Parkland Fuel Corporation

Interim Condensed Consolidated Financial Statements (Unaudited)
For the three months ended March 31, 2016

Parkland
FUEL CORPORATION

Parkland Fuel Corporation

Consolidated Balance Sheets
(Unaudited)

(In 000's of Canadian dollars)	**March 31, 2016**	December 31, 2015[i]
Assets		
Current Assets		
Cash and cash equivalents	**23,273**	36,710
Restricted cash	**321**	321
Accounts receivable	**292,448**	314,263
Inventories	**109,562**	117,403
Income taxes receivable	**9,131**	4,768
Risk management (Note 11)	**2,621**	4,801
Prepaid expenses and other	**39,679**	35,932
	477,035	514,198
Property, plant and equipment (Note 7)	**486,376**	499,873
Intangible assets (Note 8)	**183,562**	192,611
Goodwill (Note 9)	**536,994**	540,474
Long-term receivables	**25,662**	22,941
Other long-term assets	**20,233**	13,258
Deferred tax asset	**42,139**	35,307
	1,772,001	1,818,662
Liabilities		
Current Liabilities		
Bank indebtedness	**492**	15,325
Accounts payable and accrued liabilities	**320,850**	349,127
Dividends declared and payable	**9,552**	8,479
Deferred revenue	**10,659**	11,685
Long-term debt – current portion (Note 10)	**4,122**	4,413
Asset retirement obligations – current portion (Note 14)	**21,105**	20,790
Risk management (Note 11)	**645**	3,563
Other long-term liabilities – current portion	**1,029**	1,029
	368,454	414,411
Long-term debt (Note 10)	**431,926**	441,040
Other long-term liabilities	**8,317**	8,200
Asset retirement obligations (Note 14)	**94,243**	94,641
Refinery and terminal remediation accrual	**13,943**	13,778
Deferred tax liability	**31,948**	33,962
	948,831	1,006,032
Shareholders' Equity		
Shareholders' capital (Note 15)	**875,643**	857,534
Contributed surplus	**20,320**	18,986
Accumulated other comprehensive income	**10,709**	17,761
Deficit	**(83,502)**	(81,651)
	823,170	812,630
	1,772,001	1,818,662

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

Parkland Fuel Corporation

Consolidated Statements of Income
(Unaudited)

(In 000's of Canadian dollars and shares, except per share amounts)	Three months ended March 31, 2016	2015
Sales and operating revenue	**1,318,107**	1,391,626
Cost of goods sold, excluding depreciation	**1,144,118**	1,237,649
Customer finance income	**(311)**	(476)
Operating costs	**78,951**	66,494
Marketing, general and administrative	**39,147**	34,704
Depreciation and amortization	**25,900**	19,707
Finance costs (Note 12)	**(189)**	6,397
Foreign exchange loss (gain)	**268**	(3,171)
(Gain) loss on disposal of property, plant and equipment	**(519)**	356
Loss on risk management activities	**488**	2,497
Earnings before income taxes	**30,254**	27,469
Income tax expense (recovery)		
Current	**12,736**	9,862
Deferred	**(7,352)**	(2,171)
Net earnings	**24,870**	19,778
Net earnings per share (Note 6)		
- Basic	**0.26**	0.24
- Diluted	**0.26**	0.24
Weighted average number of common shares (Note 6)	**94,294**	82,850

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Comprehensive Income (Unaudited)

(In 000's of Canadian dollars)	Three months ended March 31, **2016**	2015
Net earnings	**24,870**	19,778
Other comprehensive (loss) income:		
Items that may be reclassified to consolidated statements of income in subsequent periods:		
Exchange differences on translation of foreign operations	**(7,942)**	10,010
Net gain (loss) on hedge of net investment in foreign operations, net of tax expense of $141 (2015 – tax recovery of $374)	**890**	(2,493)
Other comprehensive (loss) income, net of tax	**(7,052)**	7,517
Total comprehensive income, net of tax	**17,818**	27,295

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Changes in Equity
(Unaudited)

(In 000's of Canadian dollars)	Shareholders' capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity
As at January 1, 2016	**857,534**	**18,986**	**17,761**	**(81,651)**	**812,630**
Net earnings	**-**	**-**	**-**	**24,870**	**24,870**
Other comprehensive loss, net of tax	**-**	**-**	**(7,052)**	**-**	**(7,052)**
Dividends	**-**	**-**	**-**	**(26,721)**	**(26,721)**
Share incentive compensation	**-**	**1,337**	**-**	**-**	**1,337**
Issued under dividend reinvestment plan, net of costs	**18,054**	**-**	**-**	**-**	**18,054**
Issued under share option plan	**55**	**(3)**	**-**	**-**	**52**
As at March 31, 2016	**875,643**	**20,320**	**10,709**	**(83,502)**	**823,170**
As at January 1, 2015	584,856	6,339	2,188	(23,532)	569,851
Net earnings	-	-	-	19,778	19,778
Other comprehensive income, net of tax	-	-	7,517	-	7,517
Dividends	-	-	-	(23,478)	(23,478)
Share incentive compensation	-	11,740	-	-	11,740
Issued under dividend reinvestment plan, net of costs	16,830	-	-	-	16,830
Issued under share option plan	234	(21)	-	-	213
Issued upon conversion of convertible debentures	512	-	-	-	512
As at March 31, 2015	602,432	18,058	9,705	(27,232)	602,963

See accompanying notes to the interim condensed consolidated financial statements.

Parkland Fuel Corporation

Consolidated Statements of Cash Flows
(Unaudited)

(In 000's of Canadian dollars)	Three months ended March 31, 2016	2015
Operating activities		
Net earnings	**24,870**	19,778
Adjustments for:		
Depreciation and amortization	**25,900**	19,707
(Gain) loss on disposal of property, plant and equipment	**(519)**	356
Share incentive compensation	**1,145**	2,122
Refinery and terminal remediation accrual	**125**	126
Accretion expense on asset retirement obligations	**755**	479
Change in risk management activities	**(738)**	1,020
Change in other long-term liabilities	**349**	1,467
Accretion on convertible debentures	**-**	96
Amortization of deferred financing costs and debt premium	**143**	113
Change in fair value of Redemption Options	**(7,860)**	(1,220)
Deferred taxes	**(7,352)**	(2,171)
Cash expenditures on asset retirement obligations	**(347)**	(167)
Net change in non-cash working capital (Note 13)	**(8,817)**	53,126
Cash generated from operating activities	**27,654**	94,832
Financing activities		
Long-term debt repayments	**(22,892)**	(338)
Proceeds from long-term debt	**14,923**	-
Dividends paid to shareholders, net of dividend reinvestment plan	**(7,596)**	(5,997)
Shares issued for cash	**52**	213
Cash used in financing activities	**(15,513)**	(6,122)
Investing activities		
Change in long-term receivables	**(2,831)**	(160)
Additions to property, plant and equipment and intangible assets	**(13,466)**	(9,595)
Proceeds on sale of property, plant and equipment and intangible assets	**4,781**	200
Cash used in investing activities	**(11,516)**	(9,555)
Increase in net cash	**625**	79,155
Net foreign exchange difference	**771**	1,537
Net cash at beginning of period	**21,706**	199,128
Net cash at end of period	**23,102**	279,820
Represented by:		
Cash and cash equivalents	**23,273**	281,869
Restricted cash	**321**	1,833
Bank indebtedness	**(492)**	(3,882)
Net cash	**23,102**	279,820
Supplementary cash flow information:		
Interest paid	**841**	501
Interest received	**311**	476
Income taxes paid	**16,120**	11,465

See accompanying notes to the interim condensed consolidated financial statements.

1. CORPORATE INFORMATION

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

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Annual Consolidated Financial Statements, except for the adoption of new standards and interpretations effective as of January 1, 2016, and for the purposes of calculating income taxes during the interim periods where Parkland utilizes estimated annualized income tax rates.

(b) Use of estimates

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

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

4. CHANGES IN ACCOUNTING POLICIES

(a) IAS 1 – Presentation of Financial Statements

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

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

(b) Annual Improvements 2012-2014 Cycle

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

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Parkland has not yet adopted certain standards and amendments that have been issued but that are not yet effective. The following pronouncements are being assessed to determine their impact on the Parkland's results and financial position.

(a) IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, which replaces IAS 39 – Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The new standard introduces requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and the fair value of an entity's own debt. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

(b) IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, which provides a single, principles-based five-step model to be applied to all contracts with customers. IFRS 15 specifies how and when to recognize revenue as well as requiring entities to provide users of financial statements with more relevant disclosures. IFRS 15 supersedes IAS 18 – Revenue, IAS 11 – Construction Contracts, and a number of revenue-related interpretations and applies to annual reporting periods beginning on or after January 1, 2018. Application of the standard is mandatory for all IFRS reporters and early adoption is permitted.

(c) IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16, which requires lessees to recognize assets and liabilities for most leases on their balance sheet. Lessor accounting is substantially unchanged from the existing accounting in IAS 17 – Leases. The new standard will be effective for annual periods beginning on or after January 1, 2019. Early application is permitted, provided the new revenue standard, IFRS 15 – Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16.

6. NET EARNINGS PER SHARE

	Three months ended March 31,	
	2016	2015
Net earnings - basic and diluted	**24,870**	19,778
Weighted average number of common shares	**94,294**	82,850
Effects of dilution from		
- Share options	**225**	228
Weighted average number of common shares adjusted for the effects of dilution	**94,519**	83,078
Net earnings per share		
- Basic	**0.26**	0.24
- Diluted	**0.26**	0.24

In computing the diluted net earnings per share amount for the three months ended March 31, 2015, the impact of convertible debentures was excluded as their effect was antidilutive. There were no convertible debentures outstanding as at March 31, 2016.

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

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Land improvements	Buildings	Assets under finance lease	Plant and equipment	Asset retirement costs	Total
Cost							
As at January 1, 2016	**88,217**	**44,594**	**139,952**	**1,961**	**492,419**	**53,099**	**820,242**
Additions	**-**	**614**	**3,672**	**-**	**7,727**	**-**	**12,013**
Change in asset retirement obligations	**-**	**-**	**-**	**-**	**-**	**(867)**	**(867)**
Disposals	**(350)**	**(344)**	**(2,001)**	**-**	**(5,829)**	**-**	**(8,524)**
Exchange differences	**(411)**	**(326)**	**(982)**	**-**	**(4,302)**	**(428)**	**(6,449)**
As at March 31, 2016	**87,456**	**44,538**	**140,641**	**1,961**	**490,015**	**51,804**	**816,415**
Depreciation and impairment							
As at January 1, 2016	**-**	**9,099**	**40,782**	**526**	**246,408**	**23,554**	**320,369**
Depreciation	**-**	**524**	**2,373**	**83**	**13,374**	**2,943**	**19,297**
Disposals	**-**	**(216)**	**(577)**	**-**	**(4,601)**	**(1,589)**	**(6,983)**
Exchange differences	**-**	**(40)**	**(215)**	**-**	**(2,225)**	**(164)**	**(2,644)**
As at March 31, 2016	**-**	**9,367**	**42,363**	**609**	**252,956**	**24,744**	**330,039**
Net book value							
As at March 31, 2016	**87,456**	**35,171**	**98,278**	**1,352**	**237,059**	**27,060**	**486,376**

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

As at March 31, 2016, Parkland had assets under construction of $13,843 (December 31, 2015 – $13,232) consisting primarily of assets related to construction and upgrades of retail stations within the Retail Fuels and Parkland USA segments.

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

8. INTANGIBLE ASSETS

	Customer relationships	Trade names	Non-compete agreements	Lease benefit	Software systems	Total
Cost						
As at January 1, 2016	**260,725**	**33,411**	**18,618**	**2,213**	**33,193**	**348,160**
Additions	**14**	**-**	**-**	**-**	**1,439**	**1,453**
Disposals	**(180)**	**-**	**-**	**-**	**-**	**(180)**
Exchange differences	**(3,506)**	**(621)**	**(35)**	**(24)**	**-**	**(4,186)**
As at March 31, 2016	**257,053**	**32,790**	**18,583**	**2,189**	**34,632**	**345,247**
Amortization and impairment						
As at January 1, 2016	**125,767**	**10,390**	**7,389**	**1,586**	**10,417**	**155,549**
Amortization	**5,246**	**575**	**678**	**95**	**688**	**7,282**
Disposals	**(180)**	**-**	**-**	**-**	**-**	**(180)**
Exchange differences	**(788)**	**(143)**	**(31)**	**(4)**	**-**	**(966)**
As at March 31, 2016	**130,045**	**10,822**	**8,036**	**1,677**	**11,105**	**161,685**
Net book value						
As at March 31, 2016	**127,008**	**21,968**	**10,547**	**512**	**23,527**	**183,562**

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

9. GOODWILL

	January 1, 2016 to March 31, 2016	January 1, 2015 to December 31, 2015
Balance, beginning of period	**540,474**	179,607
Acquisition of Pioneer Energy (Note 16)	**-**	333,426
Acquisition of North Dakota services stations	**-**	7,646
Acquisition of Chevron-branded service stations	**-**	8,837
Acquisition of other businesses	**-**	2,825
Exchange differences	**(3,480)**	8,133
Balance, end of period	**536,994**	540,474

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

10. LONG-TERM DEBT AND CREDIT FACILITIES

	March 31, 2016	December 31, 2015
Credit Facility (a)	**27,755**	36,676
Unamortized discount: deferred financing costs	**(218)**	(313)
	27,537	36,363
Senior Unsecured Notes (b)		
5.5% Notes, due 2021	**200,000**	200,000
Unamortized premium: Redemption Options	**2,479**	2,583
Unamortized discount: deferred financing costs	**(3,842)**	(4,005)
6.0% Notes, due 2022	**200,000**	200,000
Unamortized premium: Redemption Options	**4,437**	4,574
Unamortized discount: deferred financing costs	**(4,061)**	(4,187)
	399,013	398,965
Finance Lease Obligations (c)	**1,343**	1,377
Collateralized Notes (d)	**8,155**	8,748
	9,498	10,125
Total long-term debt	**436,048**	445,453
Less: current portion	**(4,122)**	(4,413)
Long-term debt	**431,926**	441,040

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

	2016	2017	2018	2019	2020	Thereafter	Interest included in minimum lease payments	Total
Credit Facility (a)	-	-	27,755	-	-	-	-	27,755
Senior Unsecured Notes (b)	-	-	-	-	-	400,000	-	400,000
Finance Lease Obligations (c)	1,045	163	66	66	66	318	(381)	1,343
Collateralized Notes (d)	3,089	912	2,298	649	357	850	-	8,155
	4,134	1,075	30,119	715	423	401,168	(381)	437,253

(a) Credit Facility

A revolving extendible credit facility (the "Credit Facility") agreement was last amended on June 30, 2014 to extend the maturity to June 30, 2018. 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, 2018, all amounts outstanding are repayable on the maturity date.

The Credit Facility includes the following components:

i) A revolving operating loan with interest payable to a maximum of $320,000 for the Canadian Syndicated Facility and US$30,000 for the U.S. Operating Facility (December 31, 2015 – $320,000 and US$30,000) less the value of letters of credit issued. As at March 31, 2016, the outstanding borrowings totalled $27,755 (December 31, 2015 – $36,676). The revolving operating loan bears interest at prime plus 1.00% (December 31, 2015 – prime plus 1.00%), Bankers' Acceptance rate plus 2.00% (December 31, 2015 – Bankers' Acceptance rate plus 2.00%) or LIBOR rate plus 2.00% (December 31, 2015 – LIBOR rate plus 2.00%). For the Canadian Syndicated Facility, the interest rate as at March 31, 2016 was 2.31% to 2.52% for LIBOR loans (December 31, 2015 – 1.99% to 2.42%). There were no Bankers' Acceptance or prime-based loans outstanding under the Canadian Syndicated Facility as at March 31, 2016. For the U.S. Operating Facility, the interest rate as at March 31, 2016 was 4.25% for prime-based loans.

ii) Letters of credit to a maximum of $100,000 and US$10,000 (December 31, 2015 – $100,000 and US$10,000). As at March 31, 2016, outstanding balances for letters of credit totalled $14,324 (December 31, 2015 – $14,931), which mature at various dates up to January 26, 2017.

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

As at March 31, 2016, Parkland was in compliance with all debt covenants. Debt covenant ratios are tested on a trailing four quarter Credit Facility EBITDA basis. Financial covenants of the credit facilities are as follows:

1. Ratio of Senior Funded Debt to Credit Facility EBITDA 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 to Credit Facility EBITDA 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. Credit Facility Fixed Charge Coverage Ratio at each quarter shall not be less than 1.15 to 1.00.

As at March 31, 2016, the Corporation provided $724,496 (December 31, 2015 – $758,907) of unsecured guarantees to counterparties of commodity and U.S. dollar forward exchange contracts used in natural gas liquids and crude oil purchases and supply agreements.

(b) Senior Unsecured Notes

On May 29, 2014 and November 21, 2014, the Corporation completed private placements of senior unsecured notes due on May 28, 2021 and November 21, 2022, respectively, each with an aggregate principal amount of $200,000 (the "Senior Unsecured Notes"). The Senior Unsecured Notes issued on May 29, 2014 bear interest of 5.5% per annum, payable semi-annually in arrears on May 28 and November 28 of each year until maturity. The Senior Unsecured Notes issued on November 21, 2014 bear interest of 6.0% per annum, payable semi-annually in arrears on May 21 and November 21 of each year until maturity. The Senior Unsecured Notes are guaranteed by Parkland subsidiaries and are unsecured obligations.

As at March 31, 2016, Parkland was in compliance with all of the covenants limiting Parkland's ability to incur additional debt, make certain restricted payments and investments, create liens, enter into transactions with affiliates, and consolidate, merge, transfer or sell all or substantially all of its property and assets.

Deferred financing costs have been accounted for as a reduction of Senior Unsecured Notes and amortized over the remaining term of the Senior Unsecured Notes using the effective interest rate method.

(c) Finance Lease Obligations

The finance leases carry interest rates ranging from 3.4% to 6.6% (December 31, 2015 – 3.4% to 6.6%). The leases are for land, buildings and equipment with a net book value of $1,352 (December 31, 2015 – $1,435), and mature at various dates up to July 2022.

(d) Collateralized Notes

On January 8, 2014, in connection with the acquisition of SPF Energy Inc., the Corporation assumed $7,901 of collateralized notes held by SPF Energy Inc. The collateralized notes are held with various financial institutions, carry fixed interest rates ranging from 2.44% to 6.24%, are denominated in U.S. dollars and are secured by various real estate and equipment of SPF Energy Inc. Payments are due monthly with maturity dates ranging from 2016 to 2028. As at March 31, 2016, the outstanding amounts due on the collateralized notes were $8,155 (December 31, 2015 – $8,748).

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

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

(a) Fair value measurement hierarchy

The following table presents information about the financial assets and liabilities measured at fair value on a recurring basis and the fair value hierarchy of the valuation techniques used:

	Fair value as at March 31, 2016			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Redemption Options	**-**	**17,000**	**-**	**17,000**
Risk management assets				
Commodities swaps and forward contracts	**-**	**2,621**	**-**	**2,621**
Total risk management assets	**-**	**2,621**	**-**	**2,621**
Risk management liabilities				
Commodities swaps and forward contracts	**-**	**(73)**	**-**	**(73)**
U.S. dollar forward exchange contracts	**-**	**(572)**	**-**	**(572)**
Total risk management liabilities	**-**	**(645)**	**-**	**(645)**

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

(b) Other financial instruments

The carrying values of cash and cash equivalents, restricted cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities and dividends declared and payable approximate their fair values as at March 31, 2016 due to the short-term nature of these instruments. The carrying value of the long-term receivables approximates fair value as at March 31, 2016, as Parkland currently issues loans and advances to dealers and customers with similar terms. The Senior Unsecured Notes had a carrying value of $400,000 and an estimated fair value of $386,199 as at March 31, 2016 (December 31, 2015 – carrying value $400,000 and estimated fair value $381,971). The carrying value of other long-term debt approximates fair value as at March 31, 2016 as either the interest rate on the long-term debt is adjusted monthly or the debt was issued recently. The carrying value of other long-term liabilities approximates fair value as at March 31, 2016 as either it is adjusted to its fair value on a quarterly basis or it is related to liabilities recently incurred.

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

(c) Fair value measurement hierarchy transfers

The Corporation's policy is to recognize transfers between fair value measurement hierarchy levels as at the date of the event or change in circumstances that caused the transfer. There were no transfers between levels during the three months ended March 31, 2016. There were also no changes in the purpose of any financial asset or financial liability that subsequently resulted in a different classification of that asset or liability.

(d) Redemption Options

The Senior Unsecured Notes contain Redemption Options that allow Parkland to redeem the notes prior to maturity at a premium. The Redemption Options have been accounted for as an embedded derivative financial instrument under IFRS. On initial recognition on May 29, 2014 and November 21, 2014, the Redemption Options were ascribed fair values of $3,220 and $5,160, respectively, which were recorded within other long-term assets in the consolidated balance sheets. On initial recognition, the carrying value of the Senior Unsecured Notes was increased by the fair value of the Redemption Options, which is amortized to finance costs in the consolidated statements of income over the term of the Senior Unsecured Notes. The amortization was $241 for the three months ended March 31, 2016 (three months ended March 31, 2015 – $227).

The Redemption Options are fair valued at the end of the reporting period and any change in the fair value is recognized in the consolidated statements of income in finance costs. The fair value of the Redemption Options was $17,000 as at March 31, 2016 (December 31, 2015 – $9,140). The change in fair value of the Redemption Options for the three months ended March 31, 2016 was a gain of $7,860 (three months ended March 31, 2015 – gain of $1,220).

12. FINANCE COSTS

	Three months ended March 31,	
	2016	2015
Interest on long-term debt	**6,845**	6,563
Interest and accretion on convertible debentures	**-**	717
Amortization of deferred financing costs	**384**	363
Accretion on refinery remediation	**125**	126
Accretion on asset retirement obligations	**755**	479
Change in fair value of Redemption Options	**(7,860)**	(1,220)
Amortization of debt premium arising from Redemption Options	**(241)**	(227)
Interest income	**(197)**	(404)
Finance costs	**(189)**	6,397

13. NET CHANGE IN NON-CASH WORKING CAPITAL

	Three months ended March 31,	
	2016	2015
Accounts receivable	**20,712**	84,402
Inventories	**6,983**	23,229
Income taxes receivable	**(4,608)**	(1,639)
Prepaid expenses and other	**(2,443)**	(4,346)
Accounts payable and accrued liabilities	**(28,435)**	(50,413)
Deferred revenue	**(1,026)**	1,893
Total net change in non-cash working capital	**(8,817)**	53,126

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

14. ASSET RETIREMENT OBLIGATIONS

	January 1, 2016 to March 31, 2016	January 1, 2015 to December 31, 2015
Asset retirement obligations, beginning of the period	**115,431**	60,586
Additional provisions made in the period	**277**	7,777
Additions due to acquisitions	**-**	52,408
Obligations settled during the period	**(347)**	(3,107)
Change in estimated future cash flows	**(1,936)**	(6,255)
Change due to passage of time, foreign exchange and discount rate	**1,923**	4,022
Asset retirement obligations, end of the period	**115,348**	115,431
Current	**21,105**	20,790
Non-current	**94,243**	94,641
Asset retirement obligations, end of the period	**115,348**	115,431

The total undiscounted estimated future cash flows required to settle Parkland's asset retirement obligations was $168,569 as at March 31, 2016 (December 31, 2015 – $172,281). The costs are expected to be paid up to 2046. As at March 31, 2016, the discount rates used to determine the present value of the future costs ranged from 3.62% to 4.20% (December 31, 2015 – 3.77% to 4.64%).

15. SHAREHOLDERS' CAPITAL

(a) Shareholders' capital

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

	January 1, 2016 to March 31, 2016		January 1, 2015 to December 31, 2015	
	Number of common shares	Amount	Number of common shares	Amount
Shareholders' capital, beginning of period	**93,856**	**$ 857,534**	82,114	$ 584,856
Issued on acquisitions, net of issue costs	**-**	**-**	5,830	149,946
Issued under dividend reinvestment plan, net of costs	**854**	**18,054**	2,952	69,344
Issued under share option plan	**3**	**55**	340	6,186
Issued on vesting of restricted share units	**-**	**-**	270	4,896
Issued upon conversion of convertible debentures	**-**	**-**	2,350	42,306
Shareholders' capital, end of period	**94,713**	**$ 875,643**	93,856	$ 857,534

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

(b) Share options

The following table summarizes the information related to share options held by directors, officers and employees:

	January 1, 2016 to March 31, 2016			January 1, 2015 to December 31, 2015		
	Number of options		**Average exercise price per option**	Number of options		Average exercise price per option
Share options, beginning of period	**2,511**	**$**	**19.92**	2,242	$	17.88
Granted	**-**		**-**	696		24.88
Exercised	**(3)**		**20.57**	(341)		16.66
Forfeited	**(19)**		**22.01**	(86)		19.81
Share options, end of period	**2,489**	**$**	**19.90**	2,511	$	19.92
Exercisable options, end of period	**820**	**$**	**15.57**	827	$	15.62

Share option expense included in marketing, general and administrative expenses for the three months ended March 31, 2016 was $403 (three months ended March 31, 2015 – $331). Options were exercised on a regular basis throughout the period.

(c) Restricted share units

The following table summarizes restricted share units ("RSUs") held by directors, officers and employees:

	January 1, 2016 to March 31, 2016			January 1, 2015 to December 31, 2015		
	Number of RSUs		**Weighted average share price**	Number of RSUs		Weighted average share price
Restricted share units, beginning of period	**784**	**$**	**21.76**	564	$	18.12
Granted	**-**		**-**	670		22.75
Dividend equivalents	**4**		**20.83**	13		21.87
Issued on vesting	**-**		**-**	(413)		18.66
Forfeited	**(7)**		**22.08**	(50)		19.55
Restricted share units, end of period	**781**	**$**	**21.76**	784	$	21.76

RSU expense included in marketing, general and administrative expenses for three months ended March 31, 2016 was $934 (three months ended March 31, 2015 – $1,346).

(d) Deferred share units

The following table summarizes deferred share units ("DSUs") held by non-executive members of the Board of Directors:

	January 1, 2016 to March 31, 2016	January 1, 2015 to December 31, 2015
	Number of DSUs	Number of DSUs
Deferred share units, beginning of period	**158**	139
Granted	**3**	29
Dividend equivalents	**2**	7
Redeemed	**-**	(17)
Deferred share units, end of the period	**163**	158

The liability recorded for DSUs in other long-term liabilities as at March 31, 2016 was $3,481 (December 31, 2015 – $3,674). Income related to DSUs included in marketing, general and administrative expenses for the three months ended March 31, 2016 was $193 (three months ended March 31, 2015 – expense of $500).

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

16. BUSINESS COMBINATIONS

(a) Acquisition of Pioneer Energy

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

The revised preliminary fair values of the identifiable assets and liabilities of Pioneer Energy and the purchase consideration is presented below:

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

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

During the three months ended March 31, 2016, Parkland revised the preliminary fair values of the identifiable assets from the amounts reported on the Annual Consolidated Financial Statements and updated the purchase price equation to reflect new information obtained during the measurement period about the acquisition-date fair value of prepaid expenses and other. The result was a decrease of $7,000 to prepaid expenses and other, an increase of $467 to deferred tax asset, and an increase of $6,533 to goodwill. These adjustments have been applied retrospectively to the acquisition date of June 25, 2015, resulting in a revised prepaid expenses and other balance of $21,823, a revised deferred tax asset balance of $16,732, and a revised goodwill balance of $333,426. As at March 31, 2016, Parkland has not finalized the purchase price allocation, and therefore the allocation of the purchase price is based on Parkland's best estimate and is currently considered preliminary. Parkland has up to one year from the date of acquisition to finalize the fair value of the assets acquired and liabilities assumed, and any further changes to the amounts presented below will be reflected within one year from the acquisition date.

Parkland paid cash of $254,090 on the date of acquisition as consideration for Pioneer Energy, net of initial purchase adjustments. The working capital adjustment was subject to change to the extent that the final determination of net working capital at the date of acquisition exceeds or is below a pre-determined target level. The purchase consideration may be subject to further change upon completion of further customary post-closing activities.

Hold Separate Assets

On March 29, 2016, Parkland and the Commissioner of Competition (the "Commissioner") entered into a consent agreement registered with the Competition Tribunal of Canada (the "Competition Tribunal") to settle the litigation (the "Settlement") initiated by the Commissioner. As part of the Settlement, no remedy was required in six of the original 14 contested markets – Chelmsford/Azilda, Gananoque, Port Perry, Allanburg, Aberfoyle and Welland, Ontario. In two of the contested markets – Lundar and Warren, Manitoba – Parkland has agreed that for a six-year period, it will not increase dealer prices relative to rack prices or delivery fees charged to dealers other than in certain circumstances. In five other markets – Bancroft, Hanover, Innisfil and Tillsonburg, Ontario, and Neepawa, Manitoba – Parkland has agreed to divest either a fuel supply agreement with a dealer that it supplies or a corporate site in each market. In each of these markets, Parkland intends to divest or terminate a fuel supply agreement. In Kapuskasing, Ontario, Parkland has agreed to sell a corporate-owned gas station. In aggregate, Parkland estimates that the Settlement will result in a reduction of sales volumes of less than 1% of the Pioneer Acquisition volumes.

Prior to the Settlement, the Competition Tribunal had issued an interim order (the "Interim Order") whereby one of the requirements was that the Pioneer Energy supply agreements with independent dealers and Pioneer Energy owned corporate sites in six local communities were to be held separate from Parkland's other assets and operations and be managed by an independent third-party manager (the "Hold Separate Assets"). As at March 31, 2016, Parkland does not control the Hold Separate Assets, and therefore the equity interests in the Hold Separate Assets that remain under the Interim Order have been recorded within prepaid expenses and other on the consolidated balance sheets.

Pioneer Commercial Business

In connection with the Pioneer Acquisition, the Corporation entered into an agreement (the "Commercial Assets Agreement") with the Vendors providing that Parkland will not, directly or indirectly, in any capacity, own, operate, control or otherwise be involved with the commercial assets of Pioneer or the operations thereof in Ontario, New Brunswick, and Nova Scotia (collectively, the "Pioneer Commercial Assets"). The Pioneer Commercial Assets will continue to be owned, operated and controlled solely by the Vendors and its employees until these assets have been sold to a third-party. The Vendors have retained a third party to administer and conduct the sale process involving the Pioneer Commercial Assets and an agreement to sell such assets has been entered into, the closing of which is subject to standard closing conditions and the consent of the Competition Tribunal. Under the Commercial Assets Agreement, Parkland has an indirect economic interest in the Pioneer Commercial Assets and the proceeds of any disposition thereof.

As at March 31, 2016, as Parkland does not control these assets, the economic interest in the Pioneer Commercial Assets has been recorded within prepaid expenses and other on the consolidated balance sheets.

(b) Other information

Acquisition costs are recognized as an expense in marketing, general and administrative expenses within acquisition, integration and other costs. Acquisition, integration and other costs comprise of acquisition costs of $2,783, integration costs of $209 and other costs of $1,634 (three months ended March 31, 2015 – acquisition costs of $2,662). Other costs of $1,634 primarily consist of restructuring provisions incurred during the quarter.

17. SEGMENT INFORMATION

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

Retail Fuels

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

Commercial Fuels

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

Parkland USA

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

Supply and Wholesale

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

General information

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

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

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

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

Segment information	**Retail Fuels**		**Commercial Fuels**		**Parkland USA**		**Supply and Wholesale**		**Corporate**		**Consolidated**	
For the three months ended March 31,	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Fuel and petroleum products volume (000's of litres)	**843,139**	380,420	**389,264**	456,542	**218,354**	266,418	**986,308**	1,134,601	**-**	-	**2,437,065**	2,237,981
Sales and operating revenue												
Fuel and petroleum product revenue	**505,139**	265,753	**220,745**	329,224	**92,472**	156,585	**1,465,995**	1,265,511	**-**	-	**2,284,351**	2,017,073
Non-fuel revenue	**45,350**	4,767	**48,685**	52,338	**27,396**	25,538	**17,037**	12,845	**117**	94	**138,585**	95,582
Total sales and operating revenue – external and intersegmental	**550,489**	270,520	**269,430**	381,562	**119,868**	182,123	**1,483,032**	1,278,356	**117**	94	**2,422,936**	2,112,655
Less: Intersegment revenues	**-**	-	**-**	-	**-**	-	**(1,104,829)**	(721,029)	**-**	-	**(1,104,829)**	(721,029)
Sales and operating revenue	**550,489**	270,520	**269,430**	381,562	**119,868**	182,123	**378,203**	557,327	**117**	94	**1,318,107**	1,391,626
Cost of goods sold, excluding depreciation												
Fuel and petroleum product cost of goods sold	**461,596**	247,244	**169,695**	267,294	**84,052**	147,512	**1,430,815**	1,228,475	**-**	-	**2,146,158**	1,890,525
Non-fuel costs of goods sold	**31,391**	-	**38,207**	39,151	**19,645**	18,561	**13,555**	10,570	**(9)**	(129)	**102,789**	68,153
Total cost of goods sold, excluding depreciation – external and intersegmental	**492,987**	247,244	**207,902**	306,445	**103,697**	166,073	**1,444,370**	1,239,045	**(9)**	(129)	**2,248,947**	1,958,678
Less: Intersegment cost of goods sold	**-**	-	**-**	-	**-**	-	**(1,104,829)**	(721,029)	**-**	-	**(1,104,829)**	(721,029)
Cost of goods sold, excluding depreciation	**492,987**	247,244	**207,902**	306,445	**103,697**	166,073	**339,541**	518,016	**(9)**	(129)	**1,144,118**	1,237,649
Adjusted gross profit												
Fuel and petroleum product adjusted gross profit (before risk management)	**43,543**	18,509	**51,050**	61,930	**8,420**	9,073	**35,180**	37,036	**-**	-	**138,193**	126,548
Realized loss on risk management activities	**-**	-	**-**	(29)	**-**	-	**(1,227)**	(1,476)	**-**	-	**(1,227)**	(1,505)
Realized gain (loss) on foreign exchange	**-**	-	**-**	-	**-**	-	**54**	3,116	**26**	(423)	**80**	2,693
Fuel and petroleum product adjusted gross profit (loss)	**43,543**	18,509	**51,050**	61,901	**8,420**	9,073	**34,007**	38,676	**26**	(423)	**137,046**	127,736
Non-fuel adjusted gross profit	**13,959**	4,767	**10,478**	13,187	**7,751**	6,977	**3,482**	2,275	**126**	223	**35,796**	27,429
Total adjusted gross profit (loss)	**57,502**	23,276	**61,528**	75,088	**16,171**	16,050	**37,489**	40,951	**152**	(200)	**172,842**	155,165
Customer finance income	**(24)**	(1)	**(238)**	(316)	**(52)**	(47)	**3**	(37)	**-**	(75)	**(311)**	(476)
Operating costs	**22,962**	6,090	**33,179**	37,802	**10,670**	9,499	**12,140**	13,103	**-**	-	**78,951**	66,494
Marketing, general and administrative	**6,137**	3,459	**6,304**	6,020	**2,083**	1,903	**9,120**	9,786	**15,503**	13,536	**39,147**	34,704
Gain on risk management activities	**-**	-	**-**	(28)	**-**	-	**-**	-	**-**	-	**-**	(28)
Less: Acquisition, integration and other costs	**-**	-	**-**	-	**-**	-	**-**	-	**(4,626)**	(2,662)	**(4,626)**	(2,662)
Adjusted EBITDA	**28,427**	13,728	**22,283**	31,610	**3,470**	4,695	**16,226**	18,099	**(10,725)**	(10,999)	**59,681**	57,133
Depreciation and amortization									**25,900**	19,707	**25,900**	19,707
Finance costs									**(189)**	6,397	**(189)**	6,397
(Gain) loss on disposal of property, plant and equipment									**(519)**	356	**(519)**	356
Acquisition, integration and other costs									**4,626**	2,662	**4,626**	2,662
Unrealized (gain) loss from the change in fair value of commodities swaps and forward contracts, U.S. dollar forward exchange contracts and futures contracts									**(739)**	1,020	**(739)**	1,020
Unrealized loss (gain) on foreign exchange									**348**	(478)	**348**	(478)
Income tax expense									**5,384**	7,691	**5,384**	7,691
Net earnings											**24,870**	19,778
Additions to property, plant and equipment	**5,695**	4,049	**2,774**	3,003	**2,600**	786	**521**	812	**423**	137	**12,013**	8,787

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

Geographic information

	Three months ended March 31, 2016	2015
Revenue from external customers – Canada	**1,198,240**	1,209,503
Revenue from external customers – United States	**119,867**	182,123
Sales and operating revenue	**1,318,107**	1,391,626

	March 31, 2016		
	Canada	**United States**	**Consolidated**
Property, plant and equipment	**428,589**	**57,787**	**486,376**
Intangible assets	**135,228**	**48,334**	**183,562**
Goodwill	**485,052**	**51,942**	**536,994**
Total	**1,048,869**	**158,063**	**1,206,932**

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

18. SEASONALITY

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

19. SUBSEQUENT EVENTS

(a) Acquisition of Propane Nord-Ouest

On April 5, 2016, Parkland completed the acquisition of Propane Nord-Ouest located in Quebec, Canada for a base consideration of approximately $22,500. Propane Nord-Ouest is a propane marketing business that serves the mining industry and other industrial customers in the Abitibi-Témiscamingue region of Northwestern Quebec. This acquisition is expected to support Parkland's growing Commercial Fuels presence in the region. Parkland is in the process of assessing the purchase price allocation and the final adjusted purchase price will be determined subject to customary post-closing adjustments.

(b) Base shelf prospectus

On April 11, 2016, Parkland filed a base shelf prospectus for debentures, notes or other evidence of indebtedness and common shares (collectively, the "Securities") having an aggregate offering amount of up to $500,000. The base shelf prospectus allows for the offering of the Securities from time to time in one or more offerings. Terms of the Securities, including, but not limited to, prices or maturity dates, will be determined at the date of issue. As at May 3, 2016, no Securities have been issued under the base shelf prospectus. The base shelf prospectus expires in May 2018.