satisfied all but one of its obligations pursuant to the Settlement, and acquired control of the Hold Separate Assets which it did not divest as part of such process. In one of the contested markets – Lundar, Manitoba – Parkland has agreed that it will not increase dealer prices relative to rack prices or delivery fees charged to dealers other than in certain circumstances for a six-year period. As a result, the equity interests in the Hold Separate Assets have been derecognized from prepaid expenses and other, and the financial results of the Hold Separate Assets have been consolidated into the interim condensed consolidated financial statements.

Pioneer Commercial Business

In connection with the Pioneer Acquisition, Parkland entered into an agreement with the vendors of such business providing that Parkland would not, directly or indirectly, in any capacity, own, operate, control or otherwise be involved with the commercial assets of Pioneer or the operations thereof in Ontario, New Brunswick, and Nova Scotia (collectively, the "Pioneer Commercial Assets"). The Pioneer Commercial Assets were owned, operated and controlled solely by the vendors and their employees until its sale to a third party, with Parkland maintaining an indirect economic interest in the Pioneer Commercial Assets and the proceeds of any disposition thereof. On September 30, 2016, the sale of the Pioneer Commercial Assets to a third party was completed.

(c) Acquisition of CST Brands, Inc.'s Canadian business and assets

On August 22, 2016, Parkland announced that it has entered into an agreement with Alimentation Couche-Tard Inc. ("Couche-Tard") to acquire the majority of the Canadian business and assets of CST Brands, Inc. ("CST") for a preliminary purchase price of approximately $965,000 (the "CST Brands Canada Acquisition"). Concurrently, Couche-Tard announced a definitive merger agreement with CST under which Couche-Tard will acquire CST which is subject to customary conditions, including approval by CST shareholders and receipt of regulatory approvals (the "Couche-Tard CST Transaction"). The Canadian business and assets that Parkland will acquire as part of the CST Brands Canada Acquisition will consist of: (i) CST's dealer and commissioned agents retail business, (ii) CST's commercial cardlock business, (iii) CST's commercial and home heat businesses, (iv) a number of CST's company-operated stores to be determined following the Competition Bureau of Canada's review of the Couche-Tard CST Transaction, and (v) corporate presence in Montréal. The CST Brands Canada Acquisition is conditional upon closing of the Couche-Tard CST Transaction, among other conditions. Parkland is in the process of assessing the purchase price allocation of the CST Brands Canada Acquisition. The preliminary purchase price is subject to change and will be finalized upon completion of customary post-closing activities. The CST Brands Canada Acquisition is expected to extend Parkland's network coverage in Quebec and Atlantic Canada and enhance Parkland's presence in Ontario.

(d) Other information

Acquisition costs are recognized as an expense in marketing, general and administrative expenses within acquisition, integration and other costs. Acquisition, integration and other costs for the three months ended September 30, 2016 comprise acquisition costs of $3,531 and integration costs of $1,849 (three months ended September 30, 2015 – acquisition costs of $4,364 and integration costs of $1,109). Acquisition, integration and other costs for the nine months ended September 30, 2016 comprise acquisition costs of $13,273, integration costs of $3,501 and other costs of $1,634 (nine months ended September 30, 2015 – acquisition costs of $11,976, a refinery billing adjustment of $3,184, integration costs of $4,177 and other costs $1,754). Other costs incurred during the nine months ended September 30, 2016 primarily consist of restructuring provisions.

The estimated revenue and net income of Parkland for the nine months ended September 30, 2016 would have been approximately $4,537,172 and $43,026, respectively, if the acquisition date for all business combinations that took place during the nine months ended September 30, 2016 occurred on January 1, 2016. Although these amounts represent Parkland's best estimate, there can be no assurance that this would have been the actual results had the business combinations occurred on January 1, 2016.

17. SEGMENT INFORMATION

Parkland has the following operating segments: i) Retail Fuels; ii) Commercial Fuels; iii) Parkland USA; and iv) Supply and Wholesale. These reportable operating segments are differentiated by the nature of their products, services and national geographic boundaries. Parkland also reports activities not directly attributable to an operating segment under Corporate. These segments are defined as follows:

Retail Fuels

Retail Fuels operates and services a network of retail service stations that serve motorists in Canada. Parkland is a retail branded distributor for Esso in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, and Northwest Territories, and a retail branded distributor for Chevron in British Columbia. Parkland also maintains three proprietary brands: Pioneer, Fas Gas Plus and Race Trac.

Commercial Fuels

Commercial Fuels delivers bulk fuel, propane, heating oil, lubricants, agricultural inputs, oilfield fluids and other related products and services to commercial, industrial and residential customers across Canada. Commercial Fuels' brands include Bluewave Energy, Columbia Fuels, Sparlings Propane, Island Petroleum and Propane Nord-Ouest.

Parkland USA

Parkland USA operates and services a network of retail service stations in the United States. In addition, Parkland USA delivers gasoline, distillates, propane and lubricating oils across the Northwestern United States. Brands operated by Parkland USA include SPF Energy, Farstad Oil and Superpumper.

Supply and Wholesale

Supply and Wholesale is responsible for managing Parkland's fuel supply contracts, purchasing fuel from refiners, distribution through third-party rail and highway carriers as well as serving wholesale and reseller customers. This segment includes profits from Elbow River Marketing, profits derived through supply management and profits from wholesale fuel sales.

General information

Intersegment sales are accounted for at market value and included, for segment reporting, in sales and operating revenue of the segment making the transfer and expenses of the segment receiving the transfer. Intersegment transactions are eliminated upon consolidation. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Depreciation and amortization, finance costs, loss (gain) on disposal of property, plant and equipment, acquisition-related costs, unrealized loss (gain) from the change in fair value commodities swaps and forward contracts, futures contracts and U.S. dollar forward exchange contracts included in risk management activities, unrealized loss (gain) on foreign exchange and income taxes are not allocated to segments because they are not reviewed as part of segment information by the chief operating decision maker. Accordingly, there are certain asymmetries in the allocation of earnings to segments with respect to these items.

The segregation of total assets and total liabilities is not practical as the reportable segments are not being presented or reviewed by the chief operating decision maker.

Parkland Fuel Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three and nine months ended September 30, 2016

(In 000's of Canadian dollars, shares and options, except per share amounts)

Segment information	**Retail Fuels**		**Commercial Fuels**		**Parkland USA**		**Supply and Wholesale**		**Corporate**		**Consolidated**	
For the three months ended September 30,	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Fuel and petroleum product volume (000's of litres)	**1,001,827**	996,746	**308,501**	312,176	**241,843**	288,982	**1,106,486**	1,132,663	**-**	-	**2,658,657**	2,730,567
Sales and operating revenue												
Fuel and petroleum product revenue	**701,848**	786,212	**194,473**	216,347	**135,397**	181,167	**1,847,348**	1,365,938	**-**	-	**2,879,066**	2,549,664
Non-fuel revenue	**52,388**	47,470	**52,957**	52,176	**28,454**	29,059	**18,728**	19,917	**150**	140	**152,677**	148,762
Total sales and operating revenue – external and intersegmental	**754,236**	833,682	**247,430**	268,523	**163,851**	210,226	**1,866,076**	1,385,855	**150**	140	**3,031,743**	2,698,426
Less: Intersegment revenue	**-**	-	**(239)**	-	**-**	-	**(1,393,407)**	(836,192)	**-**	-	**(1,393,646)**	(836,192)
Sales and operating revenue	**754,236**	833,682	**247,191**	268,523	**163,851**	210,226	**472,669**	549,663	**150**	140	**1,638,097**	1,862,234
Cost of goods sold, excluding depreciation												
Fuel and petroleum product cost of goods sold	**644,863**	730,103	**167,809**	188,582	**127,521**	171,527	**1,807,267**	1,330,347	**-**	-	**2,747,460**	2,420,559
Non-fuel cost of goods sold	**38,344**	34,562	**41,224**	40,227	**20,197**	20,790	**14,233**	14,791	**(39)**	(3)	**113,959**	110,367
Total cost of goods sold, excluding depreciation – external and intersegmental	**683,207**	764,665	**209,033**	228,809	**147,718**	192,317	**1,821,500**	1,345,138	**(39)**	(3)	**2,861,419**	2,530,926
Less: Intersegment cost of goods sold	**-**	-	**(239)**	-	**-**	-	**(1,393,407)**	(836,192)	**-**	-	**(1,393,646)**	(836,192)
Cost of goods sold, excluding depreciation	**683,207**	764,665	**208,794**	228,809	**147,718**	192,317	**428,093**	508,946	**(39)**	(3)	**1,467,773**	1,694,734
Adjusted gross profit												
Fuel and petroleum product adjusted gross profit (before risk management)	**56,985**	56,109	**26,664**	27,765	**7,876**	9,640	**40,081**	35,591	**-**	-	**131,606**	129,105
Realized gain (loss) on risk management activities	**-**	-	**-**	-	**-**	-	**739**	(283)	**-**	-	**739**	(283)
Realized gain (loss) on foreign exchange	**-**	-	**-**	-	**-**	-	**24**	(141)	**21**	(118)	**45**	(259)
Fuel and petroleum product adjusted gross profit (loss)	**56,985**	56,109	**26,664**	27,765	**7,876**	9,640	**40,844**	35,167	**21**	(118)	**132,390**	128,563
Non-fuel adjusted gross profit	**14,044**	12,908	**11,733**	11,949	**8,257**	8,269	**4,495**	5,126	**189**	143	**38,718**	38,395
Total adjusted gross profit	**71,029**	69,017	**38,397**	39,714	**16,133**	17,909	**45,339**	40,293	**210**	25	**171,108**	166,958
Customer finance income	**(27)**	(57)	**(332)**	(341)	**(32)**	(52)	**(12)**	(33)	**(1)**	(1)	**(404)**	(484)
Operating costs	**24,538**	23,820	**28,148**	28,401	**10,173**	9,933	**11,666**	11,817	**-**	-	**74,525**	73,971
Marketing, general and administrative	**5,603**	6,236	**5,900**	5,742	**1,682**	1,710	**10,152**	10,718	**18,675**	15,466	**42,012**	39,872
Less: Acquisition, integration and other costs	**-**	-	**-**	-	**-**	-	**-**	-	**(5,380)**	(5,473)	**(5,380)**	(5,473)
Adjusted EBITDA	**40,915**	39,018	**4,681**	5,912	**4,310**	6,318	**23,533**	17,791	**(13,084)**	(9,967)	**60,355**	59,072
Depreciation and amortization									**27,424**	26,630	**27,424**	26,630
Finance costs									**7,831**	8,361	**7,831**	8,361
Loss on disposal of property, plant and equipment									**209**	57	**209**	57
Acquisition, integration and other costs									**5,380**	5,473	**5,380**	5,473
Unrealized loss from the change in fair value of commodities swaps and forward contracts, U.S. dollar forward exchange contracts and futures contracts									**942**	57	**942**	57
Unrealized loss (gain) on foreign exchange									**384**	(1,161)	**384**	(1,161)
Income tax expense									**3,428**	5,088	**3,428**	5,088
Net earnings											**14,757**	14,567
Additions to property, plant and equipment and intangible assets	**16,935**	10,244	**12,013**	5,334	**1,538**	2,664	**1,980**	1,655	**996**	1,250	**33,462**	21,147
Acquisitions of property, plant and equipment, intangible assets and goodwill	**3,803**	1,086	**3,693**	-	**-**	-	**-**	-	**-**	-	**7,496**	1,086

Parkland Fuel Corporation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
For the three and nine months ended September 30, 2016

(In 000's of Canadian dollars, shares and options, except per share amounts)

Segment information	Retail Fuels		Commercial Fuels		Parkland USA		Supply and Wholesale		Corporate		Consolidated	
For the nine months ended September 30,	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Fuel and petroleum product volume (000's of litres)	**2,780,896**	1,840,260	**994,714**	1,063,218	**694,040**	819,687	**3,162,183**	3,276,335	**-**	-	**7,631,833**	6,999,500
Sales and operating revenue												
Fuel and petroleum product revenue	**1,878,050**	1,418,243	**601,163**	759,048	**350,843**	503,707	**5,095,363**	3,933,022	**-**	-	**7,925,419**	6,614,020
Non-fuel revenue	**147,863**	60,376	**160,116**	170,453	**82,999**	81,249	**51,554**	47,427	**381**	348	**442,913**	359,853
Total sales and operating revenue – external and intersegmental	**2,025,913**	1,478,619	**761,279**	929,501	**433,842**	584,956	**5,146,917**	3,980,449	**381**	348	**8,368,332**	6,973,873
Less: Intersegment revenue	**-**	-	**(498)**	-	**-**	-	**(3,841,818)**	(2,330,103)	**-**	-	**(3,842,316)**	(2,330,103)
Sales and operating revenue	**2,025,913**	1,478,619	**760,781**	929,501	**433,842**	584,956	**1,305,099**	1,650,346	**381**	348	**4,526,016**	4,643,770
Cost of goods sold, excluding depreciation												
Fuel and petroleum product cost of goods sold	**1,724,715**	1,320,036	**492,354**	638,578	**327,144**	476,186	**4,978,588**	3,829,426	**-**	-	**7,522,801**	6,264,226
Non-fuel cost of goods sold	**106,171**	36,807	**127,489**	132,887	**59,187**	58,634	**40,011**	35,826	**(83)**	(127)	**332,775**	264,027
Total cost of goods sold, excluding depreciation – external and intersegmental	**1,830,886**	1,356,843	**619,843**	771,465	**386,331**	534,820	**5,018,599**	3,865,252	**(83)**	(127)	**7,855,576**	6,528,253
Less: Intersegment cost of goods sold	**-**	-	**(498)**	-	**-**	-	**(3,841,818)**	(2,330,103)	**-**	-	**(3,842,316)**	(2,330,103)
Cost of goods sold, excluding depreciation	**1,830,886**	1,356,843	**619,345**	771,465	**386,331**	534,820	**1,176,781**	1,535,149	**(83)**	(127)	**4,013,260**	4,198,150
Adjusted gross profit												
Fuel and petroleum product adjusted gross profit (before risk management)	**153,335**	98,207	**108,809**	120,470	**23,699**	27,521	**116,775**	103,596	**-**	-	**402,618**	349,794
Realized loss on risk management activities	**-**	-	**-**	(5)	**-**	-	**(1,824)**	(3,023)	**-**	-	**(1,824)**	(3,028)
Realized (loss) gain on foreign exchange	**-**	-	**-**	-	**-**	-	**(448)**	3,051	**17**	(480)	**(431)**	2,571
Fuel and petroleum product adjusted gross profit (loss)	**153,335**	98,207	**108,809**	120,465	**23,699**	27,521	**114,503**	103,624	**17**	(480)	**400,363**	349,337
Non-fuel adjusted gross profit	**41,692**	23,569	**32,627**	37,566	**23,812**	22,615	**11,543**	11,601	**464**	475	**110,138**	95,826
Total adjusted gross profit (loss)	**195,027**	121,776	**141,436**	158,031	**47,511**	50,136	**126,046**	115,225	**481**	(5)	**510,501**	445,163
Customer finance income	**(72)**	(56)	**(852)**	(1,012)	**(120)**	(150)	**(20)**	(118)	**(2)**	(314)	**(1,066)**	(1,650)
Operating costs	**71,971**	37,893	**90,259**	95,590	**30,767**	28,835	**34,991**	38,524	**-**	-	**227,988**	200,842
Marketing, general and administrative	**17,680**	13,102	**18,576**	17,454	**5,678**	5,500	**28,250**	27,384	**55,372**	53,366	**125,556**	116,806
Gain on risk management activities	**-**	-	**-**	(4)	**-**	-	**-**	-	**-**	-	**-**	(4)
Less: Acquisition, integration and other costs	**-**	-	**-**	-	**-**	-	**-**	-	**(18,408)**	(21,091)	**(18,408)**	(21,091)
Adjusted EBITDA	**105,448**	70,837	**33,453**	46,003	**11,186**	15,951	**62,825**	49,435	**(36,481)**	(31,966)	**176,431**	150,260
Depreciation and amortization									**82,947**	63,927	**82,947**	63,927
Finance costs									**12,992**	25,832	**12,992**	25,832
(Gain) loss on disposal of property, plant and equipment									**(217)**	188	**(217)**	188
Acquisition, integration and other costs									**18,408**	21,091	**18,408**	21,091
Unrealized loss from the change in fair value of commodities swaps and forward contracts, U.S. dollar forward exchange contracts and futures contracts									**3,441**	2,242	**3,441**	2,242
Unrealized loss (gain) on foreign exchange									**1,009**	(937)	**1,009**	(937)
Income tax expense									**13,636**	14,096	**13,636**	14,096
Net earnings											**44,215**	23,821
Additions to property, plant and equipment and intangible assets	**30,674**	20,170	**25,993**	10,751	**5,719**	4,620	**4,649**	4,495	**2,891**	2,269	**69,926**	42,305
Acquisitions of property, plant and equipment, intangible assets and goodwill	**3,803**	496,256	**29,143**	-	**-**	17,233	**-**	904	**-**	-	**32,946**	514,393

(In 000's of Canadian dollars, shares and options, except per share amounts)

Geographic information

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	**2016**	2015
Revenue from external customers – Canada	**1,474,246**	1,652,008	**4,092,174**	4,058,814
Revenue from external customers – United States	**163,851**	210,226	**433,842**	584,956
Sales and operating revenue	**1,638,097**	1,862,234	**4,526,016**	4,643,770

	September 30, 2016		
	Canada	**United States**	**Consolidated**
Property, plant and equipment	**463,637**	**57,584**	**521,221**
Intangible assets	**144,289**	**45,697**	**189,986**
Goodwill	**495,694**	**52,527**	**548,221**
Total	**1,103,620**	**155,808**	**1,259,428**

	December 31, 2015		
	Canada	**United States**	**Consolidated**
Property, plant and equipment	438,648	61,225	499,873
Intangible assets	139,361	53,250	192,611
Goodwill	485,052	55,422	540,474
Total	1,063,061	169,897	1,232,958

18. SEASONALITY

The Retail Fuels segment typically experiences higher volumes during the second and third quarters of the year, due to consumer purchases during the warmer months. The Commercial Fuels segment typically experiences higher volumes during the first and fourth quarters of the year, due to higher heating fuel demand during the colder months.

19. SUBSEQUENT EVENTS

In October 2016, Parkland entered into agreements to acquire individually immaterial businesses located in Ontario, Saskatchewan and Wyoming for a combined preliminary base consideration of approximately $43,122. These individually immaterial acquisitions are complementary to Parkland's existing lines of business and are expected to support Parkland's growing Commercial Fuels and Parkland USA segments. Parkland is in the process of assessing the purchase price allocation and the final adjusted purchase price will be determined subject to customary post-closing adjustments.