MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements and the notes to the financial statements are the responsibility of the management of Parkland Fuel Corporation. They have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board which has been adopted in Canada. Financial information that is presented in the Management's Discussion and Analysis is consistent with the financial statements.

In preparation of these statements, estimates are sometimes necessary because a precise determination of certain assets and liabilities is dependent on future events. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements, and other financial information contained in this report. In order to ensure that management fulfills its responsibilities for financial reporting we have established an organizational structure that provides appropriate delegation of authority, division of responsibilities, and selection and training of properly qualified personnel. Management is also responsible for the development of internal controls over the financial reporting process.

The Board of Directors (the Board) is assisted in exercising its responsibilities through the Audit Committee (the Committee) of the Board. The Committee meets regularly with management and the independent auditors to satisfy itself that management's responsibilities are properly discharged, to review the financial statements and to recommend approval of the financial statements to the Board.

PricewaterhouseCoopers LLP, the independent auditors appointed by the shareholders, have audited Parkland Fuel Corporation's consolidated financial statements in accordance with Canadian generally accepted auditing standards and provided an independent professional opinion. The auditors have full and unrestricted access to the Committee to discuss the audit and their related findings as to the integrity of the financial reporting process.

"signed"
Robert B. Espey
President and CEO
Red Deer, Alberta
March 4, 2014

"signed"
Michael R. Lambert
Senior Vice President and CFO
Red Deer, Alberta
March 4, 2014

March 4, 2014

Independent Auditor's Report

To the Shareholders of
Parkland Fuel Corporation

We have audited the accompanying consolidated financial statements of Parkland Fuel Corporation and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2013 and December 31, 2012 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
111 5 Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3
T: +1 403 509 7500, F: +1 403 781 1825, www.pwc.com/ca

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Parkland Fuel Corporation and its subsidiaries as at December 31, 2013 and December 31, 2012 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants

Parkland Fuel Corporation

Consolidated Balance Sheets

(in 000's of Canadian Dollars)	**As at December 31, 2013**	As at December 31, 2012
Assets		
Current Assets		
Cash and cash equivalents	**8,986**	14,676
Restricted cash	**1,833**	-
Accounts receivable (Note 7)	**509,473**	326,088
Inventories (Note 8)	**128,883**	75,911
Income tax receivable	**440**	-
Risk management (Note 9)	**646**	2,015
Prepaid expenses and other	**9,752**	9,425
	660,013	428,115
Property, plant and equipment (Note 10)	**319,344**	258,404
Intangible assets (Note 11)	**127,011**	106,973
Goodwill (Note 12)	**132,493**	91,138
Long-term receivables (Note 13)	**12,081**	10,315
Deferred tax asset (note 14)	**11,382**	8,509
	1,262,324	903,454
Liabilities		
Current Liabilities		
Bank indebtedness	**2,539**	-
Accounts payable and accrued liabilities	**375,799**	175,351
Dividends declared and payable	**6,225**	5,777
Income tax payable	**-**	20,034
Deferred revenue	**7,052**	6,602
Long-term debt - current portion (Note 15)	**1,354**	906
Convertible debentures - current portion (Note 16)	**83,239**	-
Risk management (Note 9)	**4,909**	929
Other long-term liabilities - current portion	**2,282**	250
	483,399	209,849
Long-term debt (Note 15)	**222,955**	153,540
Other long-term liabilities	**11,477**	1,208
Convertible debentures (Note 16)	**44,168**	136,907
Asset retirement obligations (Note 17)	**42,648**	30,293
Refinery and terminal remediation accrual (Note 18)	**11,803**	13,957
Deferred tax liability (note 14)	**8,951**	4,967
	825,401	550,721
Shareholders' Equity		
Shareholders' capital (Note 19)	**411,503**	349,591
Contributed surplus	**5,862**	2,964
Accumulated other comprehensive loss	**-**	(324)
Retained earnings	**19,558**	502
	436,923	352,733
	1,262,324	903,454

Contingencies and Commitments (Note 26)
Subsequent event (Note 29)

Signed on behalf of the Board of Directors:

"signed"
James Pantelidis
Chairman of the Board

"signed"
Ron Rogers
Chairman of the Audit Committee

The accompanying notes are an integral part of these consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Income

For the years ended December 31, 2013 and 2012

(in 000's of Canadian Dollars and shares except per share amounts)	**Year ended December 31,**	
	2013	2012
Sales and operating revenue	**5,663,422**	4,133,636
Cost of sales, excluding depreciation	**5,143,440**	3,696,594
Customer finance income	**(2,485)**	(3,462)
Operating costs (Note 26)	**190,278**	152,972
Marketing, general and administrative	**111,592**	79,561
Depreciation and amortization	**57,413**	54,689
Finance costs (Note 20)	**18,474**	20,239
Foreign exchange gains (Note 9)	**(940)**	(87)
Loss on disposal of property, plant and equipment	**2,440**	282
Loss on risk management activities (Note 9)	**20,243**	9,077
Earnings before income taxes	**122,967**	123,771
Income tax expense (recovery) (Note 14)		
Current	**35,303**	40,349
Deferred	**(4,293)**	(1,432)
Net earnings	**91,957**	84,854
Net earnings per share (Note 6)		
- Basic	**1.31**	1.28
- Diluted	**1.26**	1.22
Shares outstanding	**71,795**	67,973

The accompanying notes are an integral part of these consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Comprehensive Income

(in 000's of Canadian Dollars)	Year ended December 31, **2013**	2012
Net earnings	**91,957**	84,854
Other comprehensive income (loss), net of tax:		
Other comprehensive income, in the future potentially to be reclassified to consolidated statement of income:		
Loss on interest rate swaps due to change in fair value, net of tax benefit of $nil (December 31, 2012 - $251)	**-**	(678)
Income on interest rate swaps due to de-designation of the hedging item, net of tax expense of $117 for year ended December 31, 2013 (December 31, 2012 - $131)	**324**	354
Comprehensive income (loss)	**324**	(324)
Total comprehensive income, net of tax	**92,281**	84,530

The accompanying notes are an integral part of these consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Changes in Equity

(in 000's of Canadian Dollars and shares)	Year ended December 31,					
	Shareholders' Capital	Contributed Surplus	Retained Earnings (Deficit)	Other Comprehensive Loss	Total	Number of shares
2013						
Balance, beginning of year	**349,591**	**2,964**	**502**	**(324)**	**352,733**	**67,973**
Net earnings for the year	**-**	**-**	**91,957**	**-**	**91,957**	**-**
Other comprehensive loss (net of tax)	**-**	**-**	**-**	**324**	**324**	**-**
Dividends	**-**	**-**	**(72,901)**	**-**	**(72,901)**	**-**
Share incentive compensation	**-**	**3,348**	**-**	**-**	**3,348**	**-**
Issued under dividend reinvestment plan, net of issue costs	**49,613**	**-**	**-**	**-**	**49,613**	**2,940**
Issued under share option plan	**487**	**(25)**	**-**	**-**	**462**	**51**
Issued on vesting of restricted shares	**-**	**(425)**	**-**	**-**	**(425)**	**22**
Issued upon conversion of debentures	**11,812**	**-**	**-**	**-**	**11,812**	**809**
Balance, end of year	**411,503**	**5,862**	**19,558**	**-**	**436,923**	**71,795**
2012						
Balance, beginning of year	**300,981**	1,814	(16,601)	-	286,194	64,354
Net earnings for the year	-	-	84,854	-	84,854	-
Other comprehensive income (Net of tax)	-	-	-	(324)	(324)	-
Dividends	-	-	(67,751)	-	(67,751)	-
Share incentive compensation	-	1,221	-	-	1,221	-
Issued under dividend reinvestment plan, net of issue costs	47,191	-	-	-	47,191	3,372
Issued under share option plan	463	(71)	-	-	392	73
Issued on vesting of restricted shares	-	-	-	-	-	109
Issued upon conversion of debentures	956	-	-	-	956	65
Balance, end of year	349,591	2,964	502	(324)	352,733	67,973

The accompanying notes are an integral part of these consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Cash Flows

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(in 000's of Canadian Dollars)	Year ended December 31, 2013	2012
Cash flows from operating activities		
Net earnings	**91,957**	84,854
Adjustments for:		
Depreciation and amortization	**57,413**	54,689
Loss on disposal of property, plant and equipment	**2,440**	282
Share incentive compensation	**4,353**	2,346
Refinery and terminal remediation accrual	**544**	484
Accretion expense on asset retirement obligation	**338**	227
Change in risk management activities	**595**	(1,183)
Increase in other long-term liabilities	**2,385**	-
Accretion on convertible debentures (Note 16)	**2,312**	2,319
Deferred taxes	**(4,293)**	(1,432)
Cash expenditures on asset retirement obligation	**(2,446)**	(4,296)
Net changes in non-cash working capital (Note 23)	**(22,464)**	(1,910)
Cash (used) generated from operating activities	**133,134**	136,380
Financing Activities		
Long-term debt repayments	**(525,781)**	(258,936)
Proceeds from long-term debt	**593,000**	180,433
Dividends to shareholders, net of dividend reinvestment plan	**(22,636)**	(20,295)
Shares issued for cash	**462**	497
Cash generated (used in) financing activities	**45,045**	(98,301)
Investing Activities		
Acquisition of Elbow River Marketing net of bank indebtedness assumed (Note 22a)	**(84,594)**	-
Acquisition of Sparling's Propane (Note 22b)	**(32,388)**	-
Acquisition of TransMontaigne (Note 22c)	**(11,065)**	-
Acquisition of Scotsburn and R-Gas (Note 22d)	**(2,390)**	-
Acquisition of Magnum Oil (Note 22e)	**-**	(9,498)
Increase in long-term receivables	**(1,765)**	(5,100)
Additions of property, plant and equipment	**(56,477)**	(49,405)
Proceeds on sale of property, plant and equipment and intangibles	**4,104**	12,695
Cash used in investing activities	**(184,575)**	(51,308)
(Decrease) increase in cash	**(6,396)**	(13,229)
Cash, beginning of year	**14,676**	27,905
Cash, end of year	**8,280**	14,676
Represented by:		
Cash and cash equivalents	**8,986**	14,676
Restricted cash	**1,833**	-
Bank indebtedness	**(2,539)**	-
Total cash	**8,280**	14,676
Supplementary Cash Flow Information		
Interest paid	**15,977**	17,042
Interest received	**2,485**	3,462
Income taxes paid/(received)	**57,193**	37,341

The accompanying notes are an integral part of these consolidated financial statements.

1. REPORTING ENTITY AND DESCRIPTION OF THE BUSINESS

Parkland Fuel Corporation and its wholly owned subsidiaries (collectively the "Corporation" or "Parkland") is a Canadian independent marketer and distributor of crude oil, refined fuels and other related products, managing a nationwide network of sales channels for retail, commercial, wholesale and home heating fuel customers. The consolidated financial statements include the accounts of Parkland Fuel Corporation and its wholly-owned subsidiaries. As of December 31, 2013, Parkland had the following wholly-owned subsidiaries: Parkland Industries Ltd., Bluewave Energy Ltd., Cango Inc., Neufeld Petroleum & Propane Ltd., Parkland Refining Ltd., Columbia Fuels Ltd., United Petroleum Products Inc., 1472490 Alberta Ltd., Elbow River Marketing Ltd., Elbow River Marketing USA Ltd., 2362917 Ontario Inc., Sparling's Propane Co. Ltd., Sparling's Propane Inc. and 1714141 Alberta Ltd.

Parkland Fuel Corporation was incorporated under the laws of the Province of Alberta on March 9, 2010 and has its corporate head office at Suite 236, Riverside Office Plaza, 4919 59th Street, Red Deer, Alberta.

2. BASIS OF PREPARATION

(a) General Information

These consolidated financial statements were approved for issue by the board on March 4, 2014.

(b) Statement of Compliance

These audited consolidated financial statements are prepared and reported in Canadian dollars in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). The CICA Handbook incorporates International Financial Reporting Standards ("IFRS") and publicly accountable enterprises, like the Corporation, are required to apply such standards. These audited consolidated financial statements have been prepared in full compliance with IFRS as issued by the International Accounting Standards Board ("IASB").

3. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2013, the Corporation adopted the following accounting pronouncements:

(a) IFRS 10 – *Consolidated Financial Statements* ("IFRS 10"), IFRS 11 – *Joint Arrangements* ("IFRS 11") and IFRS 12 – *Disclosure of Interest in Other Entities* ("IFRS 12") (collectively "IFRS 10, 11 and 12")

The Corporation adopted retrospectively IFRS 10, 11 and 12.

IFRS 10 replaces the guidance on control and consolidation requirements in IAS 27 *Consolidated and Separate Financial Statements* ("IAS 27") and SIC – 12 *Consolidation –*

Special Purpose Entities. IFRS 10 changes the definition of control which focuses on the need to have both power and variable economic returns before control is present. Power is the current ability to direct the activities that significantly influence economic returns. Returns must vary and can be positive, negative or both. The renamed IAS 27 continues to be a standard dealing solely with separate financial statements and its guidance is unchanged. The adoption of IFRS 10 has not impacted the Corporation.

IFRS 11 replaces IAS 31 *Interests in Joint Ventures*. IFRS 11 reduces the types of joint arrangements to two: joint ventures and joint operations. The adoption of IFRS 11 has not impacted the Corporation.

IFRS 12 sets out the required disclosures for entities reporting under IFRS 10 and IFRS 11. It introduces additional disclosure requirements which will assist financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates and unconsolidated structured entities. See Note 1 for IFRS 12 disclosures.

(b) IFRS 13 – *Fair Value Measurement* ("IFRS 13")

The Corporation adopted prospectively IFRS 13, a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. The adoption of IFRS 13 impacted Parkland's disclosure of the fair value of financial instruments as disclosed in Note 9.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Measurement

The consolidated financial statements are prepared on a historical cost basis except as detailed in the Corporation's accounting policies. The accounting policies described below have been applied consistently to all periods presented in these financial statements except for the change in estimate related to the amortization period for tanks included in property, plant and equipment. See Note 4(j) for the disclosure of this change in estimate.

(b) Principles of Consolidation

The financial statements of the Corporation consolidate the accounts of Parkland and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Subsidiaries are those entities which the Corporation controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Corporation controls another entity.

Subsidiaries are fully consolidated from the date on which control is obtained by Parkland and de-consolidated from the date that control ceases.

The Corporation applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred. Any contingent consideration to be transferred by Parkland is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

(c) Functional and Presentation Currency

Functional and presentation currency items included in the consolidated financial statements of Parkland are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is Parkland's functional and presentation currency.

(d) Foreign Currency Translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the consolidated statements of comprehensive income.

(e) Financial Instruments

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial liabilities are de-recognized when the contractual obligation that gives rise to the financial liability has been transferred or discharged by performance.

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Corporation classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired.

Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges. Risk management assets and risk management liabilities (Note 9) have been classified as a financial asset and liability at fair value through profit or loss.

Financial instruments in this category are initially recognized and subsequently measured at fair value. Transaction costs are expensed in the consolidated statements of income. Gains and losses arising from changes in fair value are presented in the consolidated statements of income in the period in which they arise. Non-derivative financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the consolidated balance sheets' date, which is classified as non-current.

Available-for-sale investments: Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. Parkland has not designated any financial instruments as available-for-sale investments.

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in the consolidated statements of other comprehensive income. Available-for-sale investments are classified as non-current, unless the investment matures within twelve months, or management expects to dispose of them within twelve months of the consolidated balance sheets' date.

However, interest on available-for-sale investments, calculated using the effective interest method, is recognized in the consolidated statements of income as part of interest income. Dividends on available-for-sale equity instruments are recognized in consolidated statements of income when the Corporation's right to receive payment is established.

Loans and receivables: Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Parkland's loans and receivables are comprised of cash and cash equivalent, restricted cash, receivables and long-term receivables. Parkland has designated dealer loans and forgivable loans to dealers and customers as long-term receivables. Cash and cash equivalent, restricted cash and receivables, the current portion of loans receivable, and the current portion of forgivable loans to dealers and customers are included as current assets due to their short term nature.

Long-term receivables and accounts receivable are initially recognized at the amount expected to be received less a discount to reduce the loans and receivables to fair value. Subsequently, cash, restricted cash, long-term receivables and accounts receivables are measured at amortized cost using the effective interest method less a provision for impairment.

Financial liabilities at amortized cost: Financial liabilities at amortized cost are initially recognized at the amount required to be paid less a discount, when material, to reduce the liabilities to fair value. Subsequently, financial liabilities at amortized cost are measured at amortized cost using the effective interest method. Parkland has designated bank indebtedness, accounts payable and accrued liabilities, dividends declared and payable, long-term debt, other long-term liabilities and convertible debentures as financial liabilities at amortized cost.

Financial liabilities at amortized cost are classified as current liabilities if payment is due within twelve months of the consolidated balance sheet date. Otherwise, they are presented as non-current liabilities.

Derivative financial instruments and hedges: The Corporation used derivatives in the form of interest rate swaps to manage risks related to its variable rate debt. The Corporation had determined that a designated hedging relationship for these derivatives qualified for hedge accounting and had elected to apply hedge accounting. For each cash flow hedging relationship, the portion of the change in the fair value of the hedging derivative that was effective in hedging the change in cash flows of the hedged item was recognized in other comprehensive income and the ineffective portion was recognized in net income. If the hedged item was terminated early or sold, or the anticipated hedge transaction was no longer expected to be effective, the gains or losses on the hedging derivatives were reclassified to net earnings from accumulated other comprehensive income (loss).

(f) Impairment of financial assets

At each reporting date, the Corporation assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Corporation recognizes an impairment loss as follows:

> **Financial assets carried at amortized cost:** The loss is the difference between the amortized cost of the long-term or accounts receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance provision.
>
> **Available-for-sale financial assets:** The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the consolidated statements of comprehensive income.
>
> Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale financial assets are not reversed.

(g) Inventories

Inventories are stated at lower of cost and net realizable value. Net realizable value is the estimated selling price less applicable selling expenses. Effective October 1, 2012, the accounting policy related to the inventory was clarified to the weighted average cost method to be in line with the Corporation's actual processes. Parkland's inventory consists primarily of fuel, agriculture inputs and lubricants which tend to turnover quickly. Any provision for obsolescence is reduced from the value of inventory. Vendor rebates are received for high volume inventory purchases and are recorded initially as a reduction to inventory with a subsequent reduction in cost of sales when the product is sold.

(h) Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash in banks, term deposits, certificates of deposit, guaranteed investment certificates and all other highly liquid investments with a maturity of three months or less at the time of purchase.

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

(i) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be measured reliably. The carrying amount of a replaced asset is de-recognized when replaced. Repairs and maintenance costs are expensed as incurred.

Property, plant and equipment are reviewed for impairment at the end of each reporting period and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Property, plant and equipment that suffered previous impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Depreciation

Land is not depreciated. Depreciation on the other assets is provided for on a straight-line basis over the estimated useful lives of assets as follows:

Land improvements	25 years
Buildings	20 years
Equipment	5 - 30 years
Assets under capital lease	5 - 10 years (Shorter of useful life or lease term)

Effective April 1, 2013, the amortization period for tanks included in property, plant and equipment changed. Previous to the start of the second quarter of 2013, Parkland amortized all tanks over a range of a five to thirty year period. With this change in estimate, effective April 1, 2013 onwards, tanks are prospectively amortized over a thirty year period. The impact commencing April 1, 2013 is to decrease depreciation and amortization expense by approximately $1,500 a quarter or $ 6,000 a year.

Parkland allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs).

Gains and losses on disposals of property, plant and equipment are determined by comparing the disposal proceeds with the carrying amount of the asset and are included as part of other gains and losses in the consolidated statements of income.

(k) Intangible Assets and Goodwill

The intangible assets are stated at cost less accumulated amortization, and include customer relationships, trade names, non-compete agreements and software systems with finite useful lives. Amortization of intangible assets is provided for on a straight line basis over the estimated useful lives of assets as follows:

Customer relationships and trade names	5 - 13 years
Non-compete agreements	Term of the agreement
Software systems	10 years

Intangible assets that are subject to amortization are reviewed for impairment at the end of each reporting period and whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment is assessed at the CGU level. Intangible assets, other than goodwill, that suffered a previous impairment loss are reviewed for possible reversal of the impairment loss at each reporting date.

Acquisitions are accounted for using the acquisition method, whereby the purchase consideration of the acquisition is allocated to the identifiable assets, liabilities and contingent liabilities on the basis of fair value as of the date of acquisition. Goodwill represents the excess of the purchase price over the fair value of the net identifiable assets expected to benefit from the synergies of the acquisition.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. These calculations require the use of estimates and forecasts of future cash flows. The expected cash flows are derived from budgets and do not include restructuring activities that the Corporation is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. Qualitative factors, including market presence and trends, strength of customer relationships, strength of local management, and degree of variability in cash flows, as well as other factors, are considered when making assumptions with regard to future cash flows and the appropriate discount rate. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. A change in any of the significant assumptions or estimates used to evaluate goodwill and other non-financial assets could result in a material change to the results of operations. The Corporation tests whether goodwill has suffered any impairment at least annually. Other non-financial assets are tested for impairment when indicators of impairment arise.

(l) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statements of income on a straight-line basis over the period of the lease.

Parkland leases certain property, plant and equipment. Leases of property, plant and equipment, where Parkland has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term liabilities. The interest element of the finance cost is charged to the consolidated statements of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired through finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Other leases are operating leases and the leased assets are not recognized on the Parkland's consolidated balance sheets.

(m) Deferred Revenue

Deferred revenue consists of deposits and prepayments from customers for the purchase of agricultural products not yet delivered. Revenue is recorded when products are delivered to customers.

(n) Income Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Corporation and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(o) Asset Retirement Obligations and Refinery and Terminal Remediation Accrual

Provisions for asset retirement obligations related to underground fuel storage tanks and the Bowden, Alberta refinery and terminal remediation are recognized when the Corporation has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation or to restore the property to its condition upon installation of the fuel storage tanks, the construction and upgrading of the refinery and terminal; and the amount to settle or restore has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Asset retirement obligations are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax credit adjusted discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is included in finance costs.

(p) Revenue

Parkland recognizes revenue on its sale of goods and services when title passes to the purchaser, physical delivery has occurred and collection is reasonably assured. The major categories of revenue include retail and commercial fuel, heating oil, lubricants, agricultural products, convenience store merchandise and other products. Revenue is measured based on the price specified in the sales contract, net of discounts and estimated returns at the time of sale. Historical experience is used to estimate and provide for discounts and returns. Volume discounts are assessed based on anticipated annual purchases. Parkland operates an e-loyalty program where customers accumulate earnings for purchases made, which entitle them to receive cash. The cost of e-loyalty program is recognized as a reduction to revenue. Revenue is recognized for any unclaimed earnings at the expiry of twelve months after the initial sale.

(q) Cost of sales

Cost of sales includes costs incurred to transport inventory.

(r) Grants of Options, Restricted Units and Deferred Share Units

Parkland accounts for its grants of options and restricted shares in accordance with the fair value based method of accounting for stock-based compensation. See Note 19 for details.

(s) Borrowing Costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as interest expense in the consolidated statements of income in the period in which they are incurred.

(t) Customer Finance Income and Finance Costs

Customer finance income is recognized as it accrues in the consolidated statements of income, using the effective interest method.

Finance costs include interest expense on borrowings, accretion on asset retirement obligation and refinery and terminal remediation, loss on interest rate swaps due to de-designation of profits of the hedging item and change in the fair value of interest rate swap. All borrowing costs are recognized in the consolidated statements of income using the effective interest method, except for those amounts capitalized as part of the cost of qualifying property, plant and equipment.

Foreign currency gains and losses are reported on a net basis.

(u) Dividends

Dividend distributions to Parkland's shareholders are recognized as liabilities in the financial statements in the period in which the dividends are approved by Parkland's Board of Directors.

(v) Earnings Per Share

1) Basic

Basic earnings per share are calculated by dividing the net earnings (loss) of the Corporation by the weighted average number of common shares in issue during the period.

2) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Corporation has two categories of dilutive potential common shares: Debentures and share options. The Debentures are assumed to have been converted into common shares. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Corporation's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated is compared with the number of shares that would have been issued assuming the exercise of the share options.

(w) Use of Estimates

The preparation of the consolidated financial statements necessarily involves the use of estimates and approximations. Should the underlying assumptions change, the actual amounts could differ from those estimated.

Estimates are used when appropriate for accounting purposes. These estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material. The carrying values of assets and liabilities that are affected by these estimates are disclosed in the related sections of these notes to the consolidated financial statements.

Estimates are used when accounting for items such as amortization of property, plant and equipment, asset retirement obligations, the refinery and terminal remediation accrual, value in use calculations for impairment, intangible assets and goodwill, impairment and valuation allowances for accounts receivable and inventory, contingent liabilities including matters in litigation, fair value of financial instruments, amortization and income taxes, grants of options and restricted share units, and calculation of fair values for the debentures.

Depreciation and amortization of Parkland's capital assets and intangible assets incorporate estimates of useful lives and residual values. These estimates may change as more experience is obtained or as general market conditions change impacting the operation of Parkland's capital assets.

Asset retirement obligation and refinery and terminal remediation accrual represents the present value estimate of Parkland's cost to remediate the sites. Asset retirement obligations are measured at the present value of the expenditures expected to be required to settle the obligations using a pre-tax credit adjusted discount rate that reflects current market assessments of the time value of money and the risks specific to the obligations.

Parkland performs impairment tests of long-lived assets with determinable useful lives when indications of impairment exist. Application of judgement is required in determining whether an impairment test is warranted. When indicators support the asset is no longer impaired, Parkland will reverse impairment losses. Similar to the impairment, application of judgement is required to determine whether a reversal should be considered.

Parkland regularly performs a review of outstanding accounts receivable balances greater than 90 days past due to determine eventual collectability. If an account is deemed uncollectable, a provision for bad debt is recorded. Parkland also analyzes the bad debt provision regularly to determine if any of the accounts provided for should be written off. These accounts which are deemed uncollectible could materially change as a result of changes in a customer's financial situation.

Parkland's inventory is comprised mainly of products purchased for resale including crude oil, refined fuels, lubricants, agricultural and convenience store products. The products are valued at the lesser of cost or net realizable value. The determination of the net realizable value includes certain estimates and judgements which could affect the ending inventory valuations.

Estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions against future taxable income before the deductions expire. The assessment is based upon existing tax laws and estimates of future taxable income. Parkland maintains provisions for uncertain tax positions using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. Parkland reviews the adequacy of these provisions at each reporting period.

Compensation expense for options under the Share Option Plan and Restricted Share Unit Plan are estimated based on various assumptions at grant date, such as volatility and expected life using the Black-Scholes methodology to produce an estimate of the fair value of such compensation and are re-measured at the end of each reporting period. Compensation expense for options under Deferred Share Unit Plan is estimated based on Parkland's trading price of the shares on the Toronto stock exchange at the end of the reporting period.

The conversion feature in the convertible debentures is valued by binomial method using various assumptions for volatility, market price and dividend yield.

(x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to senior management. Senior management responsible for allocating resources and assessing performance of the operating segments has been identified to include the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and members of the Board of Directors.

5. RECENTLY ANNOUNCED ACCOUNTING PRONOUNCEMENTS

The Corporation is in the process of evaluating the impact of the following new requirements:

(a) IFRS 9 – *Financial Instruments* ("IFRS 9")

In November 2009, as part of the International Accounting Standards Board's ("IASB") project to replace International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities and is applicable for annual periods starting on or after January 1, 2015. In November 2013 additional amendments to IFRS 9 were added relating to hedge accounting, the fair value of an entity's own debt and the removal of the mandatory date of IFRS 9. The IASB has not finalized a revised mandatory effective date. The full impact of the changes in accounting for financial instruments will not be known until the IASB's project has been completed. Parkland has not decided whether to early adopt this standard.

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

(b) Amendments to IAS 39 – *Financial Instrument: Recognition and Measurement* ("IAS 39")

The amendment relates to hedge accounting and novation of derivatives. This is effective for annual periods beginning on or after January 1, 2014.

(c) Amendments to IAS 36 – *Impairment of Assets* ("IAS 36")

The amendment relates to recoverable amount disclosure requirements for non-financial assets in IAS 36. This is effective for annual periods beginning on or after January 1, 2014.

(d) Amendments to IAS 32 – *Financial Instruments: Presentation* ("IAS 32")

The amendment provides clarification on the requirements for offsetting financial assets and financial liabilities. This is effective for annual periods beginning on or after January 1, 2014.

(e) IFRIC 21 – *Levies*

This interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain. This is effective for annual periods beginning on or after January 1, 2014.

Based on Parkland's preliminary assessment, items (b) to (e) are not expected to have a significant effect on the consolidated financial statements of the Corporation.

6. EARNINGS ANALYSIS AND EARNINGS PER SHARE

	Year ended December 31,	
	2013	2012
Net earnings, basic	**91,957**	84,854
Interest and accretion on convertible debentures, net of tax	**7,592**	7,610
Net earnings, diluted	**99,549**	92,464
Earnings per share		
- basic	**1.31**	1.28
- diluted	**1.26**	1.22
Equivalent shares outstanding, beginning of year	**67,973**	64,354
Weighted average of Common Shares issued	**-**	
Weighted average of equivalent shares issued pursuant to restricted share unit plan	**22**	109
Weighted average of equivalent shares issued pursuant to dividend reinvestment plan	**1,569**	1,922
Weighted average of equivalent shares issued pursuant to exercise of share options	**27**	44
Weighted average of equivalent shares issued pursuant to conversion of convertible debentures	**724**	15
Denominator utilized in basic earnings per share	**70,315**	66,444
Incremental equivalent share options that were dilutive	**152**	72
Incremental equivalent shares for debentures that were dilutive	**8,417**	9,240
Denominator utilized in diluted earnings per share	**78,884**	75,756

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

7. ACCOUNTS RECEIVABLE

	December 31, 2013	December 31, 2012
Trade accounts receivable	**409,124**	269,482
Miscellaneous, government and other non-trade accounts receivable	**112,512**	64,750
Allowance for doubtful accounts	**(12,163)**	(8,144)
	509,473	326,088

The allowance for doubtful accounts is provisions on trade accounts receivable. Trade accounts receivable, net of the allowance for doubtful accounts is $396,961 (December 31, 2012 - $261,338). Miscellaneous, government and other non-trade accounts receivable are reported net of allowances for doubtful accounts.

8. INVENTORIES

	December 31, 2013	December 31, 2012
Gas and diesel	**68,107**	43,681
Lubricants	**18,984**	21,382
Crude oil	**10,347**	-
Agricultural inputs	**5,047**	7,443
Natural gas and NGL MX	**1,212**	-
Propane and Butane	**23,187**	1,164
Other	**1,999**	2,241
	128,883	**75,911**

For the year ended December 31, 2013, the amount of inventory recognized as cost of goods sold amounted to $5,143,440 (December 31, 2012 - $3,696,594).

9. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

Parkland periodically enters into derivative contracts which, although not accounted for as hedges because they have not been documented as such, or do not qualify under IFRS, are believed to be economically effective at managing exposure to commodity price, US dollar exchange and market interest rate movements and a component of the Company's overall risk management program. Parkland's financial assets and liabilities which are measured at fair value in the consolidated balance sheets use fair value categorized by level according to the significance of the inputs used in making the measurements. The fair value measurement hierarchy levels are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

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

As at December 31, 2013, Parkland's recurring measurements of the put and call option contracts, commodities forward contracts, future contracts, US dollar forward exchange contracts and interest rate swaps were at fair value based on Level 2 inputs.

Parkland used the following techniques to value financial instruments categorized in Level 2:

- the fair value of the oustanding NYMEX New York harbour WTI to heating oil, gasoline and refined products put and call option contracts are determined using external counterparty information, which is compared to observable data.
- Parkland uses interest rate swaps to limit its credit risk by executing counterparty risk procedures which include transacting only with financial institutions within Parkland's Credit Facility (see Note 15). The fair value of the interest rate swap is determined using external counterparty information, which is compared to observable data.
- The fair value of commodities forward contracts, future contracts and US dollar forward exchange contracts are determined using independent price publications, third party pricing services, market exchanges and investment dealer quotes.

The fair value of the outstanding NYMEX New York harbour WTI to heating oil, gasoline and refined products put and call option contracts, commodities forward contracts, future contracts, US dollar forward exchange contracts and interest rate swaps are reflected on the consolidated balance sheets with the changes in fair value during the period recorded in the consolidated statements of income within loss on risk management activities and finance costs.

Risk management positions

	December 31, 2013	December 31, 2012
Risk management assets		
Put option contracts	**-**	2,015
Call option contracts	**61**	-
Commodities forward contracts	**281**	-
Future contracts	**304**	-
	646	**2,015**
Risk management liabilities		
Commodities forward contracts	**(4,073)**	**-**
US dollar forward exchange contract	**(488)**	
Interest rate swap	**(348)**	**(929)**
	(4,909)	**(929)**
	(4,263)	**1,086**

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

Reconciliation of net risk management positions

January 1, 2013 to December 31, 2013	Interest rate swap (1)	Put option contracts	Call option contracts	Commodities forward contracts	US dollar forward exchange contracts	Future contracts	Total net asset (liability)
Total fair value, beginning of year	(929)	2,015	-	-	-	-	1,086
Additions	-	-	88	(5,436)	151	-	(5,197)
Change in fair value - unrealized gain/loss	581	-	(27)	1,644	(639)	304	1,863
Change in fair value - realized loss	-	(17)	-	(20,921)	(709)	97	(21,550)
Value (received) paid upon exercising	-	(1,998)	-	20,921	709	(97)	19,535
Total fair value, end of year	**(348)**	**-**	**61**	**(3,792)**	**(488)**	**304**	**(4,263)**

(1) Adjustments to the fair value of the interest rate swap are also included in finance costs

January 1, 2012 to December 31, 2012	Interest rate swap (1)	Put option contracts	Total net asset (liability)
Total fair value, beginning of year	-	347	347
Additions	-	10,745	10,745
Change in fair value - unrealized loss	(929)	(3,709)	(4,638)
Change in fair value - realized loss	-	(5,368)	(5,368)
Total fair value, end of year	**(929)**	**2,015**	**1,086**

(1) Adjustments to the fair value of the interest rate swap are included in finance costs

As at December 31, 2013 Parkland had commodities forward contracts (relating to the sale of butane, propane, natural gasoline, crude oil and ethanol), future contracts, call option contracts, US dollar forward exchange contracts and interest rate swaps outstanding. Details of the fair value of these financial instruments are as follows:

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

Net fair value of commodities price position at December 31, 2013

Commodities forward contracts Settlement dates	Average Monthly Volume (bbl)	Price $/(bbl)	Fair value
Crude and Heavy Oil			
January - March 2014	461,600	94.54 - 99.08	289
April - June 2014	5,750	95.40 - 97.99	(47)
			242
Liquid Petroleum Gases			
January - March 2014	221,969	54.91 - 98.59	(3,076)
April - June 2014	21,360	54.03 - 98.03	(53)
July - September 2014	21,360	53.40 - 95.64	(26)
October - December 2014	21,360	33.84 - 93.38	2
January - March 2015	21,360	33.84 - 92.74	23
			(3,130)
Refined Fuels			
January - March 2014	103,447	68.88 - 128.74	(1,047)
April - June 2014	64,320	68.88 - 127.45	173
July - September 2014	30,729	73.50 - 119.88	1
October - December 2014	16,500	79.45 - 109.96	(31)
			(904)
			(3,792)

Future contracts Settlement dates	Average Monthly Volume (bbl)	Price $/(bbl)	Fair value
Refined Fuels			
January - March 2014	10,000	124.26 - 128.74	130
April - June 2014	13,333	123.33 - 127.83	174
			304

Call Option Contracts Notional Volumes and Terms	Volumes (bbl)	Pricing	Fair value
January - June 2014	371 - 2,283	CAD $131/bbl	61
			61

Interest rate swap Expiry Date	$	Rate %	Fair value
June 30, 2014	150,000	3.44%	(348)
			(348)

US dollar forward exchange contracts Settlement dates	Amount US$	Forward rates CDN$	Fair value
January - March 2014	29,100	1.00045 - 1.0663	(344)
April - June 2014	4,265	1.003 - 1.0468	(89)
July - September 2014	1,720	1.0364 - 1.0403	(33)
October - December 2014	1,425	1.0384 - 1.0401	(22)
	36,510		(488)
Net fair value of risk management liability at December 31, 2013			**(4,263)**

The Corporation's policy is to recognize transfers between fair value measurement hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels in the year.

Financial instruments that are not measured at fair value on the balance sheet are cash and cash equivalents, restricted cash, accounts receivable, long-term receivables, bank indebtedness, accounts payable and accrued liabilities, dividends declared and payable, other long-term liabilities, long-term debt and convertible debentures. The fair value of cash and cash equivalents, restricted cash, accounts receivable, bank indebtedness, account payable and accrued liabilities and dividends declared and payable approximate their carrying values as at December 31, 2013 due to the short term nature of these instruments. The carrying value of the long-term debt approximates fair value as at December 31, 2013 as the interest rate on the long-term debt is adjusted monthly. The carrying value of the long-term receivables approximates fair value as at December 31, 2013, as Parkland currently issues loans and advances to dealers and customers with similar terms. The convertible debentures had a carrying value of $127,407 as at December 31, 2013 (December 31, 2012 - $136,907) and a fair value of $130,450 as at December 31, 2013 (December 31, 2012 - $140,558).

BUSINESS RISKS

Credit Risk

A substantial portion of Parkland's accounts receivable balance is with customers in the oil and gas, mining and forestry industries and is subject to normal industry credit risks. The credit risk is minimized by Parkland's broad customer and geographic base. Parkland manages its exposure to credit risk through rigorous credit granting procedures, typically short payment terms and security interests where applicable. Parkland attempts to closely monitor the financial conditions of its customers and the industries in which they operate. Parkland performs ongoing credit evaluations of its customers and outstanding debts are regularly monitored and when deemed uncollectible a provision is established. At December 31, 2013, the provision for impairment of credit losses was $12,163 (December 31, 2012 - $8,144).

Parkland does not have a significant credit exposure to any individual customer. Parkland reviews each new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. The maximum exposure to credit risk at the reporting date is the carrying value of Parkland's accounts receivable balance. Parkland mitigates credit risk for certain customers through the use of standby and commercial letters of credit.

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

Aging analysis

As at December 31, 2013	**Current or within terms**	**31 - 60 Days past terms**	**61 - 90 Days past terms**	**Over 90 Days past terms**	**Total**
Trade Accounts Receivable, net of Allowance for Doubtful Accounts	**373,733**	**10,363**	**3,847**	**9,018**	**396,961**
Accounts Payable	**372,235**	**330**	**203**	**3,031**	**375,799**

As at December 31, 2012	Current or within terms	31 - 60 Days past terms	61 - 90 Days past terms	Over 90 Days past terms	Total
Trade Accounts Receivable, net of Allowance for Doubtful Accounts	235,265	12,720	4,055	9,298	261,338
Accounts Payable	173,793	1,192	203	163	175,351

Commodity Price Risk

Parkland is exposed to commodity price risk. The Corporation enters into derivative instruments from time to time to mitigate commodity price risk volatility. These financial instruments are subject to financial controls, risk management and monitoring procedures. The Corporation does not use derivative contracts for speculative purposes.

On December 31, 2013, a 5% change in commodity forward contract pricing, with other variables assumed constant, would have caused an increase or decrease to consolidated net earnings for the year ended December 31, 2013 of $1,733, respectively (December 31, 2012 – n/a)

Interest Rate Risk

Parkland is exposed to market risk from changes in the Canadian prime interest rate and Bankers' Acceptance rate which can impact its borrowing costs. Parkland analyzes the interest rate risk on a regular basis and mitigates that risk by considering refinancing, renewal of existing credit lines and hedging options. A 1% change in these interest rates, with all other variables assumed constant, would have caused an increase or decrease to consolidated net earnings for the year ended December 31, 2013 of $419 (December 31, 2012 - $305).

On March 15, 2012, Parkland entered into interest rate swaps covering $150,000 of borrowings under its Credit Facility (see Note 15). The swaps require Parkland to pay a fixed interest rate of 1.69% plus 2.0%. The interest rate swaps expire on June 30, 2014 and Parkland will be exposed to variations in the interest rate on the full amount outstanding under its Credit Facility after this date unless Parkland enters into additional hedging agreements in the future. A 0.1% change in the market interest rate for the balance of the term of the swap, with all other variables assumed constant, would have caused an increase or decrease to consolidated net earnings for the year ended December 31, 2013 of $74 (December 31, 2012 - $82).

Effective January 1, 2013, Parkland discontinued the cash flow hedge accounting of the interest rate swaps due to its ineffectiveness. As a result, the loss on this hedge derivative was reclassified to net earnings under financing costs from accumulated other comprehensive income (loss) and subsequent changes in fair value has been recognized in financing costs.

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

US Dollar Currency Rate Risk

Parkland's foreign exchange risk exposure is from fluctuation in the US dollar relative to the Canadian dollar.

Parkland purchases and sells certain products in US dollars. Parkland enters into US dollar forward exchange contracts to mitigate its currency risk. As at December 31, 2013 Parkland had US dollar accounts payable totalling US$73,561, US dollar accounts receivable totalling US$69,385 and US dollar bank indebtedness of US$2,077. US dollar accounts payable are payable in terms of less than 25 days and US dollar accounts receivable are receivable in terms of less than 25 days.

A $0.01 change in the US dollar versus the Canadian dollar, with all other variable assumed constant, would have resulted in an increase or decrease of approximately $349 in consolidated net earnings for year ended December 31, 2013 (December 31, 2012 - $1).

Foreign Exchange (Gains) Losses

	Year ended December 31,	
	2013	2012
Unrealized loss on foreign exchange	**592**	23
Realized (gain) on foreign exchange	**(1,532)**	(110)
Total (gain) on foreign exchange	**(940)**	(87)

Liquidity Risk

Liquidity risk is the risk that Parkland will encounter difficulties in meeting its short term financial obligations. Cash liquidity of Parkland is mainly provided by cash flows from operating activities and borrowings available under its Credit Facility (see Note 15). In managing liquidity risk, Parkland has access to various credit products at competitive rates. At December 31, 2013, Parkland has available unused credit facilities in the amount of $176,283 (December 31, 2012 - $263,818). Parkland believes it has sufficient funding through the use of its facility to meet foreseeable borrowing requirements.

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

Undiscounted cash outflows relating to financial liabilities are outlined in the tables below:

As at December 31, 2013	**2014**	**2015**	**2016**	**2017**	**2018**	**Thereafter**	**Total**
Bank indebtedness	2,539	-	-	-	-	-	2,539
Accounts payable	375,799	-	-	-	-	-	375,799
Dividends declared and payable	6,225	-	-	-	-	-	6,225
Long-term debt, including capital lease obligations (1)	8,437	7,144	7,095	227,680	66	450	250,872
Convertible debentures (1)	92,630	47,553		-	-	-	140,183

(1) Principal and interest, including current portion

As at December 31, 2012	**2013**	**2014**	**2015**	**2016**	**2017**	**Thereafter**	**Total**
Accounts payable	175,351	-	-	-	-	-	175,351
Dividends declared and payable	5,777	-	-	-	-	-	5,777
Long-term debt, including capital lease obligations (1)	5,850	5,079	4,972	159,092	163	516	175,672
Other long-term liabilities (1)	268	-	-	-	-	-	268
Convertible debentures (1)	8,878	105,137	47,561	-	-	-	161,576

(1) Principal and interest, including current portion

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

10. PROPERTY, PLANT AND EQUIPMENT

Period ending December 31st, 2013	**Land**	**Land Improvements**	**Buildings**	**Assets under Capital Lease**	**Plant and Equipment**	**Asset Retirement Costs**	**Total**
Cost							
Balance, as at January 1, 2013	**37,528**	**28,741**	**70,844**	**7,141**	**282,640**	**22,460**	**449,354**
Additions	**885**	**527**	**5,594**	**-**	**49,705**	**-**	**56,711**
Change in asset retirement costs	**-**	**-**	**-**	**-**	**-**	**9,283**	**9,283**
Additions due to Acquisitions	**1,207**	**187**	**1,705**	**1,200**	**28,251**	**-**	**32,550**
Disposals	**(2,517)**	**(307)**	**(1,014)**	**-**	**(8,036)**	**-**	**(11,874)**
Transfers	**-**	**-**	**-**	**(112)**	**112**	**-**	**-**
Balance, as at December 31, 2013	**37,103**	**29,148**	**77,129**	**8,229**	**352,672**	**31,743**	**536,024**
Depreciation							
Balance, as at January 1, 2013	**-**	**6,112**	**25,955**	**5,326**	**148,325**	**5,232**	**190,950**
Depreciation charge for the year	**-**	**737**	**4,464**	**690**	**25,953**	**1,091**	**32,935**
Disposals	**-**	**(127)**	**(737)**	**-**	**(6,341)**	**-**	**(7,205)**
Transfers	**-**	**-**	**-**	**(105)**	**105**	**-**	**-**
Balance, as at December 31, 2013	**-**	**6,722**	**29,682**	**5,911**	**168,042**	**6,323**	**216,680**
Carrying amount							
As at December 31, 2013	**37,103**	**22,426**	**47,447**	**2,318**	**184,630**	**25,420**	**319,344**

Year ending December 31, 2012	**Land**	**Land Improvements**	**Buildings**	**Assets under Capital Lease**	**Plant and Equipment**	**Asset Retirement Costs**	**Total**
Cost							
Balance, as at January 1, 2012	43,821	27,930	69,037	7,141	248,340	13,589	409,858
Additions	11	1,503	5,522	-	42,948	-	49,984
Change in asset retirement costs	-	-	-	-	-	8,871	8,871
Additions due to Acquisitions	-	-	-	-	643	-	643
Disposals	(6,304)	(692)	(3,715)	-	(9,291)	-	(20,002)
Balance, as at December 31, 2012	37,528	28,741	70,844	7,141	282,640	22,460	449,354
Depreciation							
Balance, as at January 1, 2012	-	5,559	22,570	2,997	128,575	3,231	162,932
Depreciation charge for the year	-	754	4,139	2,329	25,874	2,001	35,097
Disposals	-	(201)	(754)	-	(6,124)	-	(7,079)
Balance, as at December 31, 2012	-	6,112	25,955	5,326	148,325	5,232	190,950
Carrying amount							
As at December 31, 2012	37,528	22,629	44,889	1,815	134,315	17,228	258,404

As at December 31, 2013, Parkland had assets under construction of $10,695 (December 31, 2012 - $7,329) consisting primarily of constructing and upgrading retail stations and commercial bulk plants.

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

11. INTANGIBLE ASSETS

Year Ended December 31, 2013	Customer Relationships	Trade names	Non-compete agreements	Rail Car Lease	Software systems	Total
Cost						
Balance, as at January 1, 2013	**158,304**	**6,601**	**3,835**	**-**	**18,072**	**186,812**
Additions due to Acquisitions	**33,113**	**5,829**	**2,276**	**1,550**	**-**	**42,768**
Disposals		**(185)**	**-**	**-**	**-**	**(185)**
Balance, as at December 31, 2013	**191,417**	**12,245**	**6,111**	**1,550**	**18,072**	**229,395**
Accumulated amortization						
Balance, as at January 1, 2013	**67,452**	**5,781**	**2,540**	**-**	**4,066**	**79,839**
Amortization charge for the period	**16,986**	**795**	**2,510**	**452**	**1,808**	**22,551**
Disposals	**-**	**(6)**	**-**	**-**	**-**	**(6)**
Balance, as at December 31, 2013	**84,438**	**6,570**	**5,050**	**452**	**5,874**	**102,384**
Carrying amount						
As at December 31, 2013	**106,979**	**5,675**	**1,061**	**1,098**	**12,198**	**127,011**

Year ended December 31, 2012	Customer Relationships	Trade names	Non-compete agreements	Rail Car Lease	Software systems	Total
Cost						
Balance, as at January 1, 2012	153,509	6,416	3,309	-	18,072	181,306
Additions	4,795	185	526	-	-	5,506
Balance, as at December 31, 2012	158,304	6,601	3,835	-	18,072	186,812
Accumulated amortization						
Balance, as at January 1, 2012	52,476	5,331	1,862	-	2,259	61,928
Amortization charge for the year	14,976	450	678	-	1,807	17,911
Balance, as at December 31, 2012	67,452	5,781	2,540	-	4,066	79,839
Carrying amount						
As at December 31, 2012	90,852	820	1,295	-	14,006	106,973

12. GOODWILL

	January 1, 2013 to December 31, 2013	January 1, 2012 to December 31, 2012
Balance, beginning of year	**91,138**	89,883
Acquisition of Elbow River Marketing net of bank indebtedness assumed (Note 22a)	**35,900**	-
Acquired through TransMontaigne (Note 22c)	**12**	-
Acquired through Scotsburn and R-Gas (Note 22d)	**159**	-
Acquired through Sparling's Propane (Note22b)	**5,284**	-
Acquired through Magnum Oil (MB) Ltd.	**-**	1,255
Balance, end of year	**132,493**	91,138

The Corporation tested goodwill for impairment as at December 31, 2013 and December 31, 2012 and no impairment of goodwill was recorded as a result of this analysis. The recoverable amount of the CGU was determined on a value in use basis.

The balances of $131,238 and $1,255 have been allocated to the fuel and petroleum products segment and the non-fuel commercial segment, respectively.

The testing of impairment used pre-tax cash flow projections based on expected performance and on management's expectations of market developments. The growth rates used were consistent with the forecasts included in industry reports which were developed based on macro-economic factors such as inflation rates and demand-supply fundamentals. Cash flows beyond the one year period were extrapolated using the estimated growth rates below. Pre-tax discount rates reflect specific risks relating to the CGU. The key assumptions used for the calculations at December 31, 2013 and December 31, 2012 are as follows:

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

	2013	2012
Long term growth rate	2.0%	2.0%
Pre-tax discount rate	10.0%	10.0%
Budgeted Gross Margin Cents Per Litre (CPL)	5-9 CPL	5-9 CPL

13. LONG-TERM RECEIVABLES

Long-term receivables consist of dealer loans and forgivable loans to dealers and customers:

	December 31, 2013	December 31, 2012
Dealer loans	**1,903**	1,682
Forgivable loans to dealers and customers	**10,178**	8,633
	12,081	10,315

Dealer loans receivable are repayable in monthly instalments of $218 (December 31, 2012 - $148), bear interest at rates ranging between nil% and 10% (December 31, 2012 - nil% and 10.25%) and are secured by specific assets of the borrower.

Forgivable loans to dealers and customers are amortized based on the volume of fuel product purchased from Parkland. For every litre of fuel product purchased by the dealer or customer a portion of the loan is recognized as a reduction of sales and operating revenue. Forgivable loans to dealers and customers are secured by specific assets of the dealers and customers.

The current portion of the dealer loans of $180 (December 31, 2012 - $306) and the forgivable loans to dealers and customers of $2,603 (December 31, 2012 - $1,469) are included in accounts receivable under current assets.

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

14. INCOME TAXES

Income tax expense

	Year ended December 31, 2013	2012
Current tax:		
Current tax on earnings for the year	**38,988**	39,436
Adjustments in respect of prior years	**(3,685)**	913
Total current tax	**35,303**	40,349
Deferred tax:		
Origination and reversal of temporary differences	**(3,640)**	(4,514)
Adjustments in respect of prior years	**(653)**	3,082
Total deferred tax (recovery)	**(4,293)**	(1,432)
Income tax expense	**31,010**	38,917

The tax on Parkland's earnings before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to profits of the consolidated entities as follows:

	Year ended December 31, 2013	2012
Earnings before income tax	**122,967**	123,771
Tax calculated at statutory tax rates	**31,971**	33,171
Tax effects of:		
Non-taxable portion of gain on sale of property, plant and equipment	**(133)**	(213)
Non-deductible expenses	**1,370**	839
Adjustments in respect of prior years	**(4,338)**	3,995
Rate differential and other items	**2,140**	1,125
Tax charge	**31,010**	38,917

The statutory tax rate was 26.0% (2012 – 26.8%). The decrease in the statutory tax rate was primarily due to a change in the provincial allocation of earnings.

Deferred income tax

Deferred income tax	**December 31, 2013**	December 31, 2012
Deferred tax assets	**11,382**	8,509
Deferred tax liabilities	**(8,951)**	(4,967)
Deferred tax assets (net)	**2,431**	3,542

Deferred tax assets of $323 (December 31, 2012 - $299) and deferred tax liabilities of $2,101 (December 31, 2012 - $1,781) are expected to reverse during the next 12 months.

The gross movement on the deferred income tax account is as follows:

	January 1, 2013 to December 31, 2013	January 1, 2012 to December 31, 2012
Balance, beginning of year	**3,542**	1,990
Acquisition of subsidiary - Sparling's Propane (note 22b)	**(5,284)**	-
Income statement charge	**4,293**	1,432
Other comprehensive income charge	**(120)**	120
Balance, end of year	**2,431**	3,542

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

The movement in deferred income tax assets and liabilities during the year is as follows:

	Consolidated Statements of comprehensive income		Consolidated Balance Sheets	
	2013	2012	**Dec 31, 2013**	Dec 31 2012
Property, plant and equipment	**1,481**	5,427	**(23,419)**	(17,323)
Intangibles	**(168)**	(3,890)	**8,657**	9,477
Asset retirement obligations	**(3,160)**	(1,452)	**11,278**	8,118
Refinery remediation	**784**	(793)	**2,951**	3,735
Contingent liabilities	**(2,823)**	-	**2,823**	-
Fair value gains	**320**	(1,118)	**(2,101)**	(1,781)
Derivatives and hedges	**1,357**	(1,121)	**(236)**	1,241
Non-capital losses	**(1,730)**	-	**2,065**	-
Other	**(354)**	1,515	**413**	75
	(4,293)	(1,432)	**2,431**	3,542

15. FINANCING AND CREDIT FACILITIES

(a) Long-Term Debt

	December 31, 2013	December 31, 2012
Extendible facility	**224,000**	155,000
Capital lease obligations	**1,842**	1,374
Other loans	**152**	322
	225,994	156,696
Less deferred financing costs	**(1,685)**	(2,250)
	224,309	154,446
Less current portion	**(1,354)**	(906)
	222,955	153,540

Estimated repayments for the next five years are:

	2014	2015	2016	2017	2018	Thereafter	Interest expense included in minimum lease payments	Total
Obligations under capital lease	1,285	74	60	163	66	450	(256)	1,842
Extendible Facility and Other loans	117	35	-	224,000	-	-	-	224,152
	1,402	109	60	224,163	66	450	(256)	225,994

(b) Credit Facility

A revolving extendible credit facility (the "Credit Facility") agreement was executed on June 30, 2011 for a period of three years and last amended on November 14, 2013 to extend the maturity to June 30, 2017. 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 June 30, 2017, all amounts outstanding are repayable on the maturity date.

The Credit Facility is for a maximum amount of $450,000 (December 31, 2012 - $450,000) with interest only payable at the bank's prime lending rate plus 0.75% to 2.00% (December 31, 2012 – 0.75% to 2.00%) per annum.

The Credit Facility includes the following components:

i) A revolving operating loan to a maximum of $450,000 less the value of letters of credit issued (December 31, 2012 - $450,000). At December 31, 2013, the outstanding borrowings totalled $229,980 (December 31, 2012 - $155,000). The revolving operating loan bears interest at prime plus 1.00% (December 31, 2012 – prime plus 0.75%) or Bankers' Acceptance rate plus 2.00% (December 31, 2012 – Bankers' Acceptance rate plus 1.75%). The interest rate at December 31, 2013 was 4.00% for prime-based loans (December 31, 2012 – 3.75% prime based loans) and 3.23% for Bankers' Acceptance based loans (December 31, 2012 – 2.98% Bankers' Acceptance based loans).

ii) A letter of credit facility to a maximum of $85,000 (December 31, 2012 - $60,000). At December 31, 2013, outstanding balances totalled $43,737 (December 31, 2012 - $31,182) which mature at various dates up to July 31, 2014.

The revolving operating loan incurs standby fees for any unused portion of the facility at a rate of 0.394% to 0.675% (December 31, 2012 – 0.394% to 0.675%) depending on the ratio of funded debt to earnings before interest, taxes and depreciation and amortization, gain (loss) on disposal of property, plant and equipment, non-cash board compensation, non-recurring transactions related to earnings (losses), cash payments related to non-cash charges that were added back previously, and (gain) loss from the change in fair value of commodities forward contracts and US dollar forward exchange contracts included in risk management activities ("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.

Deferred finance charges of $1,685 (December 31, 2012 - $2,250) have reduced the value of the Credit Facility and are amortized in proportion to the facility utilized.

At December 31, 2013, Parkland was in compliance with all debt covenants. Debt covenant ratios are tested on a trailing four quarter EBITDA (as defined under the terms of the credit facility) including acquisition related costs basis. The financial covenants under the Credit Facility are as follows:

1. Ratio of senior funded debt (which excludes the convertible debentures and unsecured subordinated senior debt (if any) but includes issued letters of credit) to EBITDA (as defined under the terms of the credit facility) including acquisition related costs shall not exceed 3.00 to 1.00 during the second and third quarters and shall not exceed 3.50 to 1.00 during the first and fourth quarters of Parkland's fiscal year;
2. Ratio of total funded debt (which excludes the convertible debentures but includes issued letters of credit) to EBITDA (as defined under the terms of the credit facility) including acquisition related costs shall not exceed 4.00 to 1.00 during the second and third quarters and shall not exceed 4.50 to 1.00 during the first and fourth quarters of Parkland's fiscal year; and

3. Ratio of EBITDA (as defined under the terms of the credit facility) including acquisition related costs less maintenance capital expenditures and taxes to the sum of interest, principal and dividends after DRIP proceeds shall not be less than 1.15 to 1.00;

At December 31, 2013, the Corporation provided $326,324 (December 31, 2012 - n/a) of unsecured guarantees to counter parties of commodity and US dollar forward exchange contracts used in natural gas liquids and crude oil purchases.

(c) Capital Lease Obligations

Capital leases are payable in monthly instalments totalling $22 (December 31, 2012 - $72) including interest varying from 3.4% to 10.2% (December 31, 2012 - 0% to 8.05%). The leases are for land, buildings and equipment with a net book value of $2,318 (December 31, 2012 - $1,815), and mature at various dates ending up to July 2022.

16. CONVERTIBLE DEBENTURES

On December 1, 2009, Parkland issued $97,750 principal amount of 6.5% series 1 convertible unsecured subordinated debentures ("Series 1 Debentures"), at a price of $1 per debenture. Interest on the Series 1 Debentures is paid semi-annually in arrears, on November 30 and May 31 in each year commencing May 31, 2010. On December 21, 2010, Parkland issued $45,000 principal amount of 5.75% series 2 convertible unsecured subordinated debentures ("Series 2 Debentures"), at a price of $1 per debenture. Interest on the Series 2 Debentures is paid semi-annually in arrears, on June 30 and December 31 in each year commencing June 30, 2011. Collectively, the Series 1 Debentures and the Series 2 Debentures are referred to as the "Debentures". The Debentures are convertible at the option of the holder at any time into common shares of the Corporation at a conversion price of $14.60 per share for the Series 1 Debentures and $18.00 per share for the Series 2 Debentures.

The Series 1 Debentures mature on November 30, 2014 and the Series 2 Debentures mature on December 31, 2015 at which time the Debentures are due and payable. The Series 1 Debentures were redeemable in whole or in part at the option of Parkland on or after November 30, 2012 and prior to November 30, 2013 and the Series 2 Debentures may be redeemed in whole or in part at the option of Parkland on or after December 31, 2013 and prior to December 31, 2014, on not more than 60 days and not less than 30 days prior notice at a price equal to the principal amount thereof plus accrued and unpaid interest, provided that the current market price of the common shares of Parkland on the date immediately preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. The Debentures may be redeemed prior to their maturity dates in whole or in part at a price equal to their principal amount plus accrued and unpaid interest on or after November 30, 2013 for the Series 1 Debentures and on or after December 31, 2014 for the Series 2 Debentures.

Upon the maturity or redemption of the Debentures, Parkland may pay the outstanding principal of the Debentures in cash or may, at its option, on not greater than 60 days and not less than 40 days prior notice and subject to regulatory approval, elect to satisfy its obligations to repay all or a portion of the principal amount of the Debentures which have matured or been redeemed by issuing and delivering that number of common shares obtained by dividing the aggregate principal amount of the Debentures which have matured or redeemed by 95% of the weighted average trading price of the common shares of Parkland on the Toronto Stock Exchange for the 20 consecutive trading days ending five trading days preceding the date fixed for redemption or the maturity date, as the case may be. Any accrued and unpaid interest thereon will be paid in cash.

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

The following table reconciles the principal amount, debt component and equity component of the Debentures.

	December 31, 2013		December 31, 2012	
	Principal Amount of Debentures	**Convertible Debenture Debt**	Principal Amount of Debentures	Convertible Debenture Debt
Current Portion:				
Series 1 Debentures				
Balance, beginning of year	**96,794**	**93,130**	-	-
Conversion to common shares	**(11,804)**	**(11,804)**	-	-
Change due to passage of time	**-**	**1,913**	-	-
Balance, Current portion, end of year	**84,990**	**83,239**	-	-
Non-Current Portion:				
Series 1 Debentures				
Balance, beginning of year	**-**	**-**	97,750	92,166
Conversion to common shares	**-**	**-**	(956)	(956)
Change due to passage of time	**-**	**-**	-	1,920
Balance, end of year	**-**	**-**	96,794	93,130
Series 2 Debentures				
Balance, beginning of year	**44,975**	**43,777**	44,975	43,378
Conversion to common shares	**(8)**	**(8)**	-	-
Change due to passage of time	**-**	**399**	-	399
Balance, end of year	**44,967**	**44,168**	44,975	43,777
Balance, Non-Current portion, end of year	**44,967**	**44,168**	141,769	136,907
Series 1 and Series 2 Debentures, end of year	**129,957**	**127,407**	141,769	136,907

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

17. ASSET RETIREMENT OBLIGATIONS

	January 1, 2013 to December 31, 2013	January 1, 2012 to December 31, 2012
Asset retirement obligations, beginning of period	**30,293**	25,478
Additional provisions during the period	**20,236**	9,059
Amounts used during the period	**(2,446)**	(4,296)
Unused amounts reversed during the period	**(3,053)**	(1,097)
Change due to passage of time and discount rate	**(2,382)**	1,149
Asset retirement obligations, end of period	**42,648**	30,293

Parkland is liable for the environmental obligations related to the removal of its underground storage tanks at properties that it leases and owns. The asset retirement obligation represents the present value estimate of Parkland's cost to remove these tanks. The total undiscounted estimated future cash flows required to settle Parkland's obligation was $70,872 at December 31, 2013 (December 31, 2012 - $48,353). The costs are expected to be paid by 2046. At December 31, 2013, the discount rate used to determine the present value of the future costs was 5.01% (December 31, 2012 – 3.89%).

18. REFINERY AND TERMINAL REMEDIATION ACCRUAL

	January 1, 2013 to December 31, 2013	January 1, 2012 to December 31, 2012
Refinery remediation accrual, beginning of year	**13,957**	11,242
Additions during the year	**-**	1,742
Change due to passage of time and discount rate	**(2,154)**	973
Refinery remediation accrual, end of year	**11,803**	13,957

During the fourth quarter of 2012, Parkland completed the upgrade of the Bowden facility and placed into the service the equipment to be used as a railroad terminal for shipping products by rail and use of the tanks on site for storage.

Parkland has estimated the discounted cost of remediation on the basis that remediation would be part of a multi-year management plan. Remediation costs have been estimated using engineering studies conducted in December 2007 and updated by the Corporation's management in 2013. The total undiscounted estimated future cash flows required to settle Parkland's obligation was $31,777 at December 31, 2013 (December 31, 2012 - $31,777). The costs are expected to be incurred between 2018 and 2041 (December 31, 2012 – 2018 to 2041). At December 31, 2013, the discount rate used to determine the present value of the future costs was 5.01% (December 31, 2012 – 3.89%).

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

19. 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**.**

	January 1, 2013 to December 31, 2013		January 1, 2012 to December 31, 2012	
	Number of Shares	**Amount**	Number of Shares	Amount
Shares				
Balance, beginning of year	**67,973**	**349,591**	64,354	300,981
Issued under dividend reinvestment plan	**2,940**	**49,613**	3,372	47,191
Issued on vesting of restricted shares	**22**	**-**	109	-
Issued under share option plan	**51**	**487**	73	463
Issued upon conversion of debentures	**809**	**11,812**	65	956
Balance, end of year	**71,795**	**411,503**	67,973	349,591

In January 2011, Parkland launched the Premium Dividend and Enhanced Dividend Reinvestment Plan as a means to incrementally raise equity capital for growth and other corporate purposes.

The Premium Dividend Plan provides eligible shareholders with a 2% cash premium on top of their regular cash dividend. Participants electing this option will receive a monthly payment of $0.0885 per share for dividend declared to shareholders of record on and after March 22, 2013. Prior to March 22, 2013, the participants received $0.0867 per share under this option. The Enhanced Dividend Reinvestment Plan allows shareholders to purchase additional shares with their dividend at a 5% discount to the volume weighted average price as defined by the plan. Those shareholders who do not elect to participate in the Premium Dividend and Enhanced Dividend Reinvestment Plan will still receive their regular monthly dividend of $0.0867 per share for dividend declared on and after March 22, 2013. Prior to March 22, 2013, the participants received $0.085 per share under this option.

During 2013, the Corporation declared dividends amounted to $72,901 or $0.085 to $0.087 per share (2012 - $67,751 or $0.085 per share). On January 13, 2014 the Corporation declared a monthly dividend of $0.087 per share for a total dividend of $6,348. On February 12, 2014 the Corporation declared a monthly dividend of $0.087 per share for a total dividend of approximately $6,371. The dividend declared on January 13, 2014 was paid on February 14, 2014 to the shareholders of record on January 22, 2014. The dividend declared on February 12, 2014 will be paid on March 14, 2014 to the shareholders of record on February 24, 2014.

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

(b) Share Option Plan

Parkland has a Share Option Plan under which Parkland may issue from treasury, together with any other compensation arrangement, an amount not to exceed 10% of the issued and outstanding common shares. The eligible participants are officers, employees or consultants of the Corporation. The exercise price shall be fixed by the Board of Directors at the time of grant; provided that the exercise price shall not be less than fair market value of the common shares. Each annual vesting tranche is considered a separate award with its own vesting period and grant date fair value. Fair value of each annual vesting tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

Share options outstanding at December 31, 2013 have the following expiry date and exercise prices:

			Shares	
Grant-vest	Expiry date	Exercise price in $ per share	**2013**	2012
2004-7	Jan 2014	6.32	**15**	15
2004-7	Jan 2014	6.68	**-**	15
2005-8	Jan 2015	7.27	**15**	30
2011-12	May 2019	10.47	**29**	29
2011-12	May 2019	12.25	**126**	143
2011-13	May 2019	10.47	**29**	29
2011-13	May 2019	12.25	**126**	142
2011-14	May 2019	10.47	**29**	29
2011-14	May 2019	12.25	**135**	142
2012-13	May 2020	13.80	**134**	139
2012-14	May 2020	13.80	**137**	139
2012-15	May 2020	13.80	**137**	139
2013-14	March 2021	17.74	**42**	-
2013-15	March 2021	17.74	**41**	-
2013-16	March 2021	17.74	**42**	-
2013-14	May 2021	17.79	**216**	-
2013-15	May 2021	17.79	**216**	-
2013-16	May 2021	17.79	**216**	-
			1,685	**991**

The total compensation cost that has been included in marketing, general and administrative expenses for the year ended December 31, 2013 amounted to $947 (December 31, 2012 – $403).

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

	January 1, 2013 to December 31, 2013		January 1, 2012 to December 31, 2012	
	Number of Options	Average Exercise Price Per Option	Number of Options	Average Exercise Price Per Option
Option shares, beginning of year	**991**	**$ 12.40**	676	$ 10.98
Granted	**774**	**17.78**	417	13.80
Exercised	**(51)**	**9.21**	(73)	6.36
Forfeited	**(29)**	**12.62**	(29)	12.25
Option shares, end of year	**1,685**	**$ 14.97**	991	$ 12.40
Exercisable options, end of year	**475**	**$ 12.13**	232	$ 10.64

Out of the 1,685 outstanding options (December 31, 2012 - 991 options), 475 options were exercisable (December 31, 2012 - 232). Options exercised during the year ended December 31, 2013 resulted in 51 (December 31, 2012 - 73) shares being issued at a weighted average price of $9.21 each (December 31, 2012 - $6.36 each). The related weighted average share price over the period of exercise was $17.84 (December 31, 2012 - $15.40) per share.

The weighted average fair value of options granted during the year ended December 31, 2013, using the Black-Scholes valuation model was $1.75 (December 31, 2012 - $1.46) per option. The significant inputs into the model were weighted average share price of $17.78 (December 31, 2012 - $13.80) at the grant date, exercise price of $17.78 (December 31, 2012 - $13.80), volatility of 27.1% (December 31, 2012 – 26.3%), dividend yield of 5.85% (December 31, 2012 – 7.39%), an expected option life of eight years and an annual risk-free interest rate of 1.15% (December 31, 2012 – 1.37%). The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last two years.

(c) Restricted Share Unit Plan

Parkland awards certain directors, officers, employees and consultants restricted share units ("RSU's") at no cost, and the restricted share units are expensed uniformly over their vesting period. The fair market value of the award is based on the volume weighted average trading price for the shares on the Toronto stock exchange for the five trading days immediately preceding the date of the grant.

Under the Restricted Share Unit Plan the units granted in 2009 and 2010 vest over a three year period. For grants prior to 2011, the restricted share units vesting is typically subject to entity performance criteria, including maintenance of the annual fund distribution target. For restricted share units granted on or after January 1, 2011, restricted share units are earned over a three year period with vesting at the third anniversary of the grant. The number of shares earned can range from 0 to 200% of the grant amount based on entity performance criteria, specifically Total Shareholder Return ("TSR") ranking versus a specified peer group of companies. In May

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

2012, the Restricted Share Unit Plan was amended to award participants with additional RSUs upon each dividend payment made by the Corporation.

	January 1, 2013 to December 31, 2013			January 1, 2012 to December 31, 2012		
	Number of RSU's		**Weighted Average Share Price**	Number of RSU's		Weighted Average Share Price
Restricted shares, beginning of year	**336**	**$**	**13.14**	314	$	10.41
Granted	**256**		**17.79**	167		13.80
Dividend equivalents	**12**		**16.52**	-		-
Issued on vesting	**(45)**		**13.18**	(111)		10.79
Cancelled	**(11)**		**-**	(34)		12.99
Restricted shares, end of year	**548**	**$**	**14.73**	336	$	13.14

The total compensation cost that has been included in marketing, general and administrative expenses for the year ended December 31, 2013 amounted to $2,404 (December 31, 2012 - $1,286).

(d) Deferred Share Unit Plan

Parkland established the deferred share units ("DSUs") plan for non-executive members of the Board of Directors as a long-term incentive plan. Under this plan, each director is entitled to receive DSUs as a result of a grant and/or in lieu of directors' fees. Furthermore, directors receive additional DSUs upon each dividend payment made by the Corporation. The fair value of the DSUs on the grant day is based on the weighted average trading price of the shares on the Toronto stock exchange for the five trading days immediately preceding the date of the grant. DSUs vest immediately on the day of the grant and they are redeemed for cash when the director ceases to be a member of the Board of Directors. Compensation expense is recognized in the marketing, general and administrative expense immediately upon the vesting of DSUs.

The Corporation has recorded a liability of $2,209 at December 31, 2013 (December 31, 2012 - $1,207) in the Consolidated Balance Sheets for DSUs based on the market value of Parkland's common shares as December 31, 2013. The total compensation costs that have been included in marketing, general and administrative expenses for the year ended December 31, 2013 amounted to $1,001 (December 31, 2012 - $655).

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

	January 1, 2013 to December 31, 2013	January 1, 2012 to December 31, 2012
	Number of DSU's	Number of DSU's
Deferred Share Units, beginning of year	**87**	46
Granted	**27**	41
Dividends equivalent	**6**	5
Redeemed	**-**	(5)
Deferred Share Units, end of year	**120**	87

20. FINANCE COSTS

	Year ended December 31, 2013	2012
Accretion on refinery remediation	**544**	484
Accretion on asset retirement obligation	**338**	227
Interest on long-term debt	**7,187**	7,943
Interest and accretion on convertible debentures	**10,544**	11,100
(Gain) loss on interest rate swap	**(139)**	485
Total finance costs, end of year	**18,474**	20,239

21. CAPITAL MANAGEMENT

Parkland's capital structure is comprised of bank indebtedness, long-term debt including current portion, current portion of other long-term liabilities, convertible debentures and shareholders' equity, less cash and cash equivalents and restricted cash. Parkland's objectives when managing its capital structure are to:

I. maintain financial flexibility so as to preserve the Corporation's access to capital markets and its ability to meet its financial obligations; and
II. finance internally generated growth as well as potential acquisitions

Parkland monitors its capital structure and financing requirements using non-GAAP financial metrics consisting of Net Debt to Capitalization and Net Debt to Adjusted EBITDA which is defined as earnings before interest, taxes, depreciation and amortization, gain (loss) on disposal of property, plant and equipment, acquisition related costs, unrealized (gain) loss from the change in fair value of commodities forward contracts and US dollar forward exchange contracts included in risk management activities and unrealized gain (loss) on foreign exchange. The metrics are used to monitor and guide the Corporation's overall financial strength and flexibility of capital structure.

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

Parkland currently targets a Net Debt to Capitalization ratio of below 50% on a long-term basis. This target may be exceeded if strategic acquisitions are available. At December 31, 2013, the Net Debt to Capitalization ratio was 44% (December 31, 2012 - 44%), calculated as follows:

	December 31, 2013	December 31, 2012
Bank Indebtedness	2,539	-
Long-term debt (including current portion), current portion of long-term liabilities and convertible debentures	351,716	291,603
Cash and cash equivalents	(8,986)	(14,676)
Restricted cash	(1,833)	-
Net Debt	343,436	276,927
Shareholders' equity	436,923	352,733
Capitalization	780,359	629,660
Net Debt to Capitalization	44%	44%

Parkland currently targets a Net Debt to Adjusted EBITDA ratio of less than 3.0 times (3.0 times - December 31, 2012). This target may be exceeded if strategic acquisitions are available. Adjusted EBITDA from acquisitions is not included for periods prior to acquisition in the following trailing twelve-month Adjusted EBITDA calculation. At December 31, 2013 the debt to Adjusted EBITDA ratio was 1.66 times (December 31, 2012 – 1.38 times) calculated on a trailing twelve-month basis as follows:

	December 31, 2013	December 31, 2012
Net Debt	**343,436**	276,927
Net earnings	**91,957**	84,854
Add		
Finance costs (1)	**18,474**	20,239
Loss on disposal of property, plant and equipment	**2,440**	282
Unrealized (gain) from the change in fair value of commodities forward contracts, US dollar forward exchange contracts and future contracts	**(1,309)**	-
Depreciation and amortization	**57,413**	54,689
Income tax expense	**31,010**	38,917
Acquisition related costs	**6,852**	1,360
Unrealized loss from foreign exchange	**592**	23
Adjusted EBITDA (2)	**207,429**	**200,364**
Net Debt to Adjusted EBITDA	**1.66**	1.38

(1) Includes realized and unrealized (gain) loss on the interest rate swap
(2) Includes the realized and unrealized (gain) loss on put options

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

The Corporation manages its capital structure and makes adjustments according to market conditions to maintain flexibility while achieving objectives stated above. To manage the capital structure, Parkland may adjust capital spending, adjust dividends paid to shareholders, issue new equity, issue new debt or repay existing debt.

22. ACQUISITIONS

(a) Elbow River Marketing

On February 15, 2013, Parkland acquired the assets and liabilities of Elbow River Marketing Limited Partnership ("Elbow River Marketing"), a business specializing in the transportation, supply and marketing of petroleum products including liquefied petroleum gases (butane, propane and condensate), crude oil, heavy fuel oil, and a growing portfolio of refined fuel and bio-fuel products, for total consideration of $84,594. The purchase priced included $80,000 paid in cash and the assumption of bank indebtedness of $4,594. The acquisition of Elbow River Marketing diversifies Parkland's earnings and further differentiates Parkland from other Canadian fuel marketers. The transaction was an asset purchase and has been accounted for using the acquisition method.

The fair value of Elbow River Marketing net assets acquired is as follows:

	December 31, 2013
Estimated fair value of net assets acquired:	
Intangible asset - customer relationships	31,050
Intangible asset - non-compete agreement	2,100
Intangible asset - trade names	3,450
Fair value of rail car leases	1,550
Property, plant and equipment	2,535
Goodwill	35,900
Capital lease obligations	(71)
Risk management - net	(5,285)
Bank indebtedness	(4,594)
Other long-term liabilities	(4,509)
Working capital	17,874
	80,000
Consideration:	
Cash paid to vendor	80,000
Bank indebtedness assumed	4,594
Cash consideration	84,594

The goodwill of $35,900 which arose from the acquisition was attributable to the anticipated future earnings of Elbow River Marketing and purchasing synergies now available to Parkland. The total amount of goodwill recognized is expected to be deductible for income tax purposes.

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

Trade and other receivables acquired in the transaction have a fair value of $90,364 that equal their gross contractual value and expected cash flow at the acquistion date.

Trade and other payables acquired in the transaction have a fair value of $102,993 that equal their gross contractual value and expected cash outflow at the acquisition date.

Since the date of acquisition, revenue of $980,484 and net earnings of $17,351 are included in the December 31, 2013 consolidated statement of comprehensive income.

(b) Sparling's Propane

On April 2, 2013, Parkland acquired all of the outstanding shares of Sparling's Propane Co. Limited, G.S.D. Sparling Holdings Ltd. Sparling's Propane Tank Co Ltd. Grand River Propane Inc. and Sparling's Propane Inc. (collectively "Sparling's Propane") for cash consideration of $32,388. The acquisition is expected to leverage the propane supply options achieved through Elbow River Marketing and its exisitng business platform will be utilized to grow Parkland's propane business across Canada. Given the recent timing of the transaction Parkland is still assessing the fair value of the net assets acquired. As a result these amounts are subject to change. The transaction has been accounted for using the acquisition method.

The preliminary fair value of Sparling's net assets acquired is as follows:

	December 31, 2013
Estimated fair value of net assets acquired:	
Intangible asset - customer relationships	1,387
Intangible asset - non-compete agreement	175
Intangible asset - trade names	2,379
Property, plant and equipment	28,587
Goodwill	5,284
Deferred Tax Liability	(5,284)
Capital lease obligation	(1,128)
Working capital	1,807
	33,207
Consideration:	
Cash paid to vendor	33,207
Cash assumed	(819)
Cash consideration	32,388

The goodwill of $5,284, which arose from the acquisition was attributable to the anticipated future revenue from the potential expansion of Parkland's propane business and increased market presence in Eastern Canada. The total amount of goodwill recognized is not deductible for income tax purposes.

Trade and other receivables acquired in the transaction have a fair value of $7,136 that equal their gross contractual value and expected cash flow at the acquistion date.

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

Trade and other payables acquired in the transaction have a fair value of $6,405 that equal their gross contractual value and expected cash outflow at the acquisition date.

Since the date of acquisition, revenue of $47,878 and net income of $230 are included in the December 31, 2013 consolidated statement of comprehensive income.

(c) TransMontaigne

On May 13, 2013, Parkland entered into agreements to become Morgan Stanley's fuel marketer for the province of Quebec, to assume customers and assets of TransMontaigne Marketing Canada Inc. ("TransMontaigne"), to lease terminal storage through CanTerm Canadian Terminals Inc. and to purchase inventory from Morgan Stanley Capital Group Inc., for total cash consideration of $11,065. This agreement is expected to provide a new supply platform for growth in the Province of Quebec and add to Parkland's strategic supply infrastructure portfolio. Given the recent timing of the transaction Parkland is still assessing the fair value of the net assets acquired. As a result these amounts are subject to change. The transaction was an asset purchase and has been accounted for using the acquisition method.

The preliminary fair value of TransMontaigne net assets acquired is as follows:

	December 31, 2013
Estimated fair value of net assets acquired:	
Intangible asset - customer relationships	1
Property, plant and equipment	488
Goodwill	12
Working capital	50,115
	50,616
Consideration:	
Accounts payable	39,551
Cash paid to vendor	11,065
	50,616
Liabilities settled	(39,551)
Cash consideration	11,065

The goodwill of $12, which arose from the acquisition was attributable to the anticipated future earnings of TransMontaigne and increased market presence in Quebec for Parkland. The total amount of goodwill recognized is expected to be deductible for income tax purposes.

Trade and other receivables acquired in the transaction have a fair value of $39,596 that Parkland agreed to collect on behalf of TransMontaigne. Subsequent to the acquisition, Parkland collected $39,551 and settled the liability with TransMontaigne for the same amount.

Since the date of acquisition, revenue of $448,748 and a net loss of $142 are included in the December 31, 2013 consolidated statement of comprehensive income.

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

(d) R-Gas and Scotsburn

On May 1, 2013, Parkland announced the acquisition of Scotsburn Co-operative Services Limited ("Scotsburn") net assets for cash consideration of $1,322. Additionally on April 30th, 2013 Parkland acquired the net assets of R-Gas Propane Supply Corporation ("R-Gas") for cash consideration of $1,068. These acquisitions are expected to add over three million litres of diesel fuel and furnace oil sales to Parkland and increase market presence in the Ontario propane market. Given the recent timing of these transactions Parkland is still assessing the fair value of the net assets acquired. As a result these amounts are subject to change. These transactions were asset purchases and have been accounted for using the acquisition method.

The combined preliminary fair value of R-Gas and Scotsburn's net assets acquired are as follows:

	December 31, 2013
Estimated fair value of net assets acquired:	
Intangible asset - customer relationships	673
Property, plant and equipment	991
Goodwill	159
Working capital	567
	2,390
Consideration:	
Cash paid to vendor	2,390
Cash consideration	2,390

The goodwill of $159 which arose from the acquisitions was attributable to the anticipated future revenue from expanded customer base, synergies from combining offices and increased market presence in Eastern Canada. The total amount of goodwill recognized is expected to be deductible for income tax purposes.

Trade and other receivables acquired in the transactions have a fair value of $537 that equal their gross contractual value and expected cash flow at the acquistion date.

No trade or other payables were acquired in these transactions.

Since the date of acquisitions, combined revenue of $3,332 and net earnings of $199 are included in the December 31, 2013 consolidated statement of comprehensive income.

Had Parkland acquired and consolidated the above mentioned acquisitions in notes 22(a) through 22(d) on January 1, 2013, the consolidated statement of comprehensive income would include additional revenue of $586,187 (Elbow River Marketing - $172,894, Sparling's Propane - $53,497, TransMontaigne - $358,130, R-Gas & Scotsburn - $1,666) and additional net earnings of $3,758 (Elbow River Marketing - $2,204, Sparling's Propane - $1,454 , R-Gas & Scotsburn - $100) for the year ended December 31, 2013. This pro-forma financial information is not necessarily indicitive of the financial position or results of operations that would have resulted had the relevant transactions taken place at the beginning of the year.

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

(e) Magnum Oil (MB) Ltd.

On November 1, 2012, Parkland acquired assets of Magnum Oil (MB) Ltd. ("Magnum Oil"), a company specializing in distribution of lubricants in Manitoba for cash considerations of $9,498. The acquisition of Magnum Oil advanced the Corporation's strategy of continued growth of market share of the distribution of lubricants in Canada. The transaction was an asset purchase and accounted for using the acqusition method.

The fair value of net assets acquired from Magnum Oil is as follows:

	December 31, 2012
Estimated fair value of net assets acquired:	
Intangible asset - customer relationships	4,795
Intangible asset - non-compete agreement	526
Intangible asset - trade names	185
Goodwill	1,254
Property, plant and equipment	642
Working capital	2,096
	9,498
Consideration:	
Cash paid to vendor	9,498
Cash consideration	9,498

The goodwill of $1,254 which arose from the acquisition was attributable to the synergies from combining operations of various lube distribution locations, increased market presence and resource optimization for Parkland. The total amount of goodwill recognized is expected to be deductible for income tax purposes. No liabilities were assumed as a result of this acquisition.

Trade and other receivables acquired in the transaction have a fair value of $986 that equal their gross contractual value and expected cash flow at the acquistion date.

Trade and other payables acquired in the transaction have a fair value of $874 that equal their gross contractual value and expected cash outflow at the acquisition date.

Since the date of acquisition, revenue of $2,475 and net earnings of $84 are included in the December 31, 2012 consolidated statement of comprehensive income. Had Parkland acquired and consolidated Magnum Oil on January 1, 2012, the December 31, 2012 consolidated statement of comprehensive income would include additional revenue of $15,750 and net earnings of $807. This pro-forma financial information is not necessarily indicative of the financial position or results of operations that would have resulted had the relevant transaction taken place at the beginning of the year.

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

23. NET CHANGES IN NON-CASH WORKING CAPITAL

	Year ended December 31,	
	2013	2012
Accounts receivable	**(45,915)**	4,452
Inventories	**(14,263)**	10,148
Income taxes receivable	**(440)**	-
Prepaid expenses and other	**3,203**	(796)
Accounts payable and accrued liabilities	**57,672**	(20,791)
Income tax payable	**(20,034)**	3,008
Deferred revenue	**(2,687)**	2,069
Total net changes in non-cash working capital	**(22,464)**	(1,910)

24. SEGMENTED INFORMATION

Parkland is an independent marketer and distributor of refined fuels, crude oil, natural gas and other related products. The corporation operates in three reportable segments, fuel and petroleum products, non-fuel commercial products and other non-fuel products. These segments are defined as follows:

Fuel and petroleum products includes sales of gasoline, diesel, home heating oil, propane fuel, natural gas liquids, crude oil, heavy oil products, realized gain/loss on commodities forward contracts and US dollar forward exchange contracts.

Non-fuel commercial includes sales of fertilizer, lubricants, various parts and commercial cartage charges.

Other non-fuel includes convenience store sales, cartage charges to retail dealers, freight revenue and contract penalty revenue.

Due to the amount of common operating and property costs, it is not practical to report these segments below their respective adjusted gross profits. The segregation of capital expenditures and total assets is not practical as the reportable segments represent product sales that are generated from common locations.

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

Year ended December 31,	Fuel and Petroleum Products	Non-Fuel Commercial	Other Non-Fuel	Total
2013				
Sales and operating revenue	**5,366,012**	**250,723**	**46,687**	**5,663,422**
Cost of sales	**(4,931,289)**	**(190,400)**	**(21,751)**	**(5,143,440)**
Realized loss on risk management activities (1)	**(21,534)**	**-**	**-**	**(21,534)**
Realized gain on foreign exchange	**1,532**	**-**	**-**	**1,532**
Adjusted gross profit (1)	**414,721**	**60,323**	**24,936**	**499,980**
2012				
Sales and operating revenue	3,852,245	247,223	34,168	4,133,636
Cost of sales	(3,497,339)	(181,106)	(18,149)	(3,696,594)
Realized gain on foreign exchange	110	-	-	110
Adjusted gross profit (1)	355,016	66,117	16,019	437,152

(1) This category includes realized gains/losses on commodities forward, US dollar forward exchange and future contracts.

25. RELATED PARTY TRANSACTIONS

Parkland receives legal services from Bennett Jones LLP where a director of the Corporation is a partner. The fees paid during the year ended December 31, 2013 amounted to $2,693 (December 31, 2012 - $841) including $180 (December 31, 2012 - $293) in amounts payable at December 31, 2013.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

26. CONTINGENCIES AND COMMITMENTS

(a) Legal

The Corporation is involved in various legal claims and legal notices arising in the ordinary course of business. Parkland believes it has made adequate provisions for such legal claims.

The Corporation recognized $9,800 for legal claims in 2013 (2012 - $0), primarily for the mitigation of contamination at sites where the Corporation has had operations and where the amounts were more likely than not to be incurred. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on Parkland's financial position, results of operations, or cash flows.

(b) Commitments

Parkland has operating leases primarily for offices, rail tank cars, warehouses, equipment and land. These operating leases expire at various dates over the next 32 years. The minimum payments required under these commitments are as follows:

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

As at December 31, 2013	2014	2015	2016	2017	2018	Thereafter	Total
Obligations under operating leases	24,421	19,357	16,614	12,001	8,061	13,160	93,614

27. EXPENSE BY NATURE

Employee costs included in the consolidated statement of comprehensive income are shown below:

	Year ended December 31,	
	2013	2012
Operating costs	**59,570**	54,626
Marketing, general and administrative	**74,502**	49,226
	134,072	103,852

28. KEY MANAGEMENT COMPENSATION

The remuneration of key management personnel of the Corporation, which includes both members of the Board of Directors and leadership team including the CEO, CFO and vice presidents, is set out below in aggregate:

	Year ended December 31,	
	2013	2012
Salaries and short-term employee benefits	**5,165**	4,246
Share-based payments	**2,555**	1,704
	7,720	5,950

The liability balance for annual incentive plan and share-based compensation to key management personnel was $3,533 as at December 31, 2013 (December 31, 2012 - $2,324).

29. SUBSEQUENT EVENTS

(a) SPF Energy Inc.

On January 8, 2014, the Corporation successfully completed the acquisition of all outstanding shares of SPF Energy Inc. ("SPF") located in North Dakota, USA. The total consideration for all outstanding shares of SPF was $113 million. The purchase price consisted of approximately $67 million cash, the assumption of approximately $18 million debt and the issuance of 1.2 million common shares of Parkland. Share consideration was calculated using the volume weighted average price of $18.48 for the five trading days immediately preceding the closing. The final adjusted purchase price will be determined, subject to customary post-closing adjustments. The Corporation is assessing the purchase price allocation. SPF supplies and distributes approximately 1.1 billion litres (300 million gallons) of refined petroleum products through North Dakota, Montana, Minnesota, South Dakota and Wyoming. This acquisition will provide Parkland with an expandable platform for growth in the Northwest United States and export opportunities for excess refined product in Western Canada. In addition, it will enhance supply capabilities leveraging Elbow River Marketing rail assets.

(b) Chevron Canada

Subsequent to year-end, the Corporation entered into an agreement with Chevron Canada to purchase eleven Chevron-branded service stations in northern British Columbia. The sale is expected to close in the second quarter of 2014.

30. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to comply with the presentation adopted in the current period.

Supplementary Information (unaudited)

	Three months ended December 31,		Year ended December 31,	
	2013	2012	**2013**	2012
Volume (millions of litres)				
Retail Fuels	**432**	442	**1,747**	1,806
Commercial Fuels	**452**	383	**1,545**	1,503
Supply & Wholesale (1)	**1,147**	309	**3,744**	1,293
Intersegment sales	**(114)**	(72)	**(377)**	(361)
Total fuel and petroleum products volume	**1,917**	1,062	**6,659**	4,241

(1) Includes Elbow River Marketing volumes of 576 million litres and 1,891 million litres for the three and twelve months ended December 31, 2013

	Three months ended December 31,		Year ended December 31,	
	2013	2012	**2013**	2012
Net sales and operating revenue (millions of Canadian dollars)				
Fuel and petroleum products revenue				
Retail Fuels	398.0	395.6	**1,647.0**	1,681.6
Commercial Fuels	420.4	337.1	**1,423.0**	1,369.6
Supply & Wholesale (2)	761.9	259.0	**2,548.0**	1,115.6
Intersegment	(57.2)	(60.0)	**(252.0)**	(314.6)
Total fuel and petroleum products revenue	1,523.1	931.7	**5,366.0**	3,852.2
Non-fuel commercial revenue	**63.1**	60.8	**250.7**	247.2
Other non-fuel revenue (4)	**12.7**	6.0	**46.7**	35.3
Intersegment	**-**	(0.1)	**-**	(1.1)
Total non-fuel revenue	**12.7**	5.9	46.7	34.2
Total sales and operating revenue	**1,598.9**	998.4	**5,663.4**	4,133.6

(2) Includes Elbow River Marketing revenue of $294.2 million and $976.7 million for the three and twelve months ended December 31, 2013

	Three months ended December 31,		Year ended December 31,	
	2013	2012	**2013**	2012
Gross profit (millions of Canadian dollars)				
Fuel and petroleum products adjusted gross profit				
Retail Fuels	**20.0**	23.7	**82.6**	88.7
Commercial Fuels	**46.0**	39.9	**153.4**	146.9
Supply & Wholesale (3)(5)	**54.1**	19.6	**178.7**	119.4
Total fuel and petroleum products adjusted gross profit (3)(5)	**120.1**	83.2	**414.7**	355.0
Cents per litre	**6.3**	7.8	**6.2**	8.4

(3) Includes Elbow River Marketing gross profit of $26.3 million and $69.4 million for the three and twelve months ended December 31, 2013

Fuel and petroleum products adjusted gross profit (3)(5)	**120.1**	83.2	**414.7**	355.0
Non-fuel commercial adjusted gross profit	**15.6**	17.0	**60.3**	66.1
Other non-fuel adjusted gross profit (4)	**6.2**	3.8	**24.9**	16.0
Total adjusted gross profit (3)(5)	**141.9**	104.0	**499.9**	437.1

(4) This category includes convenience store sales, variable rents, trucking, rail and other delivery charges to customers, and other.

(5) This category includes Parkland's share of refinery margins and profits from wholesale sales and realized gains (losses) on commodities forward, US dollar forward exchange and future contracts.