Parkland Fuel Corporation

Consolidated Balance Sheets
(Unaudited)

(in 000's of Canadian Dollars)	**As at March 31, 2014**	As at December 31, 2013
Assets		
Current Assets		
Cash and cash equivalents	**8,712**	8,986
Restricted cash	**1,833**	1,833
Accounts receivable (Note 6)	**594,690**	509,473
Inventories (Note 7)	**132,941**	128,883
Income tax receivable	**6,217**	440
Risk management (Note 8)	**1,480**	646
Prepaid expenses and other	**18,580**	9,752
	764,453	660,013
Property, plant and equipment (Note 9)	**339,655**	319,344
Intangible assets (Note 10)	**172,428**	127,011
Goodwill (Note 11)	**167,964**	132,493
Long-term receivables (Note 12)	**12,315**	12,081
Other long term assets	**432**	-
Deferred tax asset	**11,571**	11,382
	1,468,818	1,262,324
Liabilities		
Current Liabilities		
Bank indebtedness	**31,364**	2,539
Accounts payable and accrued liabilities	**391,711**	375,799
Dividends declared and payable	**6,513**	6,225
Deferred revenue	**11,303**	7,052
Long-term debt - current portion (Note 13)	**1,960**	1,354
Convertible debentures - current portion (Note 14)	**83,089**	83,239
Asset retirement obligations - current portion (Note 15)	**5,884**	2,995
Risk management (Note 8)	**8,157**	4,909
Other long-term liabilities - current portion	**2,241**	2,282
	542,222	486,394
Long-term debt (Note 13)	**308,747**	222,955
Other long-term liabilities	**13,140**	11,477
Convertible debentures (Note 14)	**44,171**	44,168
Asset retirement obligations (Note 15)	**38,091**	39,653
Refinery and terminal remediation accrual (Note 16)	**9,791**	11,803
Deferred tax liability	**35,508**	8,951
	991,670	825,401
Shareholders' Equity		
Shareholders' capital (Note 17)	**447,196**	411,503
Contributed surplus	**7,494**	5,862
Accumulated other comprehensive loss	**(176)**	-
Retained earnings	**22,634**	19,558
	477,148	436,923
	1,468,818	1,262,324

Contingencies and Commitments (Note 24)
Subsequent event (Note 26)

The accompanying notes are an integral part of these unaudited condensed interim 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, 2014	2013
Sales and operating revenue	**2,024,264**	1,212,824
Cost of sales, excluding depreciation	**1,859,287**	1,085,179
Customer finance income	**(629)**	(468)
Operating costs	**65,238**	42,507
Marketing, general and administrative	**36,384**	24,919
Depreciation and amortization	**18,893**	13,211
Finance costs (Note 18)	**5,432**	5,276
Foreign exchange gains (Note 8)	**(2,912)**	(297)
Loss on disposal of property, plant and equipment	**1,150**	275
Loss on risk management activities (Note 8)	**9,434**	2,713
Earnings before income taxes	**31,987**	39,509
Income tax expense (recovery)		
Current	**11,055**	8,874
Deferred	**(1,377)**	110
Net earnings	**22,309**	30,525
Net earnings per share (Note 5)		
- Basic	**0.30**	0.44
- Diluted	**0.30**	0.42
Shares outstanding	**73,759**	69,445

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

Parkland Fuel Corporation

Consolidated Statements of Comprehensive Income
(Unaudited)

	Three months ended March 31,	
(in 000's of Canadian Dollars)	**2014**	2013
Net earnings	**22,309**	30,525
Other comprehensive income (loss):		
Other comprehensive income, in the future potentially to be reclassified to consolidated statement of income:		
Exchange differences on translation of foreign operations	**2,265**	-
Net loss on hedge of net investment in foreign operations, net of tax benefit of $410 (March 31, 2013 - $nil) (Note 8)	**(2,441)**	-
Income on interest rate swaps due to de-designation of the hedging item, net of tax expense of $nil for quarter ended March 31, 2014 (March 31, 2013 - $120)	**-**	324
Comprehensive (loss) gain	**(176)**	324
Total comprehensive income, net of tax	**22,133**	30,849

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

Parkland Fuel Corporation

Consolidated Statements of Changes in Equity

(Unaudited)

(in 000's of Canadian Dollars and shares)	Three months ended March 31,					
	Shareholders' capital	Contributed Surplus	Retained Earnings	Other Comprehensive Loss	Total	Number of shares
2014						
Balance, beginning of period	**411,503**	**5,862**	**19,558**	**-**	**436,923**	**71,795**
Net earnings for the period	**-**	**-**	**22,309**	**-**	**22,309**	**-**
Other comprehensive loss	**-**	**-**	**-**	**(176)**	**(176)**	**-**
Issued on capital acquisition, net of issue costs	**21,484**	**-**	**-**	**-**	**21,484**	**1,163**
Dividends	**-**	**-**	**(19,233)**	**-**	**(19,233)**	**-**
Share incentive compensation	**-**	**1,642**	**-**	**-**	**1,642**	**-**
Issued under dividend reinvestment plan, net of issue costs	**13,395**	**-**	**-**	**-**	**13,395**	**745**
Issued under share option plan	**97**	**(10)**	**-**	**-**	**87**	**8**
Issued upon conversion of debentures	**717**	**-**	**-**	**-**	**717**	**48**
Balance, end of period	**447,196**	**7,494**	**22,634**	**(176)**	**477,148**	**73,759**
2013						
Balance, beginning of period	349,591	2,964	502	(324)	352,733	67,973
Net earnings and comprehensive income for the period	-	-	30,525	-	30,525	-
Other comprehensive income (Net of tax)	-	-	-	324	324	-
Dividends	-	-	(17,702)	-	(17,702)	-
Share incentive compensation	-	903	-	-	903	-
Issued under dividend reinvestment plan, net of issue costs	12,016	-	-	-	12,016	673
Issued under share option plan	33	(8)	-	-	25	2
Issued on vesting of restricted shares	-	(425)	-	-	(425)	22
Issued upon conversion of debentures	11,318	-	-	-	11,318	775
Balance, end of period	372,958	3,434	13,325	-	389,717	69,445

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

Parkland Fuel Corporation

Consolidated Statements of Cash Flows
(Unaudited)

	Three months ended March 31	
(in 000's of Canadian Dollars)	**2014**	2013
Cash flows from operating activities		
Net earnings	**22,309**	30,525
Adjustments for:		
Depreciation and amortization	**18,893**	13,211
Loss on disposal of property, plant and equipment	**1,150**	275
Share incentive compensation	**2,027**	1,342
Refinery and terminal remediation accrual	**113**	136
Accretion expense on asset retirement obligation	**422**	69
Change in risk management activities	**2,414**	2,653
Increase in other long-term liabilities	**1,224**	-
Accretion on convertible debentures	**570**	571
Deferred taxes	**(1,377)**	110
Cash expenditures on asset retirement obligation	**(221)**	(403)
Net changes in non-cash working capital (Note 21)	**(54,200)**	7,884
Cash (used in) generated from operating activities	**(6,676)**	56,373
Financing Activities		
Long-term debt repayments	**(217,729)**	(94,256)
Proceeds from long-term debt	**292,745**	143,513
Dividends to shareholders, net of dividend reinvestment plan	**(5,550)**	(5,442)
Shares issued for cash	**87**	25
Cash generated from financing activities	**69,553**	43,840
Investing Activities		
Acquisition of SPF Energy Inc., net of cash and bank indebtedness assumed (Note 20)	**(84,528)**	-
Acquisition of Elbow River Marketing, net of bank indebtedness assumed	**-**	(84,594)
Increase in long-term receivables	**(234)**	(185)
Additions of property, plant and equipment	**(7,300)**	(7,777)
Proceeds on sale of property, plant and equipment and intangibles	**256**	138
Cash used in investing activities	**(91,806)**	(92,418)
Net (decrease) increase in cash	**(28,929)**	7,795
Net foreign exchange difference	**(170)**	-
Cash, beginning of period	**8,280**	14,676
Cash, end of period	**(20,819)**	22,471
Represented by:		
Cash and cash equivalents	**8,712**	22,471
Restricted cash	**1,833**	-
Bank indebtedness	**(31,364)**	-
Cash, end of period	**(20,819)**	22,471
Supplementary Cash Flow Information		
Interest paid	**2,530**	2,299
Interest received	**629**	468
Income taxes paid	**16,554**	25,408

The accompanying notes are an integral part of these unaudited condensed interim 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 March 31, 2014, 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., 1714141 Alberta Ltd., Parkland (U.S.) Holding Corp., Parkland (U.S.) Acquisition Corp., Parkland (U.S.) Financing Corp., SPF Energy Inc., Farstad Oil Inc. and Superpumper Inc.

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 of Directors on May 5, 2014.

(b) Statement of Compliance

These unaudited condensed interim 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 publically accountable enterprises, like the Corporation, are required to apply such standards. These unaudited interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements and International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, and the accounting policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS effective on March 31, 2014.

These unaudited condensed interim consolidated financial statements do not include all of the information required for full annual financial statements. This unaudited condensed interim consolidated financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2013 which have been prepared in accordance with IFRS.

(c) Use of Estimates

The preparation of the unaudited condensed interim 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.

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.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Parkland's key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended December 31, 2013.

(d) Foreign Currency Translation – operation and consolidation

Effective January 1, 2014, Parkland adopted an additional accounting policy related to the foreign currency translation. Prior to the acquisition of SPF Energy Inc., Parkland's subsidiaries' functional currency was exclusively Canadian dollars.

The Corporation's subsidiaries' functional currencies are either the Canadian dollar or the United States dollar. Each subsidiary functional currency is determined based on the currency of the primary economic environment in which it operates.

On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and their income statements are translated at the average exchange rate applicable for the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

3. CHANGE IN ACCOUNTING POLICY

Except as described below, the accounting policies adopted by Parkland in these unaudited condensed interim consolidated financial statements are the same as those applied by Parkland in its audited consolidated financial statements for the year ended December 31, 2013. Parkland had adopted these new standards effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

(a) Amendments to IAS 32 – *Financial Instruments: Presentation* ("IAS 32") - Offsetting Financial Assets and Financial Liabilities

Effective January 1, 2014, Parkland adopted retrospectively the amendment to IAS 32. The amendment provides clarification for offsetting financial assets and financial liabilities. The amendment clarifies that the right to offset must be available on the current date and cannot be contingent on the future events. The adoption of this amendment has no impact on Parkland.

(b) Amendments to IAS 36 – *Impairment of Assets* ("IAS 36") - Recoverable Amount Disclosures for Non-Financial Assets

Effective January 1, 2014, Parkland adopted retrospectively the amendment to IAS 36. These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. The adoption of this amendment has no impact on Parkland.

(c) IFRIC 21 – *Levies* ("IFRIC 21")

Effective January 1, 2014, Parkland adopted retrospectively IFRIC 21. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 - *Income Taxes*) and fines or other penalties for breaches of legislation.

The interpretation clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements. The adoption of IFRIC 21 has no impact on Parkland.

(d) Amendments to IAS 39 – *Financial Instrument: Recognition and Measurement* ("IAS 39") - Novation of Derivatives and Continuation of Hedge Accounting

Effective January 1, 2014, Parkland adopted retrospectively the amendment to IAS 39. The amendment relates to hedge accounting and novation of derivatives. It provides relief from discontinuing hedging accounting when novation of a derivative designated as a hedge instrument meets certain criteria. The adoption of this standard has no impact on Parkland.

(e) Amendments to IFRS 10 – *Consolidated Financial Statements* ("IFRS 10"), IFRS 12 – *Disclosure of interests in other entities* ("IFRS 12"), and IAS 27 - *Separate Financial Statements ("IAS 27")* – Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 - *Consolidated Financial Statements*. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on Parkland.

Parkland has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. 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 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.

(b) Amendments to IFRS 3 – *Business Combinations* ("IFRS 3") - Accounting for contingent consideration in a business combination

The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity. In addition, the standard clarifies that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, which changes in fair value recognized in profit and loss. This is effective for business combinations where the acquisition date is on or after July 1, 2014.

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

(c) Amendments to IFRS 8 – *Operating Segments* ("IFRS 8") – Aggregation of operating segments and reconciliation of total of the reportable segments' assets to the entity's assets

Amendments to IFRS 8 requires: 1) disclosure of the economic characteristics used to assess whether the segments are similar, where operating segments are combined or aggregated, and 2) disclosure of reconciliation of segment assets to total assets of the reconciliation is reported to the chief operating decision maker. The amendment is applicable for annual periods beginning on or after July 1, 2014.

(d) Amendments to IFRS 13 – *Fair value measurements* ("IFRS 13") – Short-term receivables and payables

The IASB clarified in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is applicable for annual periods beginning on or after July 1, 2014.

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

5. EARNINGS ANALYSIS AND EARNINGS PER SHARE

	Three months ended March 31,	
	2014	2013
Net earnings, basic	**22,309**	30,525
Interest and accretion on convertible debentures, net of tax	**2,496**	2,599
Net earnings, diluted	**24,805**	33,124
Earnings per share		
- basic	**0.30**	0.44
- diluted	**0.30**	0.42
Equivalent shares outstanding, beginning of year	**71,795**	67,973
Weighted average of Common Shares issued	**1,059**	-
Weighted average of equivalent shares issued pursuant to restricted share unit plan	**-**	22
Weighted average of equivalent shares issued pursuant to dividend reinvestment plan	**687**	440
Weighted average of equivalent shares issued pursuant to exercise of share options	**8**	2
Weighted average of equivalent shares issued pursuant to conversion of convertible debentures	**42**	523
Denominator utilized in basic earnings per share	**73,591**	68,960
Incremental equivalent share options that were dilutive	**179**	96
Incremental equivalent shares for debentures that were dilutive	**8,271**	8,935
Denominator utilized in diluted earnings per share	**82,041**	77,991

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

6. ACCOUNTS RECEIVABLE

	March 31, 2014	December 31, 2013
Trade accounts receivable	**482,215**	409,124
Miscellaneous, government and other non-trade accounts receivable	**126,834**	112,512
Allowance for doubtful accounts	**(14,359)**	(12,163)
	594,690	509,473

The allowance for doubtful accounts is provisions on trade accounts receivable. Trade accounts receivable, net of the allowance for doubtful accounts is $467,856 (December 31, 2013 - $396,961). Miscellaneous, government and other non-trade accounts receivable are reported net of allowances for doubtful accounts.

7. INVENTORIES

	March 31, 2014	December 31, 2013
Gas and diesel	**63,845**	68,107
Lubricants	**27,800**	18,984
Crude oil	**20,624**	10,347
Agricultural inputs	**7,732**	5,047
Natural gas and NGL MX	**653**	1,212
Propane and Butane	**9,021**	23,187
Other	**3,266**	1,999
	132,941	128,883

For the period ended March 31, 2014, the amount of inventory recognized as cost of goods sold amounted to $1,859,287 (March 31, 2013 - $1,085,179).

8. 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 March 31, 2014, 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 13). 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

	March 31, 2014	December 31, 2013
Risk management assets		
Put option contracts	**-**	-
Call option contracts	**25**	61
Commodities forward contracts	**1,455**	281
Future contracts	**-**	304
	1,480	646
Risk management liabilities		
Commodities forward contracts	**(7,609)**	(4,073)
US dollar forward exchange contract	**(388)**	(488)
Interest rate swap	**(160)**	(348)
	(8,157)	(4,909)
	(6,677)	(4,263)

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

Reconciliation of net risk management positions

January 1, 2014 to March 31, 2014	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 period	**(348)**	**-**	**61**	**(3,792)**	**(488)**	**304**	**(4,263)**
Change in fair value - unrealized gain (loss)	**188**	**-**	**(3)**	**(2,362)**	**100**	**(304)**	**(2,381)**
Change in fair value - realized gain (loss)	**-**	**-**	**16**	**(4,737)**	**(2,188)**	**44**	**(6,865)**
Value (received) paid upon exercising	**-**	**-**	**(49)**	**4,737**	**2,188**	**(44)**	**6,832**
Total fair value, end of period	**(160)**	**-**	**25**	**(6,154)**	**(388)**	**-**	**(6,677)**

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

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 gain (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

Offsetting risk management positions

Financial assets and liabilities are only offset if Parkland has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously. Parkland offsets risk management assets and liabilities when the counterparty, commodity, currency and timing of settlement are the same. No additional unrealized risk management positions are subject to an enforceable master netting arrangement or similar agreement that are not otherwise offset.

	March 31, 2014			December 31, 2013		
	Asset	**Liability**	**Net**	**Asset**	**Liability**	**Net**
Recognized risk management positions:						-
Gross amount	**9,108**	**15,785**	**(6,677)**	5,744	10,007	(4,263)
Amount offset	**(7,628)**	**(7,628)**	**-**	(5,098)	(5,098)	-
				-		-
Net amount per Consolidated Financial Statements	**1,480**	**8,157**	**(6,677)**	646	4,909	(4,263)

As at March 31, 2014 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 March 31, 2014

Commodities forward contracts Settlement dates	Average Monthly Volume (bbl)	Price $/(bbl)	Fair value
Crude and Heavy Oil			
April - June 2014	385,383	89.25 - 104.75	198
July - September 2014	153,333	97.30 - 114.76	600
			798
Liquid Petroleum Gases			
April - June 2014	25,570	53.34 - 101.58	(337)
July - September 2014	21,360	50.96 - 98.95	(289)
October - December 2014	21,360	49.58 - 96.16	(245)
January - March 2015	21,360	49.13 - 93.55	(218)
			(1,089)
Refined Fuels			
April - June 2014	184,225	68.80 - 133.62	(7,044)
July - September 2014	42,237	73.50 - 119.65	870
October - December 2014	16,500	81.48 - 110.16	311
			(5,863)
			(6,154)

Future contracts Settlement dates	Average Monthly Volume (bbl)	Price $/(bbl)	Fair value
Refined Fuels			
April - June 2014	1,667	123.05 - 124.59	0
			0

Call Option Contracts Notional Volumes and Terms	Volumes (bbl)	Pricing	Fair value
March - June 2014	371 - 2,283	CAD $131/bbl	25
			25

Interest rate swap Expiry Date	$	Rate %	Fair value
June 30, 2014	150,000	3.44%	(160)
			(160)

US dollar forward exchange contracts Settlement dates	Amount US$	Forward rates CDN$	Fair value
April - June 2014	34,270	1.003 - 1.1202	(237)
July - September 2014	4,440	1.0364 - 1.1223	(104)
October - December 2014	2,935	1.0384 - 1.1246	(73)
January - March 2014	950	1.1069 - 1.1266	19
April - June 2015	300	1.108 - 1.1276	7
	42,895		(388)

Net fair value of risk management liability at March 31, 2014	**(6,677)**

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 March 31, 2014 due to the short term nature of these instruments. The carrying value of the long-term debt approximates fair value as at March 31, 2014 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 March 31, 2014, as Parkland currently issues loans and advances to dealers and customers with similar terms. The convertible debentures had a carrying value of $127,260 as at March 31, 2014 (December 31, 2013 - $127,407) and a fair value of $131,003 as at March 31, 2014 (December 31, 2013 - $130,450).

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 March 31, 2014, the provision for impairment of credit losses was $14,359 (December 31, 2013 - $12,163).

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 March 31, 2014	**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	**438,134**	**12,460**	**4,258**	**13,004**	**467,856**
Accounts Payable	**391,303**	**296**	**65**	**47**	**391,711**

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

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 March 31, 2014, 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 period ended March 31, 2014 of $3,786 (March 31, 2013 - $2,640).

Interest Rate Risk

Parkland is exposed to market risk from changes in the Canadian prime interest rate, Bankers' Acceptance rate and LIBOR 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 period ended March 31, 2014 of $193 (March 31, 2013 - $107).

On March 15, 2012, Parkland entered into interest rate swaps covering $150,000 of borrowings under its Credit Facility (see Note 13). 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 period ended March 31, 2014 of $37 (March 31, 2013 - $184).

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.

US Dollar Currency Rate Risk

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

Parkland's Canadian operations purchase and sell certain products in US dollars. Parkland enters into US dollar forward exchange contracts to mitigate its currency risk. As at March 31, 2014 Parkland had US dollar accounts payable totalling US$109,989 US dollar accounts receivable totalling US$111,722 and US dollar bank indebtedness of US$707. 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 $16 in consolidated net earnings for period ended March 31, 2014 (March 31, 2013 - $69).

Hedge of net investments in foreign operations

The foreign exchange ("FX") gains and losses on long-term debt are mainly unrealized and can only be realized when US dollar denominated long-term debt matures or is settled. The Corporation also has long-term FX exposure on its investment in US subsidiaries. Specifically, the Corporation's net investment in SPF Energy Inc., whose functional currency is US dollars, presents a foreign exchange risk to the Corporation, whose functional currency is Canadian dollars. Parkland is using a net investment hedge to mitigate this risk. The Corporation has designated US$85,000 borrowings under the revolving operating loan of the Credit Facility as a hedge of the first US$85,000 of net investment in SPF Energy Inc. This designation has the effect of mitigating volatility on other comprehensive income (loss) by offsetting long-term FX gains and losses on US dollar denominated long-term debt and gains and losses on the US dollar investment in SPF Energy Inc.

Foreign currency translation of the net earnings of SPF Energy Inc. will impact consolidated net earnings. Foreign currency translation of the Corporation's investment in SPF Energy Inc. will impact other comprehensive income (loss). During the three months ended March 31, 2014, the effective portion recognized in other comprehensive income (loss) was an unrealized foreign exchange loss, net of tax, of $2,441, which was used to offset the $2,265 gain on translation of the net investment in SPF Energy Inc. There was no ineffectiveness during the three months ended March 31, 2014.

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

Foreign Exchange (Gains) Losses

	Three months ended March 31,	
	2014	2013
Unrealized (gain) on foreign exchange	**(1,016)**	(333)
Realized (gain) on foreign exchange	**(1,896)**	36
Total (gain) on foreign exchange	**(2,912)**	(297)

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 13). In managing liquidity risk, Parkland has access to various credit products at competitive rates. At March 31, 2014, Parkland has available unused credit facilities in the amount of $92,358 (March 31, 2013 - $190,713). Parkland believes it has sufficient funding through the use of its facility to meet foreseeable borrowing requirements.

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

As at March 31, 2014	2014	2015	2016	2017	2018	Thereafter	Total
Bank indebtedness	**31,364**	**-**	**-**	**-**	**-**	**-**	**31,364**
Accounts payable	**391,711**	**-**	**-**	**-**	**-**	**-**	**391,711**
Dividends declared and payable	**6,513**	**-**	**-**	**-**	**-**	**-**	**6,513**
Long-term debt, including capital lease obligations (1)	**8,257**	**7,717**	**8,847**	**307,531**	**1,500**	**1,052**	**334,904**
Convertible debentures (1)	**89,977**	**47,452**	**-**	**-**	**-**	**-**	**137,429**

(1) Principal and interest, including current portion

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

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

9. PROPERTY, PLANT AND EQUIPMENT

Period ending March 31, 2014	Land	Land Improvements	Buildings	Assets under Capital Lease	Plant and Equipment	Asset Retirement Costs	Total
Cost							
Balance, as at January 1, 2014	**37,103**	**29,148**	**77,129**	**8,229**	**352,672**	**31,743**	**536,024**
Additions	**-**	**60**	**855**	**-**	**6,385**	**-**	**7,300**
Change in asset retirement obligation	**-**	**-**	**-**	**-**	**-**	**(1,535)**	**(1,535)**
Additions due to Acquisition (Note 20)	**3,603**	**-**	**6,867**	**-**	**15,178**	**1,908**	**27,556**
Disposals	**(963)**	**(21)**	**(88)**	**-**	**(1,129)**	**-**	**(2,201)**
Exchange differences	**83**	**-**	**198**	**-**	**753**	**44**	**1,078**
Balance, as at March 31, 2014	**39,826**	**29,187**	**84,961**	**8,229**	**373,859**	**32,160**	**568,222**
Depreciation and impairment							
Balance, as at January 1, 2014	**-**	**6,722**	**29,682**	**5,911**	**168,042**	**6,323**	**216,680**
Depreciation charge for the year	**-**	**187**	**1,215**	**367**	**7,900**	**4,075**	**13,744**
Disposals	**-**	**(19)**	**(37)**	**-**	**(728)**	**(1,518)**	**(2,302)**
Exchange differences	**-**	**-**	**40**	**-**	**405**	**-**	**445**
Balance, as at March 31, 2014	**-**	**6,890**	**30,900**	**6,278**	**175,619**	**8,880**	**228,567**
Carrying amount							
As at March 31, 2014	**39,826**	**22,297**	**54,061**	**1,951**	**198,240**	**23,280**	**339,655**

Year ending December 31, 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 obligation	-	-	-	-	-	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)
Transfer	-	-	-	(112)	112	-	-
Balance, as at December 31, 2013	37,103	29,148	77,129	8,229	352,672	31,743	536,024
Depreciation and impairment							
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)
Transfer	-	-	-	(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

As at March 31, 2014, Parkland had assets under construction of $8,611 (December 31, 2013 - $10,695) 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)

10. INTANGIBLE ASSETS

Three months ended March 31, 2014	Customer Relationships	Trade names	Non-compete agreements	Lease Benefit	Software systems	Total
Cost						
Balance, as at January 1, 2014	**191,417**	**12,245**	**6,111**	**1,550**	**18,072**	**229,395**
Additions due to acquisition (Note 20)	**43,594**	**7,725**	**432**	**297**	**-**	**52,048**
Exchange differences	**1,005**	**178**	**10**	**7**	**-**	**1,200**
Balance, as at March 31, 2014	**236,016**	**20,148**	**6,553**	**1,854**	**18,072**	**282,643**
Accumulated amortization						
Balance, as at January 1, 2014	**84,438**	**6,570**	**5,050**	**452**	**5,874**	**102,384**
Amortization charge for the period	**6,209**	**613**	**419**	**135**	**452**	**7,828**
Exchange differences	**3**	**-**	**-**	**-**	**-**	**3**
Balance, as at March 31, 2014	**90,650**	**7,183**	**5,469**	**587**	**6,326**	**110,215**
Carrying amount						
As at December 31, 2013	**145,366**	**12,965**	**1,084**	**1,267**	**11,746**	**172,428**

Year ended December 31, 2013	Customer Relationships	Trade names	Non-compete agreements	Lease Benefit	Software systems	Total
Cost						
Balance, as at January 1, 2013	158,304	6,601	3,835	-	18,072	186,812
Additions due to acquisitions (Note 20)	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

11. GOODWILL

	January 1, 2014 to March 31, 2014	January 1, 2013 to December 31, 2013
Balance, beginning of period	**132,493**	91,138
Acquisition of SPF Energy Inc. (Note 20)	**34,548**	-
Acquisition of Elbow River Marketing	**-**	35,900
Acquired through TransMontaigne	**-**	12
Acquired through Scotsburn and R-Gas	**-**	159
Acquired through Sparling's Propane	**-**	5,284
Exchange differences	**923**	-
Balance, end of period	**167,964**	132,493

The Corporation did not identify any indicators of impairment during the period ended March 31, 2014.

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

12. LONG-TERM RECEIVABLES

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

	March 31, 2014	December 31, 2013
Dealer loans	**1,566**	1,903
Forgivable loans to dealers and customers	**10,749**	10,178
	12,315	12,081

Dealer loans receivable are repayable in monthly instalments of $211 (December 31, 2013 - $218), bear interest at rates ranging between nil% and 10% (December 31, 2013 - nil% and 10.00%) 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 $279 (December 31, 2013 - $180) and the forgivable loans to dealers and customers of $2,399 (December 31, 2013 - $2,603) are included in accounts receivable under current assets.

13. FINANCING AND CREDIT FACILITIES

(a) Long-Term Debt

	March 31, 2014	December 31, 2013
Extendible facility	**303,951**	224,000
Capital lease obligations	**1,787**	1,842
Collaterized notes	**6,137**	-
Other loans	**119**	152
	311,994	225,994
Less deferred financing costs	**(1,287)**	(1,685)
	310,707	224,309
Less current portion	**(1,960)**	(1,354)
	308,747	222,955

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	1,187	124	60	163	66	450	(263)	1,787
Extendible Facility and Other loans	-	-	-	303,951	-	-	-	303,951
Collaterized notes	550	1,085	2,392	214	1,377	519	-	6,137
Other loans	84	35	-	-	-	-	-	119
	1,821	1,244	2,452	304,328	1,443	969	(263)	311,994

(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, 2013 - $450,000) with interest only payable at the bank's prime lending rate plus 0.75% to 2.00% (December 31, 2013 – 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, 2013 - $450,000). At March 31, 2014, the outstanding borrowings totalled $321,630 (December 31, 2013 - $229,980). The revolving operating loan bears interest at prime plus 1.00% (December 31, 2013 – prime plus 1.00%), Bankers' Acceptance rate plus 2.00% (December 31, 2013 – Bankers' Acceptance rate plus 2.00%) or LIBOR rate plus 2.00%. The interest rate at March 31, 2014 was 4.00% for prime-based loans (December 31, 2013 – 4.00% prime based loans), 3.21% for Bankers' Acceptance based loans (December 31, 2013 – 3.23% Bankers' Acceptance based loans) and 2.20% and 2.33% for LIBOR loans.

ii) A letter of credit facility to a maximum of $85,000 (December 31, 2013 - $85,000). At March 31, 2014, outstanding balances totalled $36,011 (December 31, 2013 - $43,737) which mature at various dates up to October 31, 2014. In addition, SPF Energy Inc. maintains unused letters of credit with Wells Fargo Bank which totalled $370 at March 31, 2014 (December 31, 2013 - $nil).

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, 2013 – 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 $1,287 (December 31, 2013 - $1,685) have reduced the value of the Credit Facility and are amortized in proportion to the facility utilized.

At March 31, 2014, 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 March 31, 2014, the Corporation provided $431,449 (December 31, 2013 – $326,324) 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 $27 (December 31, 2013 - $22) including interest varying from 3.4% to 10.2% (December 31, 2014 – 3.4% to 10.2%). The leases are for land, buildings and equipment with a net book value of $1,951 (December 31, 2013 - $2,318), and mature at various dates ending up to July 2022.

(d) Collateralized Notes

On January 8, 2014, in connection with the acquisition of SPF Energy Inc., the Corporation assumed various collateralized notes held by SPF Energy Inc. of $7,901. The collateralized notes are held with various financial institutions, carry fixed interest rates ranging from 0% to 6.24%, are denominated in US dollars and are secured by various real estate and equipment of SPF Energy Inc. Payments are due monthly with maturity dates ranging from 2014 to 2028. At March 31, 2014, the outstanding amounts due on the collateralized notes were $6,137 (December 31, 2013 – $nil).

14. 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.

	January 1, 2014 to March 31, 2014		January 1, 2013 to December 31, 2013	
	Principal Amount of Debentures	**Convertible Debenture Debt**	Principal Amount of Debentures	Convertible Debenture Debt
Current Portion:				
Series 1 Debentures				
Balance, beginning of period	**84,990**	**83,239**	96,794	93,130
Conversion to common shares	**(622)**	**(622)**	(11,804)	(11,804)
Change due to passage of time	**-**	**472**	-	1,913
Balance, current portion, end of period	**84,368**	**83,089**	84,990	83,239
Non-Current Portion:				
Series 2 Debentures				
Balance, beginning of period	**44,967**	**44,168**	44,975	43,777
Conversion to common shares	**(95)**	**(95)**	(8)	(8)
Change due to passage of time	**-**	**98**	-	399
Balance, non-current portion, end of period	**44,872**	**44,171**	44,967	44,168
Series 1 and Series 2 Debentures, end of period	**129,240**	**127,260**	129,957	127,407

15. ASSET RETIREMENT OBLIGATIONS

	January 1, 2014 to March 31, 2014	January 1, 2013 to December 31, 2013
Asset retirement obligations, beginning of the period	**42,648**	30,293
Additional provisions made in the period	**2,473**	20,236
Additions due to acquisition (Note 20)	**1,908**	
Amounts used during the period	**(221)**	(2,446)
Unused amounts reversed during the period	**(4,282)**	(3,053)
Change due to passage of time, exchange differences and discount rate	**1,449**	(2,382)
Asset retirement obligations, end of the period	**43,975**	42,648
Current	**5,884**	2,995
Non-current	**38,091**	39,653
Asset retirement obligations, end of the period	**43,975**	42,648

Parkland is liable for the environmental obligations related to the removal of its 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 $69,831 at March 31, 2014 (December 31, 2013 - $70,872). The costs are expected to be paid by 2046. At March 31, 2014, the discount rates used to determine the present value of the future costs was in the range of 4.71% - 5.15% (December 31, 2013 – 5.01%).

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

16. REFINERY AND TERMINAL REMEDIATION ACCRUAL

	January 1, 2014 to March 31, 2014	January 1, 2013 to December 31, 2013
Refinery remediation accrual, beginning of period	**11,803**	13,957
Additions during the year	**-**	-
Unused amounts reversed during the year	**(2,612)**	-
Change due to passage of time and discount rate	**600**	(2,154)
Refinery remediation accrual, end of period	**9,791**	11,803

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 $23,953 at March 31, 2014 (December 31, 2013 - $31,777). The costs are expected to be incurred between 2018 and 2041 (December 31, 2013 – 2018 to 2041). At March 31, 2014, the discount rate used to determine the present value of the future costs was 4.71% (December 31, 2013 – 5.01%).

17. 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, 2014 to March 31, 2014		January 1, 2013 to December 31, 2013	
	Number of Shares	**Amount**	Number of Shares	Amount
Shares				
Balance, beginning of period	**71,795**	**411,503**	67,973	349,591
Issued under dividend reinvestment plan	**745**	**13,395**	2,940	49,613
Issued on vesting of restricted shares	**-**	**-**	22	-
Issued on capital acquisition, net of issue costs	**1,163**	**21,484**	-	-
Issued under share option plan	**8**	**97**	51	487
Issued upon conversion of debentures	**48**	**717**	809	11,812
Balance, end of period	**73,759**	**447,196**	71,795	411,503

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

$0.0901 per share for dividend declared to shareholders of record on and after March 21, 2014. Prior to March 21, 2014, the participants received $0.0885 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 $0.0883 per share for dividend declared on and after March 21, 2014. Prior to March 21, 2014, the participants received $0.0867 per share under this option.

(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.

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

Share options outstanding at March 31, 2014 have the following expiry date and exercise prices:

Grant-vest	Expiry date	Exercise price in $ per share	Shares 2014	Shares 2013
2005-8	Jan 2015	7.27	**30**	30
2011-12	May 2019	10.47	**29**	29
2011-12	May 2019	12.25	**123**	127
2011-13	May 2019	10.47	**29**	29
2011-13	May 2019	12.25	**123**	127
2011-14	May 2019	10.47	**29**	29
2011-14	May 2019	12.25	**135**	135
2012-13	May 2020	13.80	**134**	134
2012-14	May 2020	13.80	**137**	137
2012-15	May 2020	13.80	**137**	137
2013-14	March 2021	17.74	**41**	41
2013-15	March 2021	17.74	**41**	41
2013-16	March 2021	17.74	**41**	41
2013-14	May 2021	17.79	**216**	216
2013-15	May 2021	17.79	**216**	216
2013-16	May 2021	17.79	**216**	216
			1,677	1,685

The total compensation cost that has been included in marketing, general and administrative expenses for the period ended March 31, 2014 amounted to $235 (March 31, 2013 – $389).

	January 1, 2014 to March 31, 2014		January 1, 2013 to December 31, 2013	
	Number of Options	**Average Exercise Price Per Option**	Number of Options	Average Exercise Price Per Option
Option shares, beginning of period	**1,685**	**$ 14.97**	991	$ 12.40
Granted	**-**	**-**	774	17.78
Exercised	**(8)**	**12.25**	(51)	9.21
Forfeited	**-**	**-**	(29)	12.62
Option shares, end of period	**1,677**	**$ 14.97**	1,685	$ 14.97
Exercisable options, end of period	**467**	**$ 12.12**	475	$ 12.13

Out of the 1,677 outstanding options (December 31, 2013 – 1,685 options), 467 options were exercisable (December 31, 2013 - 475). Options exercised during the period ended March 31, 2014 resulted in 8 (December 31, 2013 - 51) shares being issued at a weighted average price of

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

$12.25 each (December 31, 2013 - $9.21 each). The related weighted average share price over the period of exercise was $19.67 (December 31, 2013 - $17.84) per share.

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

	January 1, 2014 to March 31, 2014		January 1, 2013 to December 31, 2013	
	Number of RSU's	**Weighted Average Share Price**	Number of RSU's	Weighted Average Share Price
Restricted shares, beginning of period	**548**	**$ 14.73**	336	$ 13.14
Granted	**2**	**18.74**	256	17.79
Dividend equivalents	**4**	**17.97**	12	16.52
Issued on vesting	**-**	**-**	(45)	13.18
Cancelled	**(9)**	**15.06**	(11)	-
Restricted shares, end of period	**545**	**$ 14.73**	548	$ 14.73

The total compensation cost that has been included in marketing, general and administrative expenses for the period ended March 31, 2014 amounted to $1,443 (March 31, 2013 - $515).

(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.

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

The Corporation has recorded a liability of $2,607 at March 31, 2014 (December 31, 2013 - $2,209) in the Consolidated Balance Sheets for DSUs based on the market value of Parkland's common shares as March 31, 2014. The total compensation costs that have been included in marketing, general and administrative expenses for the period ended March 31, 2014 amounted to $385 (March 31, 2013 - $441).

	January 1, 2014 March 31, 2014	January 1, 2013 December 31,
	Number of DSU's	Number of DSU's
Deferred Share Units, beginning of period	**120**	87
Granted	**1**	27
Dividends equivalent	**2**	6
Redeemed	**-**	-
Deferred Share Units, end of period	**123**	120

18. FINANCE COSTS

	Three months ended March 31,	
	2014	2013
Accretion on refinery remediation	**113**	136
Accretion on asset retirement obligation	**422**	69
Interest on long-term debt	**2,519**	1,973
Interest and accretion on convertible debentures	**2,566**	2,672
(Gain) loss on interest rate swap	**(188)**	426
Total finance costs, end of period	**5,432**	5,276

19. 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 March 31, 2014, the Net Debt to Capitalization ratio was 49% (December 31, 2013 - 44%), calculated as follows:

	March 31, 2014	December 31, 2013
Bank Indebtedness	31,364	2,539
Long-term debt (including current portion), current portion of long-term liabilities and convertible debentures	437,967	351,716
Cash and cash equivalents	(8,712)	(8,986)
Restricted cash	(1,833)	(1,833)
Net Debt	458,786	343,436
Shareholders' equity	477,148	436,923
Capitalization	935,934	780,359
Net Debt to Capitalization	49%	44%

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

Parkland currently targets a Net Debt to Adjusted EBITDA ratio of less than 3.0 times (3.0 times - December 31, 2013). 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 March 31, 2014 the debt to Adjusted EBITDA ratio was 2.21 times (December 31, 2013 – 1.66 times) calculated on a trailing twelve-month basis as follows:

	March 31, 2014	December 31, 2013
Net Debt	**458,786**	343,436
Net earnings	**83,743**	91,957
Add		
Finance costs (1)	**18,641**	18,474
Loss on disposal of property, plant and equipment	**3,315**	2,440
Unrealized (gain) from the change in fair value of commodities forward contracts, US dollar forward exchange contracts and future contracts	**(277)**	(1,309)
Depreciation and amortization	**63,095**	57,413
Income tax expense	**31,703**	31,010
Acquisition related costs	**7,539**	6,852
Unrealized (gain) loss from foreign exchange	**(91)**	592
Adjusted EBITDA (2)	**207,668**	207,429
Net Debt to Adjusted EBITDA	**2.21**	1.66

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

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.

20. ACQUISITIONS

SPF Energy Inc.

On January 8, 2014, the Corporation completed the acquisition of 100% of outstanding shares of SPF Energy Inc. based in North Dakota, USA. SPF Energy Inc. 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.

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

The preliminary fair value of the identifiable assets and liabilities of SPF Energy Inc. are as follows:

	January 8, 2014
Assets	
Cash	2,576
Accounts receivable	44,347
Prepaid expenses and other	3,177
Inventory	14,451
Income tax receivable	227
Property, plant and equipment (Note 9)	27,556
Intangible assets (Note 10)	52,048
	144,382
Liabilities	
Accounts payable and accrued liabilities	(32,272)
Deferred revenue	(739)
Asset retirement obligation (Note 15)	(1,908)
Bank indebtedness	(10,455)
Collateralized notes	(7,901)
Deferred tax liability	(27,522)
	(80,797)
Goodwill arising on acquisition (Note 11)	34,548
Purchase consideration transferred	98,133
Fair value analysis of purchase consideration transferred	
Cash paid	76,649
Common shares	21,484
Total purchase consideration	98,133
Analysis of cash flows on acquisition	
Cash paid	76,649
Net cash acquired	(2,576)
Bank indebtedness assumed	10,455
Net cash outflow (included in cash used in investing activities)	84,528

The transaction has been accounted for using the acquisition method. The allocation of the purchase price was based on the preliminary 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. 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 fair value of accounts receivable amounts to $44,347. The gross amount of trade receivables is $45,726. None of the accounts receivable have been impaired and it is expected that the full contractual amounts can be collected. Accounts payable and accrued liabilities acquired have a fair value that equal their gross contractual value and expected cash outflow at the acquisition date.

The goodwill of $34,548 was attributable to the anticipated future revenue from the expansion of Parkland in the Northwest United States, export opportunities for excess refined product in

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

Western Canada, and expected synergies from combining the assets and liabilities of SPF Energy Inc. with those of the Corporation. The total amount of goodwill recognized is not deductible for income tax purposes.

Share consideration was calculated using the trading price of $18.48 per common share.

Since the date of acquisition, revenue of $276,898 and net loss of $620 are included in the March 31, 2014 consolidated statement of comprehensive income.

21. NET CHANGES IN NON-CASH WORKING CAPITAL

	Three months ended March 31,	
	2014	2013
Accounts receivable	**(39,849)**	(50,252)
Inventories	**10,727**	3,524
Income taxes receivable	**(6,423)**	-
Prepaid expenses and other	**(6,386)**	(2,015)
Accounts payable and accrued liabilities	**(15,764)**	70,544
Income tax payable	**-**	(16,540)
Deferred revenue	**3,495**	2,623
Total net changes in non-cash working capital	**(54,200)**	7,884

22. SEGMENTED INFORMATION

During the first quarter of 2014, Parkland changed its internal organizational structure resulting in Parkland having the following operating segments: i) Parkland Retail Fuels ii) Parkland Wholesale, Supply and Distribution iii) Parkland Commercial Fuels iv) Corporate. Parkland has changed its segmented information to be in line with its internal reorganization and has amended its prior year segment information to conform to the current year presentation.

Parkland has defined its operations into the following operating segments, based on the nature of their products and services: i) Parkland Retail Fuels ii) Parkland Wholesale, Supply and Distribution iii) Parkland Commercial Fuels. These segments are defined as follows:

Parkland Retail Fuels

Parkland Retail Fuels operates and services a network of retail service stations that serve motorists in Canada and the United States.

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 two proprietary brands: Fas Gas Plus and Race Trac. In addition, SPF Energy Inc. maintains the Superpumper brand.

Parkland Commercial Fuels

Parkland 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 and the Northwestern United States. Parkland Commercial Fuels' brands include: Bluewave Energy, Columbia Fuels, Sparlings Propane Co. Ltd. and Island Petroleum.

Parkland Wholesale, Supply and Distribution

Wholesale, Supply and Distribution 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 Parkland's February 2013 acquisition of Elbow River Marketing, profits derived through supply management and profits from wholesale fuel sales.

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

Intersegment sales are accounted for at market values and included, for segment reporting, in revenues of the segment making the transfer and expenses of the segment receiving the transfer. Inter-segmental transactions are eliminated upon consolidation.

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

	Parkland Retail Fuels		Parkland Commercial Fuels		Parkland Wholesale, Supply and Distribution		Corporate		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Fuel and petroleum products volume (thousands of litres)	416,762	399,826	516,958	432,712	1,338,523	567,428	-	-	2,272,243	1,399,966
Sales and operating revenue - external and inter-segmental										
Fuel and petroleum product revenue	404,154	365,426	526,307	403,382	2,108,662	463,748	-	-	3,039,123	1,232,556
Non-fuel revenue	11,467	3,931	70,843	52,811	20,608	14,139	279	100	103,197	70,981
Total sales and operating revenue - external and intersegmental	415,621	369,357	597,150	456,193	2,129,270	477,887	279	100	3,142,320	1,303,537
Less: Inter-segment revenues			(9,078)	(6,987)	(1,108,978)	(83,726)	-	-	(1,118,056)	(90,713)
Sales and operating revenue	415,621	369,357	588,072	449,206	1,020,292	394,161	279	100	2,024,264	1,212,824
Cost of sales, excluding depreciation										
Fuel and petroleum product cost of sales	385,042	347,328	467,765	352,756	2,054,150	425,625	-	-	2,906,957	1,125,709
Non-fuel costs of sales	4,382	2	52,722	36,632	13,077	13,286	27	71	70,208	49,991
Total cost of sales, excluding depreciation	389,424	347,330	520,487	389,388	2,067,227	438,911	27	71	2,977,165	1,175,700
Less: Inter-segment Cost of Sales			(9,078)	(6,987)	(1,108,980)	(83,727)	180	193	(1,117,878)	(90,521)
Net Costs of Sales	389,424	347,330	511,409	382,401	958,247	355,184	207	264	1,859,287	1,085,179
Adjusted gross profit										
Fuel and petroleum product adjusted gross profit (before risk management)	19,112	18,098	58,542	50,626	54,512	38,123	-	-	132,166	106,847
Realized gain (loss) on risk management activities	-	-	-	-	(6,876)	(1,175)	-	-	(6,876)	(1,175)
Realized gain (loss) on foreign exchange	-	-	-	-	1,936	(36)	(40)	-	1,896	(36)
Fuel and Petroluem product adjusted gross profit	19,112	18,098	58,542	50,626	49,572	36,912	(40)	-	127,186	105,636
Non-fuel adjusted gross profit	7,085	3,929	18,121	16,179	7,531	853	72	(164)	32,809	20,797
Total Adjusted gross profit	26,197	22,027	76,663	66,805	57,103	37,765	32	(164)	159,995	126,433
Customer finance income			(600)	(420)	42		(71)	(48)	(629)	(468)
Operating costs	9,040	6,165	40,826	34,117	15,559	2,220	(187)	5	65,238	42,507
Marketing, general and administration	3,605	3,426	7,127	6,543	14,004	5,100	11,648	9,850	36,384	24,919
less: acquisition costs	-	-	(501)	-	-	-	(1,711)	(1,525)	(2,212)	(1,525)
Adjusted EBITDA	13,552	12,436	29,811	26,565	27,498	30,445	(9,647)	(8,446)	61,214	61,000
Depreciation and amortization							18,893	13,211	18,893	13,211
Finance costs							5,432	5,276	5,432	5,276
Loss (gain) on disposal of property, plant and equipment							1,150	275	1,150	275
Acquisition related costs (1)							2,212	1,525	2,212	1,525
Unrealized (gain) loss from the change in fair value commodities							2,556	1,537	2,556	1,537
forward contracts and US dollar forward exchange contracts									-	-
Unrealized (gain) loss on foreign exchange							(1,016)	(333)	(1,016)	(333)
Earnings Before Income Taxes									31,987	39,509
Additions to property, plant and equipment	18,227	439	8,004	5,616	7,675	2,703	950	747	34,856	9,505

(1) Acquisition costs include direct and indirect costs related to acquisition targets.

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

Geographic Information

	Canada	United States	Total Consolidated
Revenue from external customers for the period ended March 31, 2014	1,747,366	276,898	2,024,264
Property, plant and equipment as at March 31, 2014	312,230	27,425	339,655
Intangible assets as at March 31, 2014	121,833	50,595	172,428
Goodwill as at March 31, 2014	132,493	35,471	167,964
Long-term receivables as at March 31, 2014	12,315	-	12,315
Revenue from external customers for the period ended March 31, 2013	1,212,824	-	1,212,824
Property, plant and equipment as at March 31, 2013	259,871	-	259,871
Intangible assets as at March 31, 2013	140,000	-	140,000
Goodwill as at March 31, 2013	126,244	-	126,244
Long-term receivables as at March 31, 2013	10,302	-	10,302

23. 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 three months ended March 31, 2014 amounted to $207 (March 31, 2013 - $789) including $76 (March 31, 2013 - $122) in amounts payable at March 31, 2014.

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.

24. 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 the fourth quarter of 2013, 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. No additional amounts have been recorded during the period ended March 31, 2014.

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

(b) Commitments

Parkland has operating leases primarily for buildings, 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:

As at March 31, 2014	2014	2015	2016	2017	2018	Thereafter	Total
Obligations under operating leases	24,652	25,793	22,781	17,190	12,644	15,684	118,744

25. SEASONALITY

Parkland's 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 and propane demand during the colder months.

26. SUBSEQUENT EVENTS

(a) Chevron Canada

Subsequent to March 31, 2014, the Corporation completed the acquisition of twelve Chevron-branded service stations located in northern British Columbia for the total consideration of approximately $15,600. This acquisition is expected to sell approximately 36 million litres of fuel annually and provide Parkland with access to an additional major retail fuel brand. Chevron's strong brand equity will enhance the development of Parkland's dealer business and will support Parkland's growing retail presence in British Columbia.

The Corporation is assessing the purchase price allocation.

(b) Shareholder Rights Plan

The Corporation will submit to the shareholders of Parkland ("Shareholders") a shareholder rights plan (the "Rights Plan") for ratification at the annual and special meeting of shareholders to take place on May 6, 2014 (the "Meeting"). The Rights Plan is subject to acceptance by the Toronto Stock Exchange. The Rights Plan is intended to ensure that in the context of an unsolicited take-over proposal for the common shares of Parkland, the Board of Directors has sufficient time to explore and develop strategic alternatives that are in the best interests of Parkland's investors.

The Board of Directors has authorized the issuance of one right in respect of each common share of the Corporation outstanding at the close of business on March 18, 2014 and each share issued thereafter. The rights will become exercisable if a person, together with its affiliates, associates and joint actors, acquires or announces an intention to acquire beneficial ownership of common shares which, when aggregated with its current holdings, total 20 per cent or more of the outstanding common shares of the Corporation (determined in the manner set out in the Rights Plan). Following the acquisition of 20 per cent or more of the outstanding common shares, each right held by a person other than the acquiring person and its affiliates, associates and joint actors would, upon exercise, entitle the holder to purchase the common shares at a substantial discount to the market price of the common shares at that time.

27. COMPARATIVE FIGURES

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