Gibson Energy Inc.

Condensed Consolidated Financial Statements
September 30, 2011 and 2010
(Unaudited)
(in thousands of Canadian dollars)

Gibson Energy Inc.

Consolidated Balance Sheet

(Unaudited)

(tabular amounts in thousands of Canadian dollars)

	September 30, 2011	December 31, 2010
Assets		
Current assets		
Cash and cash equivalents	$ 108,686	$ 7,225
Trade and other receivables	410,110	354,682
Income taxes receivable	55,284	57,130
Inventories (note 5)	114,611	197,483
Prepaid expenses and other assets	11,221	7,843
Net investment in finance leases (note 6)	134	236
Assets held for sale	-	33,596
Total current assets	700,046	658,195
Non-current assets		
Deferred income tax assets	2,169	2,146
Long-term prepaid expenses and other assets	20,914	21,990
Net investment in finance leases (note 6)	20,208	20,265
Property, plant and equipment (note 7)	700,455	629,755
Intangible assets	134,489	152,339
Goodwill	498,906	496,416
Total non-current assets	1,377,141	1,322,911
Total assets	$ 2,077,187	$ 1,981,106
Liabilities		
Current liabilities		
Credit facilities (note 8)	$ -	$ 43,500
Trade payables and accrued charges	398,377	393,686
Dividends payable (note 24)	26,208	-
Deferred revenue	11,769	54,701
Income taxes payable	387	1,217
Current portion of long-term debt (note 9)	6,753	-
Liabilities related to assets held for sale	-	3,762
Total current liabilities	443,494	496,866
Non-current liabilities		
Long-term debt (note 9)	635,391	718,154
Provisions (note 10)	62,998	43,251
Other long-term liabilities (note 11)	27,947	6,445
Deferred income tax liabilities	126,891	171,582
Total non-current liabilities	853,227	939,432
Total liabilities	1,296,721	1,436,298
Equity		
Share capital	1,016,503	664,724
Contributed surplus	19,650	13,586
Accumulated other comprehensive loss	(560)	(7,342)
Deficit	(255,127)	(126,160)
Total equity	780,466	544,808
Total liabilities and shareholders' equity	$ 2,077,187	$ 1,981,106

Commitments and contingencies (note 12)

See accompanying notes

Gibson Energy Inc.

Consolidated Statement of Operations

(Unaudited)

(tabular amounts in thousands of Canadian dollars, except per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Revenue (note 13)	$ 1,235,321	$ 884,968	$ 3,591,247	$ 2,698,362
Cost of sales (note 14, 15 and 21)	1,193,089	863,928	3,482,553	2,651,360
Gross profit	42,232	21,040	108,694	47,002
General and administrative (note 14 and 15)	8,394	9,166	27,233	27,728
Gain on sale of Edmonton North Terminal (note 7)	-	-	(20,370)	-
Other operating income (note 16)	(2,696)	(745)	(2,131)	(1,941)
Income from operating activities	36,534	12,619	103,962	21,215
Loss from investment in associates	167	324	110	882
Interest expense	11,504	25,241	57,542	74,181
Financial instruments relating to interest expense (note 21)	11,393	-	11,325	-
Interest income	(179)	(29)	(337)	(307)
Foreign exchange loss (gain) on long-term debt (note 9)	15,121	(23,408)	2,960	(10,008)
Debt extinguishment costs (note 9)	-	-	166,056	-
Income (loss) before income taxes	(1,472)	10,491	(133,694)	(43,533)
Income tax provision (recovery) (note 17)	3,649	(246)	(38,466)	(15,079)
Net income (loss)	$ (5,121)	$ 10,737	$ (95,228)	$ (28,454)
Earnings (loss) per share (note 18)				
Basic	$ (0.05)	$ 0.12	$ (1.38)	$ (0.62)
Diluted	$ (0.05)	$ 0.12	$ (1.38)	$ (0.62)

See accompanying notes

Gibson Energy Inc.

Consolidated Statement of Comprehensive Income (Loss)

(Unaudited)

(tabular amounts in thousands of Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2011	**2010**	**2011**	**2010**
Net income (loss)	$ (5,121)	$ 10,737	$ (95,228)	$ (28,454)
Other comprehensive income (loss)				
Cumulative translation adjustment, net of tax	11,484	(4,855)	6,782	(680)
Other comprehensive income (loss)	11,484	(4,855)	6,782	(680)
Comprehensive income (loss)	$ 6,363	$ 5,882	$ (88,446)	$ (29,134)

See accompanying notes

Gibson Energy Inc.

Consolidated Statement of Changes in Equity

(Unaudited)

(tabular amounts in thousands of Canadian dollars)

	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total Equity
Balance – January 1, 2011	$ 664,724	$ 13,586	$ (7,342)	$(126,160)	$ 544,808
Net loss	-	-	-	(95,228)	(95,228)
Issuance of common shares in Offering less issuance costs, net of tax	477,986	-	-	-	477,986
Other comprehensive income, net of tax:					
Cumulative translation adjustment	-	-	6,782	-	6,782
Employee share options:					
Value of services recognized	-	6,109	-	-	6,109
Proceeds from exercise of stock options	861	-	-	-	861
Cash settlement of stock options	-	(45)	-	-	(45)
Dividends on preferred shares	7,531	-	-	(7,531)	-
Dividends declared on common shares	-	-	-	(26,208)	(26,208)
Cancellation of preferred shares on Reorganization	(134,599)	-	-	-	(134,599)
Balance – September 30, 2011	$ 1,016,503	$ 19,650	$ (560)	$(255,127)	$ 780,466
Balance – January 1, 2010	$ 650,690	$ 8,957	$ -	$(115,069)	$ 544,578
Net loss	-	-	-	(28,454)	(28,454)
Other comprehensive income, net of tax:					
Cumulative translation adjustment	-	-	(680)	-	(680)
Employee share options:					
Value of services recognized	-	4,154	-	-	4,154
Dividends on preferred shares	10,355	-	-	(10,355)	-
Balance – September 30, 2010	$ 661,045	$ 13,111	$ (680)	$(153,878)	$ 519,598

See accompanying notes

Gibson Energy Inc.

Consolidated Statement of Cash Flows

(Unaudited)

(tabular amounts in thousands of Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Cash provided by (used in)				
Operating activities				
Income from operating activities	$ 36,534	$ 12,619	$ 103,962	$ 21,215
Items not affecting cash				
Depreciation of property, plant and equipment (note 14)	16,817	16,551	51,375	44,690
Amortization of intangible assets (note 14)	7,788	7,708	23,214	20,317
Stock based compensation (note 15 and 20)	1,047	1,744	6,185	4,154
Loss (gain) on disposal of assets	(238)	232	(20,876)	258
Other	(641)	3,870	(55)	1,544
Net gain (loss) on fair value movement of financial instruments	2,730	1,681	(1,133)	391
Changes in items of working capital				
Trade and other receivables	(7,356)	6,741	(35,194)	14,245
Inventories	37,922	(33,736)	82,992	(39,415)
Other current assets	1,501	(491)	(2,654)	(476)
Trade payables and accrued charges	22,701	7,641	6,753	24,360
Deferred revenue	(34,460)	27,594	(42,932)	28,800
Income taxes paid (note 12)	(43)	(7,310)	(232)	(31,587)
Net cash provided by operating activities	84,302	44,844	171,405	88,496
Investing activities				
Purchase of property, plant and equipment	(42,560)	(18,335)	(93,129)	(36,884)
Purchase of intangible assets	(893)	(350)	(3,837)	(1,701)
Equity investments	-	-	-	(3,050)
Proceeds on disposal of assets	663	528	55,951	778
Acquisitions, net of cash acquired (note 4)	-	(56,460)	-	(229,107)
Net cash used in investing activities	(42,790)	(74,617)	(41,015)	(269,964)
Financing activities				
Net proceeds (issue costs) from issuance of common shares in Offering	(1,569)	-	471,262	-
Proceeds from long-term debt, net of debt discount (note 9)	-	-	629,343	200,888
Repayment of long-term debt (note 9)	(1,688)	-	(744,961)	-
Payment of debt extinguishments (note 9)	(285)	-	(128,797)	-
Purchase of warrant (note 20)	-	-	(134,599)	-
Payment of debt issue and financing costs	-	-	(16,646)	(6,544)
Proceeds from credit facilities (note 8)	-	85,102	109,000	184,626
Repayment of credit facilities (note 8)	-	(54,833)	(152,500)	(150,626)
Proceeds from exercise of stock options	861	-	861	-
Cash settlement of stock options	(121)	-	(121)	-
Interest received	177	29	326	307
Interest paid	(9,524)	(11,895)	(64,086)	(48,825)
Net cash provided by (used in) financing activities	(12,149)	18,403	(30,918)	179,826
Effect of exchange rate on cash and cash equivalents	2,842	(3,942)	1,989	(944)
Net increase (decrease) in cash and cash equivalents	32,205	(15,312)	101,461	(2,586)
Cash and cash equivalents – beginning of period	76,481	38,989	7,225	26,263
Cash and cash equivalents – end of period	$ 108,686	$ 23,677	$ 108,686	$ 23,677

See accompanying notes

(tabular amounts in thousands of Canadian dollars, except where noted)

1 General Information

Gibson Energy Inc. ("Gibson" or the "Company") was incorporated pursuant to the Business Corporations Act (Alberta) on April 21, 2011, with one common share issued to R/C Guitar Cooperatief U.A.("Co-op"), a Dutch Co-op owned by investment funds affiliated with Riverstone Holdings LLC ("Riverstone"). The Company was formed to become the ultimate parent in the Reorganization, as defined herein. On June 15, 2011, the Company completed an Initial Public Offering (the "Offering"). Concurrent with the Offering, Gibson Energy Inc., Gibson Energy Holding ULC and 1441682 Alberta Ltd. amalgamated into one entity with the surviving entity being Gibson Energy Inc. (the "Reorganization"). The Reorganization was a common control transaction whereby Gibson Energy Inc. was accounted for using continuity of interest and, as such, Gibson Energy Inc. was considered a continuity of Gibson Energy Holding ULC.

Gibson is engaged in the movement, storage, blending, processing and marketing and distribution of crude oil, condensate, natural gas liquids and refined products. The Company is incorporated and domiciled in Canada. The address of the Company's principal place of business is 1700, 440 Second Avenue SW., Calgary, Alberta, Canada.

2 Basis of preparation and adoption of IFRS

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011.

These condensed consolidated interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standard 34 and IFRS 1, "First time adoption of International Financial Reporting Standards". The Company has applied the same accounting policies throughout all periods presented, as if these policies had always been in effect. Note 23 discloses the impact of the transition to IFRS on the Company's reported financial position as at September 30, 2010, and financial performance and cash flows for the three and nine months ended September 30, 2010.

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as of November 7, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS, that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011, could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

These condensed consolidated interim financial statements should be read in conjunction with the Company's Canadian GAAP annual consolidated financial statements for the year ended December 31, 2010 and the annual disclosures and accounting policies included in the condensed consolidated financial statements for the three months ended March 31, 2011 and 2010.

The Company's condensed consolidated interim financial statements are presented in Canadian dollars, the Company's functional currency, and all values are rounded to the nearest thousands of dollars, except where indicated otherwise. All references to $ are to Canadian dollars and references to U.S.$ are to United States dollars. Certain reclassifications of prior period amounts have been made to conform to the current period presentation.

3 Recent accounting pronouncements

IFRS 9 ''Financial Instruments'' (''IFRS 9'') amends the classification and measurement criteria for financial instruments included within the scope of IAS 39 ''Financial Instruments: Recognition and Measurements'' (''IAS 39''). IFRS 9 will be published in three phases, of which the first phase has been published. The first phase addresses the accounting for financial assets and financial liabilities. The second phase will address the impairment of financial instruments, and the third phase will address hedge accounting. For financial assets, IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, and replaces the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. For financial liabilities, although the classification criteria for financial liabilities will not change under IFRS 9, the approach to the fair value option for financial liabilities may require different accounting for changes to the fair value of a financial liability as a result of changes to an entity's own credit risk. IFRS 9 is effective for annual periods beginning on or after January 1, 2013 with different transitional arrangements depending on the date of initial application. The Company is currently evaluating the impact of adopting IFRS 9 on its consolidated financial statements.

IFRS 10, "Consolidated financial statements" (''IFRS 10'') builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. IFRS 10 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of adopting IFRS 10 on its consolidated financial statements.

IFRS 11, "Joint Arrangements" ("IFRS 11") addresses joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of adopting IFRS 11 on its consolidated financial statements

IFRS 12 "Disclosure of Interests in Other Entities" (''IFRS 12'') is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of adopting IFRS 12 on its consolidated financial statements

IFRS 13, "Fair Value Measurement" ("IFRS 13") provides for a consistent and less complex definition of fair value, established a single source for determining fair value and introduces consistent requirements for disclosures related to fair value measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 and applies prospectively from the beginning of the annual period in which the standard is adopted. Early adoption is permitted. The Company is currently evaluating the impact of adopting IFRS 13 on it consolidated financial statements.

IAS 19, "Employee Benefits" ("IAS 19") was amended to eliminate the option to defer the recognition of actuarial gains and losses, commonly known as the corridor approach and requires an entity to recognize actuarial gains and losses in Other Comprehensive Income ("OCI") immediately. In addition, the net change in the defined benefit liability or asset must be disaggregated into three components: service cost, net interest and remeasurements. Service cost and net interest will continue to be recognized in net earnings while remeasurements, which include changes in estimates or the valuation of plan assets, will be recognized in OCI. Furthermore, entities will be required to calculate net interest on the net defined benefit liability or asset using the

(tabular amounts in thousands of Canadian dollars, except where noted)

same discount rate used to measure the defined benefit obligation. The amendment also enhances financial statement disclosures. This amended standard is effective for annual periods beginning on or after January 1, 2013, with modified retrospective application. Earlier adoption is permitted. The Company is currently evaluating the impact of adopting these amendments on its consolidated financial statements.

IAS 1, "Presentation of Financial Statements" ("IAS 1") was amended and requires companies to group items presented within Other Comprehensive Income based on whether they may be subsequently reclassified to profit or loss. This amendment to IAS 1 is effective for annual periods beginning on or after July 1, 2012 with full retrospective application. Early adoption is permitted. The Company is currently evaluating the impact of adopting this amendment on its consolidated financial statements.

4 Business acquisitions

The following relates to acquisitions of companies that operate within the same business segments of the Company and will provide the Company an expanded client base within these industries.

Battle River Terminal ULC

On August 25, 2010, the Company completed the acquisition of 75% of the common shares of Battle River Terminal ULC ("BRT") for cash, net of cash acquired, of approximately $54,849,000. Prior to the acquisition, the Company had a 25% ownership interest in BRT, which was accounted for under the equity method of accounting. The value of the original investment on the acquisition date was $3,620,000. BRT is comprised of four storage tanks and related infrastructure that are connected to the Company's Hardisty Terminal, with each storage tank having a capacity of 300,000 barrels. This acquisition was accounted for using the acquisition method with the results from operations included in these financial statements from the date of acquisition.

The net assets acquired have been recorded as follows:

Property, plant and equipment	$ 74,042
Accounts receivable	638
Prepaid expenses	16
Accounts payable and accrued charges	(588)
Other long-term liabilities	(2,238)
Net assets acquired	71,870
Less:	
Loan due to subsidiary	(13,401)
Investment amount	(3,620)
Net cash paid	$ 54,849

As a result of the integration of BRT into the operations of the Company, it is considered impractical to determine the impact on revenue and net income for the three and nine months ended September 30, 2011 and 2010. However, management estimates that the impact would not have been material.

(tabular amounts in thousands of Canadian dollars, except where noted)

Taylor Companies

On May 14, 2010, the Company purchased 100 percent of the outstanding equity of Taylor Companies LLC, a Delaware limited liability company, as well as certain assets of Taylor Propane Gas Inc. (collectively "Taylor"), for cash, net of cash acquired, of $150.9 million. Acquisition costs relating to external legal fees and due diligence costs were $2.3 million. Taylor is an independent for-hire crude oil transportation, logistics and crude oil and NGL marketing business with operations and facilities, including pipeline injection stations, in most crude oil processing states in the United States, thereby expanding the Company's presence as a North American midstream Company. This acquisition was accounted for using the acquisition method with the results from operations included in these financial statements from the date of acquisition.

The net assets acquired have been recorded as follows:

	Fair Value
Property, plant and equipment	$ 42,231
Trade receivables	18,896
Inventory	4,505
Prepaid expenses	1,365
Goodwill	57,395
Intangible assets (1)	50,012
Trade payables and accrued charges	(22,881)
Other long-term liabilities	(667)
Net assets acquired	$ 150,856

(1) Consists of long-term customer contracts of $29.2 million, customer relationships of $15.2 million and a non-compete agreement of $5.6 million.

The goodwill is attributable to the synergies expected to be achieved from integrating the acquired company into the Company's existing business.

The trade receivables are comprised of gross contractual amounts of $19.4 million, of which $0.5 million were expected to be uncollectible at the acquisition date.

In the three and nine months ended September 30, 2011, the acquisition of Taylor contributed revenue of $132.9 million and $326.9 million, respectively, and net income of $4.1 million and $6.1 million, respectively. In the three and nine months ended September 30, 2010, the acquisition of Taylor contributed revenue of $94.2 million and $147.2 million, and net income of $1.7 million and $2.0 million, respectively.

(tabular amounts in thousands of Canadian dollars, except where noted)

Aarcam Propane & Construction Heat Ltd.

On February 1, 2010, the Company purchased 100 percent of the common shares of Aarcam Propane & Construction Heat Ltd. ("Aarcam") a propane retailer in Calgary, for cash, net of cash acquired, of $3.4 million. Acquisition costs relating to external legal fees and due diligence costs were not material. This acquisition will further expand the Company's market presence and provide the Company with an expanded client base. This acquisition was accounted for using the acquisition method with the results from operations included in these financial statements from the date of acquisition.

The net assets acquired have been recorded as follows:

	Fair Value
Property, plant and equipment	$ 1,628
Trade receivables	864
Inventory	55
Goodwill (1)	825
Intangible assets (2)	922
Trade payables and accrued charges	(362)
Future income taxes	(530)
Net assets acquired	$ 3,402

(1) The amount of purchased goodwill is not expected to be deductible for tax purposes.
(2) Consists of non-compete agreement of $0.6 million and customer relationships of $0.3 million.

The goodwill is attributable to the synergies expected to be achieved from integrating the acquired company into the Company's existing business.

The trade receivables are comprised of gross contractual amounts of $0.9 million, none of which were expected to be uncollectible at the acquisition date.

Included in the purchase price is contingent consideration of $0.5 million which represents its fair value at the acquisition date. This consideration is payable if certain earnings targets are met over the next three years.

As a result of the integration of Aarcam into the operations of the Company, it is considered impractical to determine the impact on revenue and net income for the three and nine months ended September 30, 2011 and 2010. However, management estimates that the impact would not have been material.

(tabular amounts in thousands of Canadian dollars, except where noted)

Johnstone Tank Trucking Ltd.

On January 31, 2010, the Company purchased 100 percent of the common shares of Johnstone Tank Trucking Ltd. ("Johnstone") for cash, net of cash acquired, of $21.2 million. Acquisition costs relating to external legal fees and due diligence costs were not material. Johnstone Tank Trucking provides fluid hauling, acid hauling, vacuum service and pressure trucking for the oil and gas industry across southern Saskatchewan. This acquisition will further expand the Company's market presence and provide access to activity related to the Bakken oilfields. This acquisition was accounted for using the acquisition method with the results from operations included in these financial statements from the date of acquisition.

The net assets acquired have been recorded as follows:

	Fair Value
Property, plant and equipment	$ 7,892
Trade receivables	4,395
Inventory	141
Prepaid expenses	352
Goodwill (1)	6,628
Intangible assets (2)	7,687
Trade payables and accrued charges	(2,638)
Future income taxes	(3,219)
Net assets acquired	$ 21,238

(1) The amount of purchased goodwill is not expected to be deductible for tax purposes.
(2) Consists of non-compete agreement of $6.0 million and customer relationships of $1.6 million.

The goodwill is attributable to the synergies expected to be achieved from integrating the acquired company into the Company's existing business.

The trade receivables are comprised of gross contractual amounts of $4.4 million, none of which were expected to be uncollectible at the acquisition date.

Included in the purchase price is contingent consideration of $0.6 million, which represents its fair value at the acquisition date. This consideration is payable if certain earnings targets are met in the year following the acquisition. These targets were met and the amount was paid in full in the three months ended March 31, 2011.

In the three and nine months ended September 30, 2011, revenue and net income contributed by the acquisition of Johnstone was not material.

(tabular amounts in thousands of Canadian dollars, except where noted)

5 Inventories

	September 30, 2011	December 31, 2010
Crude oil	$ 55,103	$ 131,007
Diluent	5,095	6,788
Asphalt	14,183	25,865
Natural gas liquids	30,740	21,000
Natural gas	20	20
Wellsite fluids and distillate	7,538	10,303
Spare parts and other	1,932	2,500
	$ 114,611	$ 197,483

The cost of the inventory sold included in cost of sales was $1,072.2 million and $3,021.2 million for the three and nine months ended September 30, 2011 and $724.2 million and $2,286.7 million for the three and nine months ended September 30, 2010, respectively.

6 Net investment in finance leases

The following summarizes the Company's net investment in arrangements whereby the Company has entered into fixed term contractual arrangements to allow customers to have dedicated use of certain tanks owned by the Company and which are accounted for as finance leases:

	September 30, 2011	December 31, 2010
Total minimum lease payments receivable	$ 189,781	$ 91,956
Unearned income	(169,439)	(71,455)
	20,342	20,501
Less: current portion	134	236
Net investment in finance lease: non-current portion	$ 20,208	$ 20,265

7 Property, plant and equipment

	Land & Buildings	Pipelines	Tanks	Rolling Stock	Plant & Equipment	Work in Progress	Total
Cost:							
At January 1, 2011	$ 70,006	$ 87,247	$ 198,412	$ 168,404	$ 210,614	$ 13,088	$ 747,771
Additions	2,858	1,668	3,350	35,758	7,988	50,848	102,470
Disposals	(19)	(150)	(166)	(2,879)	(54)	(16)	(3,284)
Reclassifications	673	2,307	11,752	-	6,122	(20,854)	-
Impairment	-	-	(2,922)	-	-	-	(2,922)
Change in decommissioning liabilities	-	2,597	7,381	-	9,794	-	19,772
Effect of movements in exchange rates	39	-	341	1,694	453	11	2,538
At September 30, 2011	$ 73,557	$ 93,669	$ 218,148	$ 202,977	$ 234,917	$ 43,077	$ 866,345
Accumulated depreciation and impairment:							
At January 1, 2011	$ 7,855	$ 17,499	$ 16,808	$ 37,355	$ 38,499	$ -	$ 118,016
Depreciation	2,770	6,974	10,421	18,442	10,451	-	49,058
Disposals	(6)	-	(50)	(1,239)	(45)	-	(1,340)
Impairment	-	-	(605)	-	-	-	(605)
Effect of movements in exchange rates	6	-	56	617	82	-	761
At September 30, 2011	$ 10,625	$ 24,473	$ 26,630	$ 55,175	$ 48,987	$ -	$ 165,890
Carrying amounts:							
At January 1, 2011	$ 62,151	$ 69,748	$ 181,604	$ 131,049	$ 172,115	$ 13,088	$ 629,755
At September 30, 2011	62,932	69,196	191,518	147,802	185,930	43,077	700,455

Additions to property, plant and equipment includes capitalization of interest of $0.4 million and $1.0 million for the three and nine months ended September 30, 2011, respectively, and $0.3 million and $0.8 million for the three and nine months ended September 30, 2010, respectively.

During the nine months ended September 30, 2011, following an inspection of a tank at the Company's refinery in Moose Jaw and an evaluation of the estimated costs to repair the tank, it was determined the tank was not suitable for future operations. Accordingly, the carrying amount of the tank was reduced to zero and an impairment loss of $2.3 million was recorded as additional depreciation. The carrying value of the asset was included within the Processing and Wellsite Fluids segment.

In the year ended December 31, 2010, the Company reclassified $32.6 million of property, plant and equipment to assets held for sale, which related to the Edmonton North Terminal. In the three months ended March 31, 2011, the Company completed the sale of the Edmonton North Terminal to Pembina Midstream Limited Partnership for total consideration of $54.3 million, and recorded a gain of $20.4 million. As part of the total consideration received, the Company received pipeline assets valued at $0.9 million that will provide access to crude oil streams within the Edmonton area and assumed obligations related to these assets. Transaction costs of $1.4 million related to the sale were expensed and are included as part of the gain on sale of Edmonton North Terminal.

8 Credit facilities

On June 15, 2011, the Company established with its lenders a revolving credit facility of up to U.S.$275.0 million (the "Revolving Credit Facility"), the proceeds of which are available to provide financing for working capital and other general corporate purposes.

The Revolving Credit Facility has a term of five years, expiring on June 15, 2016. Borrowings under the Revolving Credit Facility bear interest at a rate equal to, at the Company's option, Adjusted LIBOR plus 2.5%; Base Rate plus 1.5%, Bankers Acceptance Rate plus 2.5% or Canadian Prime Rate plus 1.5%, subject to adjustment based on the Company's corporate credit rating. In addition, the Company must pay a commitment fee of 0.5%, subject to adjustment based on the Company's corporate credit rating, on the unused portion of the Revolving Credit Facility.

Prior to the Revolving Credit Facility, the Company had established with its lenders a credit facility of up to U.S.$200.0 million (the "Credit Facility"). On termination of this Credit Facility, the Company wrote off unamortized financing costs of $2.9 million, which are included in debt extinguishment costs recorded in the nine months ended September 30, 2011.

The Company has no amounts drawn against the Revolving Credit Facility as at September 30, 2011 and had drawn $43.5 million against the Credit Facility as at December 31, 2010. The Company has issued letters of credit totalling $62.3 million and $59.2 million as at September 30, 2011 and December 31, 2010, respectively.

At September 30, 2011 and December 31, 2010, the Company had restricted cash of $0.7 million and $6.1 million, respectively.

9 Long-term debt

Long-term debt consists of the following:

	September 30, 2011	December 31, 2010
Term Loan	$ 673,597	$ -
First Lien Notes	-	556,976
Senior Notes	-	198,920
Unamortized debt issue costs	(18,391)	(37,742)
Unamortized financial instrument liability discount	(13,062)	-
	642,144	718,154
Less: current portion	(6,753)	-
Long-term debt: non-current portion	$ 635,391	$ 718,154

On June 15, 2011, the Company entered into a senior secured first lien term loan facility (the "Term Loan") in an aggregate principal amount of U.S.$650.0 million. The Term Loan has a term of seven years expiring on June 15, 2018, and accrues interest at the option of the Company at a rate equal to Adjusted LIBOR plus 4.5% or ABR plus 3.5%, subject to a minimum Adjusted LIBOR floor of 1.25%. This interest rate floor is considered an embedded derivative as the floor rate exceeded the market rate of interest at the time that the debt was incurred. As a result, the interest rate floor derivative is required to be separated from the carrying value of long-term debt and accounted for as a separate financial liability initially measured at fair value and marked to market at each reporting date (note 21). The fair value of the interest rate floor derivative at inception was $13.5 million. The Term Loan is repayable in equal quarterly instalments commencing on September 30, 2011, totalling 1% per

(tabular amounts in thousands of Canadian dollars, except where noted)

annum of the original principal with the remaining balance to be paid at the end of the term. In addition, certain events may trigger incremental repayments of principal including a percentage of annual net excess cash flow as defined under the credit agreement, and proceeds from asset dispositions, where such proceeds are not reinvested as capital expenditures within specified time periods.

The proceeds from the Term Loan, together with the Offering, were used to repay the outstanding First Lien Senior Secured Notes issued on May 27, 2009 in an aggregate principal amount of U.S.$560.0 million (the "First Lien Notes") and the Unsecured Senior Notes issued on January 19, 2010 in an aggregate principal amount of U.S.$200.0 million (the "Senior Notes"). In addition, the Company incurred a repayment bonus of $128.1 million on the First Lien Notes and Senior Notes. The Company also wrote off unamortized debt issue costs of $34.4 million. These costs, together with the write off of unamortized financing costs relating to the Credit Facility and professional fees, are included in debt extinguishment costs incurred in the nine months ended September 30, 2011.

The effective interest rate on the long-term debt, excluding the accretion of debt issuance costs, was 5.8%, and 9.7% for the three and nine months ended September 30, 2011 and 10.8% and 11.0% for the three and nine months ended September 30, 2010 respectively.

In the three months ended September 30, 2011 the Company incurred a net foreign exchange loss on the translation of the U.S. dollar denominated long-term debt of $15.1 million and a foreign exchange loss of $3.0 million in the nine months ended September 30, 2011. As a result of the movement in exchange rates, the Company recorded a foreign exchange loss of $48.5 million and $27.0 million on its long-term debt in the three and nine months ended September 30, 2011, respectively, that was offset by a gain of $33.4 million and $24.0 million, respectively, relating to the change in value of financial instruments in place to manage the currency risk associated with the Company's U.S. dollar denominated long-term debt (Note 21). In the three and nine months ended September 30, 2010, the Company recorded a foreign exchange gain on the translation of the U.S. dollar denominated long-term debt of $23.4 million and $10.0 million, respectively.

The Term Loan and Revolving Credit Facility are secured by substantially all of the Company's property and equipment, intangibles, equity interest and current assets, including inventory and trade receivables and are guaranteed by all of the Company's existing material wholly owned subsidiaries.

10 Provisions

The aggregate carrying amounts of the obligation associated with site restoration on the retirement of assets and environmental costs are as follows:

	Nine months ended September 30, 2011	Year ended December 31, 2010
Opening balance	$ 43,251	$ 40,623
Provisions reversed	(1,267)	(762)
Assumed in a business combination	-	2,905
Effect of changes in foreign exchange rates	28	(26)
Change in discount rate	19,772	-
Unwinding of discount	1,214	1,543
Reclassified to liabilities related to assets held for sale	-	(1,032)
Closing balance	$ 62,998	$ 43,251

The Company currently estimates the total undiscounted future value amount, including an inflation factor of 2%, of estimated cash flows to settle the future liability for asset retirement and remediation obligations to be approximately $163.4 million at September 30, 2011. In order to determine the current provision related to these future values, the estimated future values were discounted using a risk-free rate of 2.8% and 4.0% at September 30, 2011 and December 31, 2010, respectively. The provision is expected to be settled up to 40 years into the future.

The Company is not aware of any potential unasserted environmental remediation claims that may be brought against it. Accruals are recorded when environmental remediation is probable and the costs can be reasonably estimated. A number of factors affect the cost of environmental remediation, including the determination of the extent of contamination, the length of time remediation may require, the complexity of environmental regulations and the advancement of remediation technology. Considering these factors, the Company has estimated the costs of remediation, which will be incurred in future years. The Company believes the provisions made for environmental matters are adequate, however it is reasonably possible that actual costs may exceed the estimated accrual, if the selected methods of remediation do not adequately reduce the contaminates and further remedial action is required.

11 Other long-term liabilities

	September 30, 2011	December 31, 2010
Post-retirement benefits	$ 4,021	$ 3,958
Accrued pension liability	2,447	2,487
Financial liabilities (note 21)	21,479	-
	$ 27,947	$ 6,445

12 Commitments and contingencies

Contingencies

Two subsidiaries of the Company are currently undergoing two income tax related audits. While the final outcome of such audits cannot be predicted with certainty, it is the opinion of management that the resolution of these audits will not have a material impact on the Company's consolidated financial position or results of operations. As part of the acquisition of the Company by Riverstone from Hunting PLC ("Hunting"), Hunting has indemnified the Company for the pre-closing period impact of these audits. Included in income tax receivable and accounts payable and accrued charges as at December 31, 2010 and September 30, 2011 is $53.7 million, whereby Hunting paid the Company and the Company paid the tax assessments relative to these audits. In the three and nine months ended September 30, 2010 income tax payments of $7.1 million and $30.3 million, respectively, were funded by Hunting.

The Company is subject to various regulatory and statutory requirements relating to the protection of the environment. These requirements, in addition to the contractual agreements and management decisions, result in the recognition of estimated asset retirement obligations. Estimates of asset retirement obligation costs can change significantly based on such factors as operating experience and changes in legislation and regulations.

The Company is involved in various legal actions, which have occurred in the ordinary course of business. Management is of the opinion that losses, if any, arising from such legal actions would not have a material impact on the Company's consolidated financial position or results of operations.

(tabular amounts in thousands of Canadian dollars, except where noted)

13 Revenue

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Products	$ 1,092,428	$ 767,286	$ 3,187,864	$ 2,401,774
Services	142,893	117,682	403,383	296,588
	$ 1,235,321	$ 884,968	$ 3,591,247	$ 2,698,362

14 Depreciation and amortization

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Depreciation of property, plant and equipment	$ 16,817	$ 16,551	$ 51,375	$ 44,690
Amortization of intangible assets	7,788	7,708	23,214	20,317
	$ 24,605	$ 24,259	$ 74,589	$ 65,007

Depreciation of property, plant and equipment and amortization of intangible assets have been expensed as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Cost of sales	$ 23,777	$ 23,575	$ 72,207	$ 62,994
General and administrative	828	684	2,382	2,013
	$ 24,605	$ 24,259	$ 74,589	$ 65,007

15 Employee salaries and benefits

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Employee salaries and benefits	$ 30,923	$ 25,622	$ 90,114	$ 78,675

Employee salaries and benefits have been expensed as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Cost of sales	$ 25,603	$ 22,071	$ 72,530	$ 64,626
General and administrative	5,320	3,551	17,584	14,049
	$ 30,923	$ 25,622	$ 90,114	$ 78,675

Included in employee benefits is stock based compensation of $1.0 million and $6.1 million for the three and nine months ended September 30, 2011 and $1.7 million and $4.1 million for the three and nine months ended September 30, 2010, respectively. The stock based compensation expense is included in general and administrative expenses.

(tabular amounts in thousands of Canadian dollars, except where noted)

16 Other operating income

	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Loss (gain) on sale of property, plant and equipment	$ (238)	$ 232	$ (506)	$ 258
Foreign exchange gain	(2,458)	(977)	(1,625)	(2,199)
	$ (2,696)	$ (745)	$ (2,131)	$ (1,941)

17 Income tax provision (recovery)

The income tax provision (recovery) differs from the amounts, which would be obtained by applying the combined Canadian base federal and provincial income tax rate to income (loss) before income taxes. These differences result from the following items:

	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Income (loss) before income taxes	$ (1,472)	$ 10,491	$ (133,694)	$ (43,533)
Statutory income tax rate	26.5%	28.0%	26.5%	28.0%
Computed income tax provision (recovery)	(390)	2,937	(35,429)	(12,189)
Increase (decrease) in income tax resulting from:				
Foreign exchange loss (gain) on long-term debt, net	4,719	(1,521)	2,456	(1,051)
Non-taxable portion of capital gain	-	(753)	(2,841)	(753)
Non-deductible expenses	14	-	133	-
Stock based compensation	277	579	1,639	1,269
Rate differential on foreign taxes	418	-	763	-
Non-taxable dividends	(779)	(1,082)	(2,611)	(1,323)
Other, including revisions in previous tax estimates	492	275	144	482
Rate reduction due to partnership deferral	(1,102)	(681)	(2,720)	(1,514)
	$ 3,649	$ (246)	$ (38,466)	$ (15,079)
Effective income tax rate	(247.9%)	(2.3%)	28.8%	34.6%
Current	765	1,702	1,462	4,769
Deferred	2,884	(1,948)	(39,928)	(19,848)
	3,649	(246)	(38,466)	(15,079)

(tabular amounts in thousands of Canadian dollars, except where noted)

18 Per share amounts

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
	(in thousands)			
Weighted average common shares outstanding	93,528	62,250	74,507	62,250
Dilutive effect of:				
Stock options and other awards	3,061	-	1,853	-
Preferred shares	-	14,079	9,211	13,687
	96,589	76,329	85,571	75,937

All share and option amounts have been adjusted to reflect the impact of the Reorganization.

19 Related party transactions

On December 12, 2008, the Company entered into a management agreement with Riverstone, whereby Riverstone provides management advisory services in connection with the general business operations of the Company. Total management fees and expenses for the three and nine months ended September 30, 2011 was $0.0 million and $0.6 million and for the three and nine months ended September 30, 2010 was $0.3 million and $0.8 million, respectively. These amounts are included in general and administrative expenses on the statement of operations. Concurrent with the Offering, the management agreement with Riverstone was terminated.

Other related party transactions include:

	Transaction Value Three months ended September 30,		Transaction Value Nine months ended September 30,	
	2011	2010	2011	2010
Sale of goods and services				
Parent having controlling/significant interest	$ 224	$ 154	$ 677	$ 154
Associates	1,147	1,579	2,230	2,682
Purchase of goods and services				
Parent having controlling/significant interest	$ 30,613	$ -	$ 88,339	$ 50
Associates	2,681	2,458	9,294	6,884

	Balance outstanding as of September 30, 2011	Balance outstanding as of December 31, 2010
Sale of goods and services		
Parent having controlling/significant interest	$ 79	$ -
Associates	868	156
Purchase of goods and services		
Parent having controlling/significant interest	$ -	$ 13,043
Associates	33	1,412

The related party transactions noted above have been measured at agreed upon market based terms.

(tabular amounts in thousands of Canadian dollars, except where noted)

20 Share Capital

All common and preferred shares and stock option amounts, including exercise prices have been adjusted to reflect the impact of the Reorganization.

Authorized

The Company is authorized to issue an unlimited number of common shares and preferred shares.

Issued and outstanding

At September 30, 2011 and December 31, 2010, there were 93.6 million and 62.2 million common shares outstanding, respectively. On June 15, 2011, in connection with the Offering, the Company issued 31.3 million shares for proceeds of $500.0 million before transaction costs of $21.7 million, net of tax. During the three months ended September 30, 2011, 99,685 share options were exercised.

At September 30, 2011, there were no preferred shares outstanding. At December 31, 2010, there were 11.6 million preferred shares outstanding, with an accreted value of $127.1 million. In connection with the Reorganization, all the preferred shares of Gibson Energy Holding ULC were cancelled. In addition, a warrant held by Hunting PLC to acquire common shares of 1441682 Alberta Ltd., who held the preferred shares in Gibson Energy Holding ULC, was acquired by the Company at its accreted value of $134.6 million on June 15, 2011.

Stock-based compensation

During the year ended December 31, 2009, the Company adopted the Equity Incentive Plan (the “Old Option Plan”). In conjunction with the Offering and the Reorganization, on June 15, 2011, the Company established a long-term incentive plan (the “2011 Equity Incentive Award Plan”) whereby all outstanding stock options under the Old Option Plan were rolled over into the 2011 Equity Incentive Plan and the Old Option Plan was replaced.

All options and exercise prices have been adjusted to reflect the impact of the Re-organization.

Old Option Plan

The Company reserved a total of 6,916,602 shares for grants under the Old Option Plan. The Old Option Plan provided for the issuance of stock options, stock appreciation rights, restricted stock and restricted stock units to employees, directors, consultants, and other associates. The stock options generally vested in equal tranches annually over a period of three to five years from the date of grant and had a maximum term of ten years. The Company had granted both traditional time-vesting stock options and performance vesting stock options under the Old Option Plan. The performance vesting stock options vested and expired under the same terms and service conditions as the time-vesting stock options, with vesting subject to the Company attaining prescribed performance relative to predetermined key financial measures. In conjunction with the Offering, on June 15, 2011, all outstanding stock options were rolled over into new awards under, the 2011 Equity Incentive Plan, and the Old Option Plan was terminated.

(tabular amounts in thousands of Canadian dollars, except where noted)

A summary of activity under the Old Option Plan is set forth below:

		Stock Options	
	Available for Grant	Number of Shares	Weighted-Average Exercise Price
Balance at December 31, 2010	257,611	6,658,991	$ 8.64
Granted	(420,746)	420,746	8.64
Forfeited	163,135	(163,135)	8.64
Rolled over into the 2011 Equity Incentive Plan	-	(6,916,602)	8.64
Balance at June 15, 2011 (termination)	-	-	-

The fair value of the options granted was estimated using the Black-Scholes model with the following weighted average assumptions:

Expected dividend rate	0.0%
Expected volatility	27.1%
Risk-free interest rate	2.6%
Expected life of option (years)	4.7

2011 Equity Incentive Plan

The Company reserved a total of 7,947,500 shares for grants under the 2011 Equity Incentive Award Plan. The 2011 Equity Incentive Plan permits the award of stock options, restricted stock units ("RSUs"), performance share units (''PSUs'') and deferred share units (''DSUs'') for executives, directors, employees and consultants of the Company. RSUs give the holder the right to receive a cash payment, subject to consent of the Board of Directors, or its equivalent in fully paid common shares equal to the fair market value of the Company's common shares at the date of such payment. RSUs granted generally vest over a three year period. RSUs granted with specific performance criteria are designated as PSUs. DSUs are similar to PSUs except that DSUs may not be redeemed until the holder ceases to hold all offices, employment and directorships.

Concurrently with the Offering, the stock options outstanding under the Old Option Plan were exchanged for a combination of stock options and RSUs under the 2011 Equity Incentive Plan, with the new awards having the same ''in-the-money'' amount as the stock options outstanding under the Old Option Plan. The stock options outstanding under the Old Plan of 6,916,602 were exchanged for 3,888,095 stock options and 1,393,622 RSUs under the 2011 Equity Incentive Plan. Stock options granted under the 2011 Equity Incentive Plan as part of the exchange were granted with similar vesting terms as the original option awards under the Old Option Plan. All RSUs granted under the 2011 Equity Incentive Plan as part of the exchange vest 40% on January 1, 2012, 30% on January 1, 2013 and 30% on January 1, 2014.

A summary of stock option activity under the 2011 Equity Incentive Award Plan is set forth below:

	Stock Options	
	Number of Shares	Weighted-Average Exercise Price
Balance at June 15, 2011 (inception)	-	$ -
Rolled over from Old Option Plan	3,888,095	8.64
Granted	4,750	16.10
Exercised	(99,685)	8.64
Cancelled	(14,472)	8.64
Balance at September 30, 2011	3,778,688	$ 8.65

At September 30, 2011, total outstanding stock options vested were 3,448,306 at a weighted-average exercise price of $8.64 per share. In the three months ended September 30, 2011, 14,472 stock options were cancelled and settled in cash for $0.1 million.

The fair value of the options granted was estimated using the Black-Scholes model with the following weighted average assumptions:

Expected dividend rate	3.2%
Expected volatility	26.1%
Risk-free interest rate	1.8%
Expected life of option (years)	3.0

A summary of RSU, PSU and DSU activity under the 2011 Equity Incentive Plan is set forth below:

	Number of Shares		
	RSUs	PSUs	DSUs
Balance at June 15, 2011 (inception)	-	-	-
Rolled over from Old Option Plan	1,393,622	-	-
Granted	4,740	1,580	42,240
Forfeited	(11,318)	-	-
Balance at September 30, 2011	1,387,044	1,580	42,240

At September 30, 2011, total RSUs vested were 4,399. No PSUs or DSUs were vested at September 30, 2011.

At September 30, 2011, awards available to grant under the 2011 Equity Incentive Plan was 2,638,263.

The stock based compensation expense is included in general and administrative expenses and was $1.0 million and $1.7 million for the three months ended September 30, 2011 and 2010, respectively, and was $6.1 million and $4.1 million for the nine months ended September 30, 2011 and 2010, respectively. At the date of the modification of the awards from the Old Option Plan to the 2011 Equity Incentive Award Plan, the Company completed a comparison of the fair value of the new awards issued under the 2011 Equity Incentive Award Plan with the fair value of the original award issued under the Old Option Plan immediately before the modification. The modification did not result in an increase in the fair value of the original award under the Old Option Plan.

(tabular amounts in thousands of Canadian dollars, except where noted)

21 Financial instruments

The Company has financial instruments other than financial contracts consisting of cash and cash equivalents, trade and other receivables, trade payables and accrued charges, Revolving Credit Facility and long-term debt. Cash and cash equivalents and trade and other receivables are recorded at amortized cost which approximates fair value due to the short term nature of the instrument. Trade payables, accrued charges and dividends payable are designated as other liabilities recorded at amortized cost. The fair value of trade payables, accrued charges and dividends payable approximate their carrying values due to the short term nature of these instruments. Long term debt is recognized as an other liability and held at amortized cost using the effective interest method of amortization.

Fair Values

The following is a summary of the Company's risk management contracts outstanding at September 30, 2011:

(i) Commodity financial instruments

The Company has entered into crude oil futures and swap contracts to manage the price risk associated with sales, purchases and inventories of crude oil and petroleum products. One contract corresponds to 1,000 barrels ("bbls").

(a) WTI Futures

Term	Contract	Volume (Contracts) (bbls)	Weighted Average U.S.$/bbl	Fair Value
November 2011 – January 2012	Bought Futures	30	$ 98.86	
December 2011 – January 2012	Sold Futures	265	89.00	
				$ 2,076

(tabular amounts in thousands of Canadian dollars, except where noted)

(b) Natural Gas Liquids (NGL)

The Company has entered into NGL swap contracts to manage the risk associated with sales, purchases and inventories of NGLs.

Term	Contract	Volume (Contracts) (bbls)	Weighted Average U.S.$/bbl	Fair Value
October 2011 – December 2012	Bought WTI	11	$ 97.41	
	Sold Mt. Belvieu Propane	20	63.21	
October 2011 – December 2012	Bought WTI	10	100.24	
	Sold Mt. Belvieu Natural Gasoline	10	97.30	
October 2011 – March 2012	Bought WTI	28	89.91	
	Sold Mt. Belvieu Butane	35	65.66	
October 2011 – March 2012	Sold WTI	7	104.48	
	Bought Mt. Belvieu Butane	7	75.39	
	Bought Mt. Belvieu ISO Butane	3	78.33	
October 2011 – December 2011	Sold Mt. Belvieu Propane	20	55.65	
	Bought Mt. Belvieu Natural Gasoline	11	95.76	
October 2011 – December 2011	Bought Mt. Belvieu Propane	20	58.33	
	Sold Mt. Belvieu Natural Gasoline	11	102.43	
October 2011 – March 2012	Sold Mt. Belvieu Natural Gasoline	10	105.29	
	Bought RBOB	10	120.96	
January 2012 – December 2012	Bought WTI	3	98.63	
	Sold Conway Propane	5	56.12	
January 2012 – December 2012	Sold WTI	3	103.27	
	Bought Conway Propane	5	56.49	
April 2012 – September 2012	Sold WTI	3	97.30	
	Bought Mt. Belvieu TET Butane	5	66.36	
April 2012 – September 2012	Bought WTI	3	100.91	
	Sold Mt. Belvieu TET Butane	5	71.40	
October 2011 – December 2011	Bought Conway Natural Gasoline	5	91.35	
	Sold Mt. Belvieu Natural Gasoline	5	101.85	
October 2011 – December 2011	Sold Conway Propane	15	61.38	
				$ (451)

(c) Electricity Price Swap

The Company is a party to a financial swap contract to fix the level of anticipated electricity costs that are price sensitive to the Alberta Electric System Operator (AESO) Pool Price. If the actual AESO Pool Price is greater than $80.49 /megawatt hour the Company receives the difference between that price and $80.49. If the actual AESO Pool Price is less than $80.49, the Company pays the difference between that price and $80.49. The contract is for 3 megawatts, 24 hours per day, seven days per week, with a remaining term to December 31, 2012.

AESO electricity swap

Term	Contract	Volume Megawatt hour /day	$/ Megawatt hour	Fair Value
October 2011 – December 2012	Bought Fixed Price	72	$ 80.49	$ (251)

(tabular amounts in thousands of Canadian dollars, except where noted)

(ii) Currency financial instruments

The Company has entered into forward contracts to sell U.S. dollars in exchange for Canadian dollars to fix the exchange rate on its estimated future net cash flows denominated in U.S. dollars. The Company has also entered into forward contracts and options to help mitigate the currency risk associated with its U.S. dollar denominated long-term debt.

U.S. Dollar Forwards

Term	Contract	Volume U.S.$	Weighted average exchange rate ($/U.S.$)	Fair value
October 25, 2011	Forward sell	37,200,000	$ 1.0020	$ (1,604)
September 15, 2015	Forward buy	498,000,000	1.0156	21,250
				$ 19,646

U.S. Dollar Options

Following the issuance of the Term Loan, the Company sold U.S. dollar call options with a strike price of $1.32 to U.S.$1.00 for which the Company received a cash premium of $4.8 million. At the end of each period, the Company determines the fair value of the call option and recognizes a gain or loss in the period by comparing the fair value of the option with the value of the cash premium received. In the three months ended September 30, 2011, as a result of the movement in the fair value of the option, the Company recognized a gain of $2.7 million on the call option.

Term	Contract	Volume U.S.$	Strike Price ($/U.S.$)	Deferred Premium, net of fair value
September 15, 2015	Sold U.S.$ Call	275,000,000	$ 1.32	$ (2,049)

U.S. Dollar Interest Rate Swap

In the three months ended September 30, 2011, the Company entered into a U.S. dollar interest rate swap to hedge a portion of the Company's U.S. dollar floating interest rate exposure on the Term Loan. The Swap effectively fixes the interest rate on U.S.$175.0 million of the Term Loan at 6.5% for a three year period beginning in September 2012.

Term	Contract	Volume U.S.$	Weighted Average All In Fixed Rate (%)	Fair value
September 17, 2012 – September 15, 2015	U.S.$ interest rate swap	175,000,000	6.5%	$ (1,427)

(tabular amounts in thousands of Canadian dollars, except where noted)

U.S. Dollar Interest Rate Floor

The Term Loan carries an interest rate of Adjusted LIBOR plus 4.5%, subject to a minimum Adjusted LIBOR floor of 1.25%. This interest rate floor is considered an embedded derivative as the floor rate exceeded the market rate of interest at the time that the debt was incurred. As a result, the interest rate floor derivative is required to be separated from the carrying value of long-term debt and accounted for as a separate financial liability measured at fair value.

Term	Contract	Volume U.S.$	Floor rate (%)	Fair value
June 15, 2011 – June 15, 2018	U.S.$ interest rate floor	650,000,000	1.25%	$ (22,636)

The Company's financial instruments consist of financially settled commodity futures, options, swap contracts, foreign currency forward contracts and foreign currency options. The value of the Company's risk management contracts are determined using inputs that are either readily available in public markets or are quoted by counterparties to these contracts. In situations where the Company obtains inputs via quotes from its counterparties, these quotes are verified for reasonableness via similar quotes from another source for each date for which financial statements are presented. The Company has consistently applied these valuation techniques in all periods presented and the Company believes it has obtained the most accurate information available for the types of financial instrument contracts held. The Company has categorized the inputs for these contracts as Level 1, defined as observable inputs such as quoted prices in active markets; Level 2 defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; or Level 3 defined as unobservable inputs in which little or no market data exists therefore requiring an entity to develop its own assumptions.

The fair value of financial instrument contracts at September 30, 2011 was:

	Total	Level 1	Level 2	Level 3
Assets from financial instrument contracts				
Commodity futures	$ 2,076	$ 2,076	$ -	$ -
Commodity swaps	3,130	-	3,130	-
Foreign currency forward contracts	21,250	-	21,250	-
Total assets	$ 26,456	$ 2,076	$ 24,380	$ -
Liabilities from financial instrument contracts				
Commodity futures	$ -	$ -	$ -	$ -
Commodity swaps	3,581	-	3,581	-
Electricity swaps	251	-	251	-
Interest rate swap	1,427	-	1,427	-
Foreign currency forward contracts	1,604	-	1,604	-
Foreign currency options, including deferred premium	2,049	-	2,049	-
Interest rate floor	22,636	-	22,636	-
Total liabilities	$ 31,548	$ -	$ 31,548	$ -

(tabular amounts in thousands of Canadian dollars, except where noted)

The fair value of financial instrument contracts at December 31, 2010 was:

	Total	Level 1	Level 2	Level 3
Assets from financial instrument contracts				
Commodity swaps	$ 1,029	$ -	$ 1,029	$ -
Foreign currency forward contracts and options	783	-	783	-
Total assets	$ 1,812	$ -	$ 1,812	$ -

	Total	Level 1	Level 2	Level 3
Liabilities from financial instrument contracts				
Commodity futures	$ 1,599	$ 1,599	$ -	$ -
Commodity swaps	122	-	122	-
Electricity swaps	1,463	-	1,463	-
Foreign currency forward contracts and options	68	-	68	-
Total liabilities	$ 3,252	$ 1,599	$ 1,653	$ -

The impact of the movement in the fair value of financial instruments has been expensed in the consolidated statement of operations as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Cost of sales	$ 2,730	$ 1,681	$ (1,133)	$ 391
Foreign exchange gain on long-term debt (note 9)	(33,367)	-	(24,002)	-
Interest expense	11,393	-	11,325	-
	$ (19,244)	$ 1,681	$ (13,810)	$ 391

Financial Risk Management

The Company's activities expose it to certain financial risks, including foreign exchange risk, interest rate risk, commodity price risk, credit risk and liquidity risk. The Company's risk management strategy seeks to minimize potential adverse effects on its financial performance. As part of its strategy, both primary and derivative financial instruments are used to hedge its risk exposures.

There are clearly defined objectives and principles for managing financial risk, with policies, parameters and procedures covering the specific areas of funding, banking relationships, interest rate exposures and cash management. The Company's treasury function is responsible for implementing the policies and providing a centralised service to the Company for identifying, evaluating and monitoring financial risks.

a) Foreign Exchange Risk

Foreign exchange risks arise from future transactions and cash flows and from recognized monetary assets and liabilities that are not denominated in the functional currency of the Company's operations.

The exposure to exchange rate movements in significant future transactions and cash flows is managed using forward foreign exchange contracts, currency options and currency swaps. These financial instruments have not been designated in a hedge relationship. No speculative positions are entered into by the Company.

(tabular amounts in thousands of Canadian dollars, except where noted)

Foreign currency exchange rate sensitivity

If the Canadian dollar strengthened or weakened by 5% relative to the U.S. dollar and all other variables, in particular interest rates remain constant, the impact on net income at September 30, 2011 and 2010 would be as follows:

	September 30, 2011		September 30, 2010	
	Net Income	Equity	Net Income	Equity
U.S. Dollar Forwards				
Favorable 5% change	$ 1,339	$ 1,339	$ 1,557	$ 1,557
Unfavorable 5% change	(1,339)	(1,339)	(1,649)	(1,649)
U.S. Dollar Forwards and Options relating to long-term debt				
Favorable 5% change	$ 11,035	$ 11,035	$ 33,654	$ 33,654
Unfavorable 5% change	(11,035)	(11,035)	(33,654)	(33,654)

The movement is a result of a change in the fair value of U.S. dollar forward contracts, which have not been designated as a hedge. The sensitivity on the contracts relating to the Company's long-term debt includes the change in the carrying value of the Company's U.S. dollar denominated long-term debt.

The impact of translating the net assets of our U.S operations into Canadian dollars is excluded from this sensitivity analysis.

b) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. The following table summarized the change in fair value of the Company's risk management position to changes in interest rates leaving all other variables consistent as at September 30, 2011 and 2010.

	September 30, 2011		September 30, 2010	
	Net Income	Equity	Net Income	Equity
U.S. Dollar Interest Rate Swap and Floor				
Favorable 1% change	$ 8,313	$ 8,313	$ -	$ -
Unfavorable 1% change	(11,478)	(11,478)	-	-

The Company's interest rate risk exposure does not exist within any of the operating segments, but exists at the corporate level where the variable rate debt obligations are issued.

c) Commodity price risk

The Company is exposed to changes in the price of crude oil, NGL's, oil related products and electricity commodities, which are monitored regularly. Crude oil and NGL priced futures, options and swaps are used to manage the exposure to these commodities' price movements. These financial instruments are not designated as hedges. An electricity price swap is used to manage the exposure to electricity prices in Canada and is marked to market each period. Based on the Company's risk management policies, all of the financial instruments are employed in connection with an underlying asset/liability and/or forecasted transaction and are not entered into with the objective of speculating on commodity prices.

The following table summarizes the change in fair value of the Company's risk management positions to fluctuations in commodity prices leaving all other variables constant as at September 30, 2011 and 2010. The Company believes a 15% volatility in crude oil and NGL related prices and a 10% volatility in electricity prices are reasonable assumptions. This analysis assumes that all other variables in particular foreign currency rates remain constant.

	September 30, 2011		September 30, 2010	
	Net Income	**Equity**	**Net Income**	**Equity**
Crude oil and NGL related prices				
Favorable 15% change	$ 2,350	$ 2,350	$ 6,823	$ 6,823
Unfavorable 15% change	(2,350)	(2,350)	(7,374)	(7,374)
Electricity prices				
Favorable 10% change	$ 172	$ 172	$ 220	$ 220
Unfavorable 10% change	(172)	(172)	(220)	(220)

d) Credit risk

The Company's credit risk arises from its outstanding trade receivables. A significant portion of the Company's trade receivables are due from entities in the oil and gas industry. Concentration of credit risk is mitigated by having a broad customer base and by dealing with credit-worthy counterparties in accordance with established credit approval practices. The Company actively monitors the financial strength of its customers and in select cases has tightened credit terms to minimize the risk of default on accounts receivable. In addition, the Company maintains trade receivable insurance for eligible customers with an approved credit limit between $0.2 million to $10.0 million.

The movement in the allowance for doubtful accounts in respect of trade receivables was as follows:

	Nine months ended September 30,	
	2011	**2010**
Opening balance	$ 2,157	$ 386
Accounts receivable write off	-	(99)
Assumed in a business combination	-	506
Additional allowances	2,858	1
Effect of movement in exchange rates	116	(2)
Ending balance	$ 5,131	$ 792

At September 30, 2011 and December 31, 2010 approximately 5% and 7%, respectively, of net trade receivables are past due but not considered to be impaired. The maximum exposure to credit risk related to trade receivables is their carrying value as disclosed in the financial statements.

The Company establishes guidelines for customer credit limits and terms. The Company review includes external ratings when available and financial statements. Customers that are considered as "high risk" are closely monitored and future sales may be made on a prepayment or collateralized basis. However, the Company does not generally require collateral in respect of trade and other receivables. The Company provides adequate provisions for expected losses from the credit risks associated with trade receivables. The provision is based on an individual account-by-account analysis and prior credit history.

The Company is exposed to credit risk associated with possible non-performance by financial instrument counterparties. The Company does not generally require collateral from its counterparties but believes the risk of

non-performance is minimal. The counterparties are major financial institutions or commodity brokers with investment grade credit ratings as determined by recognized credit rating agencies.

The Company’s cash equivalents are placed in high-quality commercial paper money market funds and time deposits with major international banks and financial institutions.

e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. This risk relates to the Company’s ability to generate or obtain sufficient cash or cash equivalents to satisfy these financial obligations as they become due. The Company’s process for managing liquidity risk include preparing and monitoring capital and operating budgets, coordinating and authorizing project expenditures and authorization of contractual agreements. The Company seeks additional financing based on the results of these processes. The budgets are updated with forecasts when required, and as conditions change. Sufficient funds and the Revolving Credit Facility are available to satisfy both the Company’s long and short-term requirements. The Revolving Credit Facility totals U.S.$275.0 million and at September 30, 2011 there was no amount drawn against the facility.

The terms of the Term Loan and Revolving Credit Facility require the Company to comply with financial covenants, including maintaining a senior secured leverage ratio and an interest coverage ratio. If the Company fails to comply with this covenant the lenders may declare an event of default. At September 30, 2011, the Company was in compliance with its covenants.

Set out below is maturity analyses of certain of the Company’s financial liabilities as recorded on the balance sheet at September 30, 2011. The maturity dates are the contractual maturities of the financial liabilities and the amounts are the contractual undiscounted cash flows.

Financial Liabilities	**On demand or within one year**	**Between one and five years**	**After five years**	**Total**
Trade payables and accrued charges	$ 386,690	$ -	$ -	$ 386,690
Dividend payable	26,208	-	-	26,208
Long-term debt	6,753	27,012	639,832	673,597
Accrued interest on long-term debt	1,618	-	-	1,618
Commodity swaps	3,057	524	-	3,581
Electricity swaps	192	59	-	251
Interest rate swap	-	1,427	-	1,427
Foreign currency forward contracts	1,604	-	-	1,604
Foreign currency options	-	2,049	-	2,049
Interest rate floor	5,216	12,726	4,694	22,636
Total financial liabilities	$ 431,338	$ 43,797	$ 644,526	$ 1,119,661

Capital management

The Company's objectives when managing its capital structure are to maintain financial flexibility so as to preserve the Company’s ability to meet its financial obligations and to finance internally generated growth as well as potential acquisitions.

(tabular amounts in thousands of Canadian dollars, except where noted)

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company considers its capital structure to include shareholders' equity, long-term debt, the Revolving Credit Facility and working capital. To maintain or adjust the capital structure, the Company may raise debt and/or adjust its capital spending to manage its current and projected debt levels.

Financing decisions are made by management and the Board of Directors based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Company's commitments and development plans. Factors considered when determining whether to issue new debt or to seek equity financing include the amount of financing required, the availability of financial resources, the terms on which financing is available and consideration of the balance between shareholder value creation and prudent financial risk management.

Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet), less cash and cash equivalents. Total capital is calculated as net debt plus share capital as shown in the consolidated balance sheet.

	September 30, 2011	December 31, 2010
Total financial liability borrowings	$ 655,206	$ 761,654
Less: cash and cash equivalents	(108,686)	(7,225)
Net debt	546,520	754,429
Total share capital	1,016,503	664,724
Total capital	$ 1,563,023	$ 1,419,153

If the Company is in a net debt position, the Company will assess whether the projected cash flow and availability under the Revolving Credit Facility is sufficient to service this debt and support ongoing operations. Consideration will be given to reducing the total debt or raising funds through an alternative route such as issuing common shares.

(tabular amounts in thousands of Canadian dollars, except where noted)

22 Segmental information

The Company has defined its operations into the following operating segments: (i) Terminals and Pipelines, (ii) Truck Transportation, (iii) Propane and NGL Marketing and Distribution, (iv) Processing and Wellsite Fluids, and (v) Marketing.

Terminals and Pipelines includes the tariff-based pipeline services and fee-based storage and terminalling services for crude oil, condensate and refined products. The Company owns and operates major storage terminals located at Edmonton and Hardisty, which are the principal hubs for aggregating and exporting oil and refined products out of the Western Canadian Sedimentary Basin, pipelines and custom blending terminals, which are strategically located throughout Alberta and Saskatchewan and injection stations, which are located in the United States.

Truck Transportation includes the hauling services for crude oil, condensate, propane, butane, asphalt, methanol, sulfur, petroleum coke, gypsum and drilling fluids to customers in Western Canada and the United States.

Propane and NGL Marketing and Distribution includes a retail propane distribution operation and a wholesale business that includes a wholesale propane distribution and an NGL marketing business. The retail operations sell propane to oil and gas, industrial and residential customers, while the wholesale operations sell to larger customers who are not usually end users of the product.

Processing and Wellsite Fluids includes the refining and marketing of a variety of products, including several grades of road asphalt, roofing flux, wellsite fluids and tops.

Marketing includes the purchasing, selling, storing, and blending of crude oil and condensate, taking advantage of specific location, quality, or time-based arbitrage opportunities.

These operating segments of the Company have been derived because they are the segments (a) that engage in business activities from which revenues are earned and expenses are incurred; (b) whose operating results are regularly reviewed by the Company's chief operating decision makers to make decisions about resources to be allocated to each segment and assess its performance; and (c) for which discrete financial information is available. No operating segments were aggregated to arrive at the reportable segments.

Inter-segmental transactions are eliminated upon consolidation. No margins are recognized on inter-segmental transactions.

Accounting policies used for segment reporting are consistent with the accounting policies used for the preparation of the Company's consolidated financial statements.

(tabular amounts in thousands of Canadian dollars, except where noted)

Three months ended September 30, 2011	**Terminals & Pipelines**	**Truck Transportation**	**Propane & NGL Marketing & Distribution**	**Processing & Wellsite Fluids**	**Marketing**	**Corporate & other reconciling balances**	**Total**
Statement of income (loss)							
Revenue - external and inter-segmental	$ 211,667	$ 119,372	$ 239,022	$ 144,730	$ 890,400	$ -	$ 1,605,191
Revenue - inter-segmental	(183,848)	(10,559)	(32,771)	(37,530)	(105,162)	-	(369,870)
Revenue - external	27,819	108,813	206,251	107,200	785,238	-	1,235,321
Segment profit	15,961	19,545	3,645	22,393	5,795	-	67,339
Depreciation of property, plant and equipment	6,052	6,605	2,064	1,613	43	440	16,817
Amortization of intangible assets	531	3,412	1,577	1,711	169	388	7,788
General and administrative	-	-	-	-	-	6,519	6,519
Stock based compensation	-	-	-	-	-	1,047	1,047
Gain on sale of Edmonton North Terminal	-	-	-	-	-	-	-
Corporate foreign exchange gain	-	-	-	-	-	(1,199)	(1,199)
Interest expense	-	-	-	-	-	11,504	11,504
Financial instruments relating to interest expense	-	-	-	-	-	11,393	11,393
Interest income	-	-	-	-	-	(179)	(179)
Foreign exchange loss on long-term debt	-	-	-	-	-	15,121	15,121
Debt extinguishment costs	-	-	-	-	-	-	-
Income tax provision	-	-	-	-	-	3,649	3,649
Net income (loss)	$ 9,378	$ 9,528	$ 4	$ 19,069	$ 5,583	$ (48,683)	$ (5,121)
Total assets	$ 593,955	$ 338,246	$327,221	$ 329,293	$ 289,797	$ 198,675	$ 2,077,187
Total liabilities	31,043	33,470	87,636	39,515	192,824	912,233	1,296,721

(tabular amounts in thousands of Canadian dollars, except where noted)

Three months ended September 30, 2010	**Terminals & Pipelines**	**Truck Transportation**	**Propane & NGL Marketing & Distribution**	**Processing & Wellsite Fluids**	**Marketing**	**Corporate & other reconciling balances**	**Total**
Statement of income (loss)							
Revenue - external and inter-segmental	$ 176,556	$ 99,838	$ 183,401	$ 110,063	$ 656,830	$ -	$ 1,226,688
Revenue - inter-segmental	(162,934)	(10,830)	(30,822)	(30,375)	(106,759)	-	(341,720)
Revenue - external	13,622	89,008	152,579	79,688	550,071	-	884,968
Segment profit (loss)	10,590	17,900	4,919	14,242	(3,599)	-	44,052
Depreciation of property, plant and equipment	5,616	6,542	2,023	1,528	549	293	16,551
Amortization of intangible assets	544	3,411	1,411	1,781	170	391	7,708
General and administrative	-	-	-	-	-	6,738	6,738
Stock based compensation	-	-	-	-	-	1,744	1,744
Corporate foreign exchange gain	-	-	-	-	-	(984)	(984)
Interest expense	-	-	-	-	-	25,241	25,241
Interest income	-	-	-	-	-	(29)	(29)
Foreign exchange gain on long-term debt	-	-	-	-	-	(23,408)	(23,408)
Income tax recovery	-	-	-	-	-	(246)	(246)
Net income (loss)	$ 4,430	$ 7,947	$ 1,485	$ 10,933	$ (4,318)	$ (9,740)	$ 10,737
Total assets	$ 521,399	$ 323,154	$ 312,396	$ 338,109	$ 307,394	$ 126,708	$ 1,929,160
Total liabilities	19,730	28,530	76,374	29,349	190,254	1,065,325	1,409,562

(tabular amounts in thousands of Canadian dollars, except where noted)

Nine months ended September 30, 2011	**Terminals & Pipelines**	**Truck Transportation**	**Propane & NGL Marketing & Distribution**	**Processing & Wellsite Fluids**	**Marketing**	**Corporate & other reconciling balances**	**Total**
Statement of income (loss)							
Revenue - external and inter-segmental	$ 674,909	$ 333,383	$ 711,446	$ 375,439	$ 2,655,880	$ -	$ 4,751,057
Revenue - inter-segmental	(584,545)	(39,404)	(95,691)	(105,796)	(334,374)	-	(1,159,810)
Revenue - external	90,364	293,979	615,755	269,643	2,321,506	-	3,591,247
Segment profit	49,772	48,958	25,853	37,298	20,122	-	182,003
Depreciation of property, plant and equipment	17,982	18,746	6,083	7,163	127	1,274	51,375
Amortization of intangible assets	1,592	10,176	4,697	5,132	509	1,108	23,214
General and administrative	-	-	-	-	-	18,666	18,666
Stock based compensation	-	-	-	-	-	6,185	6,185
Gain on sale of Edmonton North Terminal	-	-	-	-	-	(20,370)	(20,370)
Corporate foreign exchange gain	-	-	-	-	-	(919)	(919)
Interest expense	-	-	-	-	-	57,542	57,542
Financial instruments relating to interest expense	-	-	-	-	-	11,325	11,325
Interest income	-	-	-	-	-	(337)	(337)
Foreign exchange loss on long-term debt	-	-	-	-	-	2,960	2,960
Debt extinguishment costs	-	-	-	-	-	166,056	166,056
Income tax recovery	-	-	-	-	-	(38,466)	(38,466)
Net income (loss)	$ 30,198	$ 20,036	$ 15,073	$ 25,003	$ 19,486	$ (205,024)	$ (95,228)
Total assets	$ 593,955	$ 338,246	$327,221	$ 329,293	$ 289,797	$ 198,675	$ 2,077,187
Total liabilities	31,043	33,470	87,636	39,515	192,824	912,233	1,296,721

(tabular amounts in thousands of Canadian dollars, except where noted)

Nine months ended September 30, 2010	**Terminals & Pipelines**	**Truck Transportation**	**Propane & NGL Marketing & Distribution**	**Processing & Wellsite Fluids**	**Marketing**	**Corporate & other reconciling balances**	**Total**
Statement of income (loss)							
Revenue - external and inter-segmental	$ 688,930	$ 246,359	$ 499,238	$ 316,784	$ 2,235,543	$ -	$ 3,986,854
Revenue - inter-segmental	(653,627)	(36,996)	(91,944)	(85,215)	(420,710)	-	(1,288,492)
Revenue - external	35,303	209,363	407,294	231,569	1,814,833	-	2,698,362
Segment profit (loss)	26,433	38,904	22,186	23,958	(3,011)	-	108,470
Depreciation of property, plant and equipment	15,983	16,131	5,647	4,574	1,620	735	44,690
Amortization of intangible assets	1,528	7,743	3,850	5,410	508	1,278	20,317
General and administrative	-	-	-	-	-	21,561	21,561
Stock based compensation	-	-	-	-	-	4,154	4,154
Corporate foreign exchange gain	-	-	-	-	-	(2,585)	(2,585)
Interest expense	-	-	-	-	-	74,181	74,181
Interest income	-	-	-	-	-	(307)	(307)
Foreign exchange gain on long-term debt	-	-	-	-	-	(10,008)	(10,008)
Income tax recovery	-	-	-	-	-	(15,079)	(15,079)
Net income (loss)	$ 8,922	$ 15,030	$ 12,689	$ 13,974	$ (5,139)	$ (73,930)	$ (28,454)
Total assets	$ 521,399	$ 323,154	$ 312,396	$ 338,109	$ 307,394	$ 126,708	$ 1,929,160
Total liabilities	19,730	28,530	76,374	29,349	190,254	1,065,325	1,409,562

(tabular amounts in thousands of Canadian dollars, except where noted)

Geographic Data

Based on the location of the end user, approximately 23% and 21% of revenue was to customers in the United States for the three and nine months ended September 30, 2011, respectively, and approximately 24% and 19% for the three and nine months ended September 30, 2010.

The Company's long lived assets are primarily concentrated in Canada with 13% and 11% in the United States at September 30, 2011 and December 31, 2010, respectively.

23 Transition to IFRS

As stated in note 2, effective January 1, 2011, the Company began reporting under IFRS, and has applied the same accounting policies in preparing the consolidated financial statements for the three and nine months ended September 30, 2011 and 2010. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

(tabular amounts in thousands of Canadian dollars, except where noted)

(i) Reconciliation of assets, liabilities and equity as previously reported under Canadian GAAP to IFRS

	As at September 30, 2010			
	Canadian GAAP	Adjustments		IFRS
Assets				
Current assets				
Cash and cash equivalents	$ 23,677	$ -		$ 23,677
Trade and other receivables	328,036	-		328,036
Income taxes receivable	42,239	-		42,239
Inventories	157,804	-		157,804
Prepaid expenses and other assets	7,171	(736)	(h)	6,435
Net investment in finance leases	236	-		236
Total current assets	559,163	(736)		558,427
Non-current assets				
Deferred income tax assets	5,415	-		5,415
Long-term prepaid expenses and other assets	24,677	(2,286)	(h)	22,391
Net investment in finance leases	20,332	-		20,332
Property, plant and equipment	686,289	(37,572)	(a)	662,370
		14,493	(c)	
		1,135	(d)	
		(4,997)	(g)	
		3,022	(h)	
Intangible assets	164,505	(7,753)	(b)	161,749
		4,997	(g)	
Goodwill	500,877	(2,401)	(f)	498,476
Total non-current assets	1,402,095	(31,362)		1,370,733
Total assets	$ 1,961,258	$ (32,098)		$ 1,929,160
Liabilities				
Current liabilities				
Credit Facility	$ 59,000	$ -		$ 59,000
Trade payables and accrued charges	342,242	-		342,242
Deferred revenue	42,205	-		42,205
Income taxes payable	-	-		-
Deferred income tax liabilities	839	(839)	(i)	-
Total current liabilities	444,286	(839)		443,447
Non-current liabilities				
Long-term debt	743,139	-		743,139
Provisions	22,369	21,803	(c)	44,172
Other long-term liabilities	3,009	2,690	(e)	5,699
Deferred income tax liabilities	186,413	(13,308)	(i)	173,105
Total non-current liabilities	954,930	11,185		966,115
Total liabilities	1,399,216	10,346		1,409,562
Equity				
Share capital	661,045	-		661,045
Contributed surplus	13,111	-		13,111
Accumulated other comprehensive income	(680)	-		(680)
Deficit	(111,434)	(42,444)	(k)	(153,878)
Total equity	562,042	(42,444)		519,598
Total liabilities and shareholder's equity	$ 1,961,258	$ (32,098)		$ 1,929,160

(tabular amounts in thousands of Canadian dollars, except where noted)

(ii) Reconciliation of comprehensive income (loss) as previously reported under Canadian GAAP to IFRS

The following is a reconciliation of the Company's statement of operations for the three and nine months ended September 30, 2010. Amounts shown under Canadian GAAP have been re-classified to conform to the presentation under IFRS, including depreciation of property, plant and equipment, amortization of intangible assets, accretion expense and stock based compensation.

	Three months ended September 30, 2010			
	Canadian GAAP	**Adjustments**		**IFRS**
Revenue	$ 882,233	$ 2,735	(j)	$ 884,968
Cost of sales	862,557	(828)	(a)	863,928
		(630)	(b)	
		81	(c)	
		13	(d)	
		2,735	(j)	
Gross profit	19,676	1,364		21,040
General and administrative	9,210	(44)	(e)	9,166
		-	(f)	
Other operating income	(745)	-		(745)
Income from operating activities	11,211	1,408		12,619
Loss from investment in associates	324	-		324
Interest expense	25,399	184	(c)	25,241
		(342)	(d)	
Interest income	(29)	-		(29)
Foreign exchange gain on long-term debt	(23,408)	-		(23,408)
Income before income taxes	8,925	1,566		10,491
Income tax recovery	(638)	392	(i)	(246)
Net income	9,563	1,174		10,737
Other comprehensive loss, net of tax	(4,855)	-		(4,855)
Comprehensive income	$ 4,708	$ 1,174		$ 5,882

(tabular amounts in thousands of Canadian dollars, except where noted)

	Nine months ended September 30, 2010			
	Canadian GAAP	Adjustments		IFRS
Revenue	$ 2,694,514	$ 3,848	(j)	$ 2,698,362
Cost of sales	2,651,613	(2,488)	(a)	2,651,360
		(1,890)	(b)	
		243	(c)	
		34	(d)	
		3,848	(j)	
Gross profit	42,901	4,101		47,002
General and administrative	25,456	(129)	(e)	27,728
		2,401	(f)	
Other operating income	(1,941)	-		(1,941)
Income from operating activities	19,386	1,829		21,215
Loss from investment in associates	882	-		882
Interest expense	74,516	552	(c)	74,181
		(887)	(d)	
Interest income	(307)	-		(307)
Foreign exchange gain on long-term debt	(10,008)	-		(10,008)
Loss before income taxes	(45,697)	2,164		(43,533)
Income tax recovery	(15,621)	542	(i)	(15,079)
Net loss	(30,076)	1,622		(28,454)
Other comprehensive loss, net of tax	(680)	-		(680)
Comprehensive loss	$ (30,756)	$ 1,622		$ (29,134)

(a) Under Canadian GAAP, the recoverable amount used to determine whether recognition of an impairment loss is required is the undiscounted future cash flows expected from its use and eventual disposition. Under IFRS the recoverable amount used in recognizing and measuring impairment is the higher of the asset's fair value less costs to sell and its value in use. The recoverable amount was determined to be asset's fair value less costs to sell. As a result, an impairment charge of $40.1 million relating to property, plant and equipment was recognized on January 1, 2010. The impairment related to the Company's pipeline assets which are included within the Terminals and Pipelines segment. As a result of the impairment, depreciation expense relating to property, plant and equipment decreased by $0.8 million and $2.5 million for the three and nine months ended September 30, 2010, respectively. As of December 31, 2010 and September 30, 2010, the total accumulated adjustment was to increase the deficit under IFRS by $36.7 million and $37.6 million, respectively.

(b) Under Canadian GAAP, the recoverable amount used to determine whether recognition of an impairment loss is required is the undiscounted future cash flows expected from its use and eventual disposition. Under IFRS the recoverable amount used in recognizing and measuring impairment is the higher of the asset's fair value less costs to sell and its value in use. The recoverable amount was determined to be asset's fair value less costs to sell. As a result, an impairment charge of $9.6 million relating to intangible assets was recognized on January 1, 2010. The impairment related to the Company's customer relationship intangible assets. As a result of the impairment, amortization expense relating to intangible assets decreased by $0.6 million and $1.9 million for the three and nine months ended September 30, 2010, respectively. As of

December 31, 2010 and September 30, 2010, the total accumulated adjustment was to increase the deficit under IFRS by $7.1 million and $7.8 million, respectively.

(c) The Company's activities give rise to decommissioning and environmental liabilities. On transition to IFRS, the Company elected to re-measure these liabilities in accordance with the provisions of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Under IFRS, the liability was re-measured using a risk free rate as opposed to the credit adjusted rate under Canadian GAAP. As a result, on January 1, 2010, the Company increased its decommissioning and environmental liabilities by $19.3 million and property, plant and equipment by $12.8 million. During the three months ended September 30, 2010, due to the acquisition of BRT, the Company increased its decommissioning and environmental liabilities and its property, plant and equipment by $1.9 million. As a result, the expense relating to the unwinding of the discount increased by $0.2 million and $0.6 million for the three and nine months ended September 30, 2010, respectively, and depreciation expense increased by $0.1 million and $0.3 million for the three and nine months ended September 30, 2010, respectively. As of December 31, 2010 and September 30, 2010, the total adjustment to deficit under IFRS was to increase the deficit by $7.6 million and $7.3 million, respectively.

(d) Under Canadian GAAP, capitalization of interest during the construction of a qualifying asset was an acceptable, but not mandatory, accounting policy. Accordingly, no interest was capitalized for qualifying assets. Under IFRS, capitalization of interest is required for qualifying assets that require a period of time to get them ready for their intended use. As of January 1, 2010, the carrying value of property, plant and equipment was increased by $0.3 million. Under IFRS, interest capitalized was $0.3 million and $0.9 million for the three and nine months ended September 30, 2010, respectively. Additionally, depreciation expense increased by $13,000 and $34,000 for the three and nine months ended September 30, 2010, respectively. As of December 31, 2010 and September 30, 2010, the total adjustment to deficit under IFRS was to decrease the deficit by $1.5 million and $1.1 million, respectively.

(e) Under Canadian GAAP, the Company applied the corridor method of accounting for pension whereby gains and losses are recognized only if they exceed specified thresholds. Under IFRS, the Company recognizes actuarial gains and losses arising from the re-measurement of employee future benefit obligations in other comprehensive income as they arise. Accordingly, under IFRS, on transition the carrying value of the net liability for employee future benefit obligations increased by $2.8 million to recognize actuarial losses accumulated as at January 1, 2010, with a corresponding adjustment to deficit. As a result, amortization of the unrecognized loss under Canadian GAAP is no longer required, resulting in a decrease in expense of $44,000 and $0.1 million in the three and nine months ended September 30, 2010, respectively. As of December 31, 2010 and September 30, 2010, the total adjustment to deficit under IFRS was to increase the deficit by $2.8 million and $2.7 million, respectively.

(f) Under Canadian GAAP, the purchase price of an acquisition includes direct costs incurred by the acquirer, such as finder's fees, advisors, legal, accounting, valuation and other professional or consulting fees. Under IFRS, these costs are expensed in the periods which they are incurred. The Company elected to apply the provisions of IFRS to all business combinations that occurred on or after January 1, 2010. There was no impact for the three months ended September 30, 2010. The impact was to record additional expense of $2.4 million in the nine months ended September 30, 2010. Additionally, as of December 31, 2010 and September 30, 2010, goodwill decreased by $2.4 million and $2.4 million, respectively.

(tabular amounts in thousands of Canadian dollars, except where noted)

(g) Under Canadian GAAP, capitalized computer software was included within property, plant and equipment. Under IFRS, capitalized computer software, not integral to plant and equipment, is classified as an intangible asset. On January 1, 2010, the Company reclassified $4.6 million from property, plant and equipment to intangible assets. In the three and nine months ended September 30, 2010, the Company incurred $0.3 million and $1.7 million respectively of capitalized computer software, which was reclassified from property, plant and equipment to intangible assets. In addition, in the three and nine months ended September 30, 2010, the Company reclassified $0.4 million and $1.3 million, respectively from depreciation of property, plant and equipment to amortization of intangible assets. There was no net impact in the statement of operations.

(h) Under IFRS, the Company is required to identify material components of assets within property, plant and equipment, and depreciate the components separately where the service life is different. Under Canadian GAAP, the Company had recognized certain components in prepaid expenses and other assets. On January 1, 2010, the Company reclassified $3.1 million from short term and long-term prepaid expenses and other assets to property, plant and equipment. In the three and nine months ended September 30, 2010, the Company reclassified $0.2 million and $0.7 million, respectively from short term and long-term prepaid expenses and other assets to property, plant and equipment. There was no net impact in the statement of operations.

(i) Deferred tax liabilities and income tax recovery have been adjusted to give effect to the impact of the adjustments above. In addition, under Canadian GAAP, deferred income tax relating to current assets or current liabilities must be classified as current. Under IFRS, it is not appropriate to classify deferred income tax balances as current, irrespective of the classification of the assets or liabilities to which the deferred income tax relates or the expected timing of reversal. Accordingly, current deferred income tax reported under Canadian GAAP has been reclassified as non-current under IFRS.

(j) Under Canadian GAAP, the Company classified certain gains and losses on the fair value movement of financial instruments in revenue. Under IFRS, these financial instruments do not meet the revenue recognition criteria. The impact was to reclassify $2.7 million and $3.8 million from revenue to cost of sales in the three and nine months ended September 30, 2010, respectively. There was no net impact in the statement of income.

(k) The impact of the adjustments above was to increase the deficit as at September 30, 2010, as follows:

Impairment of property, plant and equipment	(a)	$ (37,572)
Impairment of intangible assets	(b)	(7,753)
Provisions	(c)	(7,310)
Capitalized interest	(d)	1,135
Employee future benefits	(e)	(2,690)
Business combinations	(f)	(2,401)
Tax impact of above adjustments	(i)	14,147
		$ (42,444)

(iii) Adjustments to the statement of cash flows

The transition from Canadian GAAP to IFRS had no significant impact on cash flows generated by the Company except that, under IFRS, cash flows relating to interest are classified as operating, investment or financing in a consistent manner each period. Under Canadian GAAP, cash flows relating to interest payments and interest income were classified as operating.

(tabular amounts in thousands of Canadian dollars, except where noted)

24 Subsequent Events

On October 17, 2011, the Company entered into an agreement to acquire all of the issued and outstanding common shares of Palko Environmental Ltd. ("Palko") not already owned by the Company. Under the terms of the agreement, shareholders of Palko may elect to receive (i) 0.1717 common shares of the Company for each Palko Share; (ii) $3.05 cash for each Palko Share or (iii) a combination thereof. If Palko shareholders elect to receive 100% cash consideration, the acquisition cost to the Company will be approximately $62.7 million, including the assumption of estimated net debt of approximately $15.95 million. The transaction will expand the Company's Canadian custom terminal operations to include emulsion treating, water disposal and oilfield waste management.

On October 18, 2011, Co-op and the Company entered into an agreement with a syndicate of underwriters to complete a secondary offering. Under the agreement, the underwriters agreed to purchase 14,000,000 common shares of the Company from Co-op at a purchase price of $18.00 per share for gross proceeds of $252.0 million. The Company will not be entitled to any of the proceeds from the sale of the Common Shares. In addition, Co-op granted the underwriters an over-allotment option, exercisable at the offering price for a period of 30 days from and including October 31, 2011, to purchase up to an additional 15% of the secondary offering to cover over-allotments, if any. The secondary offering together with the purchase of shares from Co-op following the exercise of the over-allotment option closed on November 7, 2011.

In the three months ended September 30, 2011, the Company declared a dividend of $0.28 per share for a total dividend of $26.2 million, of which $9.0 million was paid in cash on October 21, 2011 with the remainder of the dividend being settled with the issuance of shares to shareholders participating in the Company's dividend reinvestment plan.