Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") was prepared as of May 7, 2013 and should be read in conjunction with the unaudited condensed consolidated financial statements of Gibson Energy Inc. ("Gibson" or the "Company") for the three months ended March 31, 2013 and 2012, the audited consolidated financial statements and related notes for the year ended December 31, 2012 and 2011, which were prepared under International Financial Reporting Standards ("IFRS"), and MD&A for the year ended December 31, 2012. The unaudited condensed consolidated financial statements referred to above include all adjustments of a normal recurring nature necessary for the fair statement of the Company's financial position as of March 31, 2013, its results of operations for the three months ended March 31, 2013 and 2012, and its cash flows for the three months ended March 31, 2013 and 2012. The unaudited condensed consolidated financial statements do not include all the annual disclosures required by IFRS and should be read in conjunction with the annual audited consolidated financial statements and related notes. The results for the interim periods are not necessarily indicative of the results to be expected for any future period or for the fiscal year ending December 31, 2013. Amounts are stated in Canadian dollars unless otherwise noted.

This MD&A contains forward-looking statements and non-GAAP measures and readers are cautioned that this MD&A should be read in conjunction with the Company's disclosure under "Forward-Looking Statements" and "Non-GAAP Financial Measures" included at the end of this MD&A. Non-GAAP measures contained in this MD&A include EBITDA, Adjusted EBITDA, Pro Forma Adjusted EBITDA and distributable cash flow.

EXECUTIVE OVERVIEW

Gibson is a large independent midstream energy company in Canada and an integrated service provider to the oil and gas industry in the United States. Gibson is engaged in the movement, storage, blending, processing, marketing and distribution of crude oil, condensate, natural gas liquids, water, oilfield waste, and refined products. The Company transports energy products by utilizing its integrated network of terminals, pipelines, storage tanks, and trucks located throughout western Canada and through its significant truck transportation and injection station network in the United States. The Company also provides emulsion treating, water disposal and oilfield waste management services in Canada and the United States and is the second largest retail propane distribution company in Canada. The Company's integrated operations allow it to participate across the full midstream energy value chain, from the hydrocarbon producing regions in Canada and the United States, through the Company's strategically located terminals in Hardisty and Edmonton, Alberta and injection stations and small terminals in the United States, to the refineries of North America via major pipelines.

Gibson has provided market access to leading oil and gas industry participants in western Canada for many years and is celebrating its 60th anniversary as a company in 2013. The Company has grown by diversifying its service offerings to meet customers' needs and has expanded geographically to provide its service offerings to key hydrocarbon producing regions throughout the United States. Recently, Gibson further expanded its services to include emulsion treating, water disposal and oilfield waste management in both Canada and the United States.

The Company's integrated segments can be broken down as follows: (1) Terminals and Pipelines, (2) Truck Transportation, (3) Environmental Services, (4) Propane and NGL Marketing and Distribution, (5) Processing and Wellsite Fluids and (6) Marketing. The Company believes its competitive advantage is driven by its geographic presence in some of the most hydrocarbon-rich basins in the world, its footholds in strategic market hubs, its ability to capture value throughout the midstream energy value chain, its diversified, integrated, synergistic service offerings, its ability to source and successfully execute internal growth projects, its proven track record of sourcing, executing and successfully integrating business acquisitions, its leading health, safety, security and environmental record, its experienced management team with a proven history of operations and strong industry reputation and its conservative risk management policies. The Company is continuously focused on improving its operations across all segments by utilizing the Company's integrated asset base to capture inter segment synergies and to expand the Company's network of assets, as well as increasing the Company's margins by providing additional value added services along the midstream energy value chain.

Highlights

The key highlights for the three months ended March 31, 2013 were as follows:

- Revenue increased by 21% in the three months ended March 31, 2013 compared to the three months ended March 31, 2012. The increase was primarily due to increased activity across all segments, including the impact of the acquisition of the parent holding company of OMNI Energy Services Corporation ("OMNI") in the fourth quarter of 2012;
- Segment profit increased by 62% to $127.0 million in the three months ended March 31, 2013 compared to $78.4 million in the three months ended March 31, 2012, with increases in all of the Company's segments;
- Adjusted EBITDA in the three months ended March 31, 2013 increased 69% to $121.0 million compared to $71.8 million in the three months ended March 31, 2012. Pro Forma Adjusted EBITDA for the twelve months ended March 31, 2013 was $398.6 million;
- Net income was $45.7 million in the three months ended March 31, 2013 compared to $40.0 million in the three months ended March 31, 2012. The increase was largely due to the increase in overall segment profit partially offset by the impact of the movement in foreign exchange rates;
- On March 5, 2013, the Board of Directors of the Company (the "Board") declared a quarterly dividend rate of $0.275 per common share, representing a 5.8% increase from the prior quarterly rate and resulting in a new annualized dividend of $1.10 per common share. Total dividends declared were $33.3 million in the three months ended March 31, 2013 compared to $24.7 million in the three months ended March 31, 2012. For the twelve months ended March 31, 2013, distributable cash flow was $220.8 million resulting in a dividend payout ratio of 52.0%;
- Capital expenditures were $46.7 million in the three months ended March 31, 2013, of which $34.2 million related to internal growth projects. Internal growth project expenditures are primarily related to the construction of tankage and pipeline connections at the Company's facilities, in particular at Hardisty, the expansion of the Environmental Services business and the growth of the Truck Transportation fleet;
- As of March 31, 2013, the Company had outstanding U.S. dollar denominated debt, excluding debt issuance costs, of U.S.$643.5 million, expiring on June 15, 2018 and a Revolving Credit Facility of up to U.S.$375.0 million, expiring June 15, 2016. At March 31, 2013, the Company was in compliance with all of its covenants, had unrestricted cash of $45.2 million and had $303.7 million available under the Revolving Credit Facility; and

In May 2013, the Company received committed support from a large oil sands producer for a 500,000 bbl oil storage tank at the Hardisty Terminal. This is the fourth large storage tank to be announced in the past seven months for a combined total of 1.7 million barrels of new storage capacity.

On May 7, 2013, the Board declared a quarterly dividend of $0.275 cents per common share for the three months ended June 30, 2013 on its outstanding common shares. The dividend is payable on July 17, 2013 to shareholders of record at the close of business on June 28, 2013.

Trends affecting the Company's business

In accordance with the Company's long-range strategic plan, the Company is continuously evaluating organic growth opportunities and potential acquisitions of transportation, retail propane distribution, gathering, terminalling or storage and other complementary midstream businesses, such as emulsion treating, water disposal and oilfield waste management services. As a part of the Company's strategic plan, the Company acquired OMNI in 2012 which expanded on the Company's Palko Environmental Ltd. ("Palko") acquisition and increased capabilities to provide environmental and production support services to the oil and gas industry in the U.S.

Some of the key industry trends that are currently affecting Gibson's business and prospects are as follows:

- Despite recent weakness that may continue in the short to medium term, robust activity levels are forecasted to resume in the oil producing areas in North America stemming from drilling budgets proposed by industry leaders. This may generate increased demand for the services Gibson provides;
- Increased production levels and relatively strong crude oil prices have increased demand for many facets of the midstream energy value chain including storage, transportation, distribution, processing, refining and environmental and production services, all of which are activities in which the Company participates;
- Technology advancements within the drilling and fracturing processes are providing production companies new opportunities to increase production levels from wells that were previously uneconomic and to bring on production from areas that were previously unable to economically produce crude oil, such as tight shale plays;
- Currently, West Texas Intermediate ("WTI") crude oil is trading at a discount to Brent crude. If this trend continues, it could create incremental margin opportunities and increased opportunities for multiple areas of the Company's operations;
- The proposed Keystone XL pipeline project, if approved, would help provide a growing supply of Canadian crude oil to the largest refining markets in the United States. If approved, the pipeline would locate its initiating pump station adjacent to the Company's Hardisty Terminal which could provide increased opportunities for the Company's services;
- Enbridge's twinning of the southern section of its Athabasca pipeline should provide for additional volumes into the Hardisty area and could provide increased opportunities for the Company's services;
- The wide price differentials between heavy and light crude oil should create incremental margin opportunities in multiple areas of the Company's operations. However, differentials continue to be volatile;
- The growing supply of Canadian heavy crude oil from the oilsands will result in an increasing demand for diluent in the Western Canada Sedimentary Basin (the "WCSB"). This should result in increased movements of diluent through the Edmonton area pipeline and terminal infrastructure and may generate increased opportunities for Gibson's services; and
- Continuing crude pricing, location and quality disconnects combined with a shortage of pipeline takeaway capacity from the WCSB are creating a demand for crude rail movements that could persist for an extended period. If this trend continues, it could create opportunities for the Company to increase its service offering to include more crude rail movements.

Longer-term outlook

The Company's longer-term outlook, spanning three to five years or more, is influenced by many factors affecting the North American midstream energy sector. Some of the more significant trends and developments relating to crude oil include:

- New technology for drilling and well completion methodology being deployed towards conventional and unconventional production within the Company's operating areas;
- Uncertainty and volatility relating to crude oil prices and price differentials between crude oil streams and blending agents;
- Increased crude oil production on-shore in North America, including from the Canadian oil sands and a return to more normal activity levels in the U.S. Gulf Coast; and
- Expansion of the midstream infrastructure in North America to handle increased production and expansion of capacity in the U.S. refining complex to handle heavier crude oil from the WCSB.

The Company believes the collective impact of these trends and developments, many of which are beyond the Company's control, will result in an increasingly volatile crude oil market that is subject to more frequent short-term swings in market prices and grade differentials and shifts in market structure.

Acquisitions and internal growth projects

The following table summarizes the Company's capital expenditures for internal growth projects, acquisitions and upgrade and replacement capital (in thousands):

	Three months ended March 31,	
	2013	**2012**
Internal growth projects	$ 34,205	$ 33,050
Upgrade and replacement capital[1]	12,455	8,979
	$ 46,660	$ 42,029

(1) Upgrade capital above includes improvement projects that extend the physical life of an asset, while replacement capital includes purchases that replace existing assets as necessary to maintain current service levels or replace assets that no longer have a useful economic life.

Total capital expenditures for internal growth projects and upgrade and replacement capital were $46.7 million and $42.0 million in the three months ended March 31, 2013 and 2012, respectively. In the three months ended March 31, 2013 and 2012, $45.1 million and $41.8 million, respectively, were included as additions to property, plant and equipment and $1.6 million and $0.2 million, respectively, were included as additions to intangible assets.

Internal growth projects

The following table summarizes the Company's capital expenditures for internal growth projects by segment (in thousands):

	Three months ended March 31,	
	2013	**2012**
Terminals and Pipelines[1]	$ 11,280	$ 13,177
Truck Transportation[2]	4,062	11,782
Environmental Services[3]	13,030	-
Propane and NGL Marketing and Distribution[4]	2,004	1,641
Processing and Wellsite Fluids[5]	3,744	6,368
Other	85	82
Total	$ 34,205	$ 33,050

(1) Expenditures in the three months ended March 31, 2013 relate to a number of key construction and expansion projects including the costs relating to the expansion on the east side of the Hardisty Terminal.

(2) Largely represents the ongoing addition of rolling stock to meet demand growth in key market areas in Canada.

(3) Expenditures in the three months ended March 31, 2013 relate to the expansion of salt water disposal and treating facilities, and the addition of equipment and rolling stock.

(4) Mainly represents the ongoing addition of trucks, tanks and generators to meet growing demand in key market areas.

(5) Expenditures in the three months ended March 31, 2013 largely relate to the expansion of a storage and railcar facility in Sexsmith, Alberta.

Acquisitions

During the three months ended March 31, 2013 and 2012, the Company did not complete any acquisitions but continues to evaluate opportunities as they arise.

Seasonality

The Company believes that seasonality does not have a material impact on its combined operations and segments. However, certain of the Company's individual segments are impacted by seasonality. Generally, the Company's second quarter results are impacted by road bans and other restrictions which impact overall activity levels in the WCSB, and therefore negatively impact the Company's trucking, propane and wellsite fluids business in Canada and certain operations within Environmental Services in the United States.

Within the Company's Processing and Wellsite Fluids segment, certain products are impacted by seasonality. Canadian road asphalt activity is affected by the impact of weather conditions on road construction. Refineries produce liquid asphalt year round, but road asphalt demand peaks during the summer months when most of the road construction activity in Canada takes place. In the off peak demand months for road asphalt, the demand for roofing flux continues. Demand for wellsite fluids is dependent on overall well drilling activity, with drilling activity normally the busiest in the winter months. As a result, the Company's Processing and Wellsite Fluids segment's sales of road asphalt peak in the summer and sales of wellsite fluids peak in the winter.

The Company's Propane and NGL Marketing and Distribution segment is characterized by a high degree of seasonality driven by the impact of weather on the need for heating and the amount of propane required to produce power for oil and gas related applications. Therefore, volumes are low during the summer months relative to the winter months. Operating profits are also considerably lower during the summer months. Most of the annual segment profit is earned from October to March each year.

Within the Company's Environmental Services segment, certain services and geographical regions are impacted by seasonality including the impact of weather and daylight hours. Due to exposure to weather, activity is generally the lowest in the winter months and shorter daylight hours during the winter months also result in lower overall service activity. The business is also impacted by the timing of capital expenditure cycles of oil and gas companies. As a result, revenue and operating profit during the fourth calendar quarter and the first calendar quarter of each year typically are lower than the second and third quarters.

SEGMENTED RESULTS OF OPERATIONS

The Company's senior management evaluates segment performance based on a variety of measures depending on the particular segment being evaluated, including profit, volumes, operating expenses, profit per barrel and upgrade and replacement capital requirements. The Company defines segment profit as revenues less cost of sales and operating expenses. Revenues presented by segment in the table below include inter-segment revenue, as this is considered more indicative of the level of each segment's activity. Profit by segment excludes depreciation, amortization, accretion, impairment charges, stock based compensation and corporate expenses, as senior management looks at each period's earnings before corporate expenses and non-cash items such as depreciation, amortization and stock based compensation, as one of the Company's important measures of segment performance.

In the first quarter of 2013, the Company combined its Canadian and United States Environmental Services businesses and as a result realigned its Canadian custom treating and terminal facilities business from the Terminals and Pipelines segment to the Environmental Services segment. Accordingly, results of operations for the current and comparative periods have been reclassified to reflect the realignment.

The following is a discussion of the Company's segmented results of operations for the three months ended March 31, 2013 and 2012 and the following table sets forth revenue and profit by segment for those periods:

	Three months ended March 31,	
	2013	2012
	(in thousands)	
Segment revenue		
Terminals and Pipelines	$ 30,635	$ 26,900
Truck Transportation	132,552	128,709
Environmental Services	74,145	11,428
Propane and NGL Marketing and Distribution	282,992	286,204
Processing and Wellsite Fluids	144,423	143,556
Marketing	1,208,039	917,227
Total segment revenue	1,872,786	1,514,024
Revenue—inter-segmental	(309,775)	(219,096)
Total revenue—external	1,563,011	1,294,928
Segment profit		
Terminals and Pipelines	22,742	19,389
Truck Transportation	20,679	19,362
Environmental Services	16,935	3,664
Propane and NGL Marketing and Distribution	19,465	15,334
Processing and Wellsite Fluids	17,658	10,729
Marketing	29,489	9,956
Total segment profit	126,968	78,434
General and administrative	8,011	6,817
Depreciation and amortization	42,653	27,887
Stock based compensation	1,625	852
Foreign exchange loss (gain)	2,697	(15,388)
Net interest expense	11,552	11,138
Gain on financial instruments relating to interest expense	(808)	(4,023)
Income before income tax	61,238	51,151
Income tax provision	15,510	11,114
Net income	$ 45,728	$ 40,037

The exclusion of depreciation and amortization expense could be viewed as limiting the usefulness of segment profit as a performance measure because it does not take into account, in current periods, the implied reduction in value of the Company's capital assets (such as rolling stock, crude oil pipelines, plant and equipment) caused by aging and wear and tear. Repair and maintenance expenditures that do not extend the useful life, improve the efficiency or expand the operating capacity of the asset are charged to operating expense as incurred.

The Company's segment analysis involves an element of judgment relating to the allocations between segments. Inter-segment sales, cost of sales and operating expenses are eliminated on consolidation. Transactions between segments and within segments are valued at prevailing market rates. The Company believes that the estimates with respect to these allocations and rates are reasonable.

Terminals and Pipelines

The following tables set forth the operating results from the Company's Terminals and Pipelines segment:

Volumes (barrels in thousands)	Three months ended March 31, 2013	2012
Terminals		
Hardisty Terminal	38,323	30,934
Edmonton Terminal	4,376	6,133
Injection stations	10,131	10,552
Total terminals	52,830	47,619
Pipelines		
Bellshill pipeline	447	481
Provost pipeline	1,603	1,724
Total pipelines	2,050	2,205
Total terminals and pipelines	54,880	49,824

	Three months ended March 31, 2013	2012
	(in thousands)	
Revenues	$ 30,635	$ 26,900
Operating expenses and other	7,893	7,511
Segment profit	$ 22,742	$ 19,389

Three months ended March 31, 2013 and 2012.

Volumes, revenues and cost of sales. Hardisty Terminal volumes increased by 24% in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 as a result of increased throughput volumes from customers with dedicated tank usage and increased volumes from the Company's Marketing segment. Revenue at the Hardisty Terminal increased by $3.4 million in the three months ended March 31, 2013 compared to the three months ended March 31, 2012. The increase in revenue was mainly due to the increase in volume and the additional revenue from customers with dedicated tank usage that are subject to minimum volume charges, including impact of the new tanks at the west side of the Hardisty Terminal that were commissioned in late 2012.

Edmonton Terminal volumes decreased by 29% in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 mainly due to a decrease in diesel shipments through the terminal from a customer that is subject to minimum volume charges. Although volumes at Edmonton Terminal decreased, revenues were unchanged in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 as a result of the impact of minimum volume and fixed fee arrangements.

Injection station volumes decreased by 4% in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 due to an increase in customers using rail cars. Despite the overall decrease in volumes, revenue increased by $0.3 million in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 primarily due to increased rates at new stations**.**

Volumes for the Company's Bellshill pipeline decreased by 7% in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 due to a decrease in receipts from oil production batteries that produce into the pipeline. Despite the decrease in volumes, revenue in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 remained relatively stable as a result of an increase in tariff.

Volumes for the Company's Provost pipeline declined by 7% in the three months ended March 31, 2012 compared to the three months ended March 31, 2012 due to a decrease in receipts from oil production batteries that produce into the pipeline. However, tariff increases led to revenue remaining relatively stable in the three months ended March 31, 2013 compared to the three months ended March 31, 2012.

Operating expenses and other. Overall operating expenses and other costs increased by $0.4 million, or 5%, in the three months ended March 31, 2013 compared to the three months ended March 31, 2012. The increase was largely related to the increase in payroll related costs in the three months ended March 31, 2013 compared to the three months ended March 31, 2012.

Segment profit. Overall, segment profit in the three months ended March 31, 2013 increased by $3.4 million, or 17%, compared to the three months ended March 31, 2012. The increase was primarily due to an overall increase in volumes and the impact of an additional customer with dedicated tank usage that is subject to minimum volume charges.

Truck Transportation

The following tables set forth the operating results from the Company's Truck Transportation segment:

	Three months ended March 31,	
Volumes (barrels in thousands)	**2013**	**2012**
Barrels hauled	36,972	38,503

	Three months ended March 31,	
	2013	**2012**
	(in thousands)	
Revenues	$ 132,552	$ 128,709
Cost of sales	85,880	89,143
	46,672	39,566
Operating expenses and other	25,993	20,204
Segment profit	$ 20,679	$ 19,362

Three months ended March 31, 2013 and 2012.

Volumes, revenues and cost of sales. For the three months ended March 31, 2013, barrels hauled decreased by 4% compared to the three months ended March 31, 2012 mainly due to poor weather conditions in both Canada and the United States partially offset by the impact of acquisitions completed in 2012.

Despite the decrease in volumes, revenues increased 3% in the three months ended March 31, 2013 as compared to the three months ended March 31, 2012, mainly due to the impact of increases in hauling rates and service related charges.

Cost of sales is primarily comprised of payments to owner-operators and lease operators. Cost of sales decreased by 4% in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 due to the decrease in volumes. Despite the increase in revenue, cost of sales decreased mainly due to strong market demand in certain areas allowing for the ability to earn higher margins and also due to impact of increased service related revenue.

Operating expenses and other. Overall operating expenses and other costs increased by $5.8 million, or 29%, in the three months ended March 31, 2013 compared to the three months ended March 31, 2012, mainly due to the impact of additional costs incurred relating to the acquisitions completed in 2012 and also increased payroll related costs and maintenance costs.

Segment profit. Segment profit increased by $1.3 million, or 7%, in the three months ended March 31, 2013 compared to the three months ended March 31, 2012, largely as a result of the acquisitions completed in 2012.

Environmental Services

The following tables set forth operating results from the Company's Environmental Services segment:

	Three months ended March 31, 2013	2012
	(in thousands)	
Revenues		
Environmental services and fluid handling	$ 48,072	$ 11,428
Production services	17,040	-
Exploration support services	5,674	-
Accommodations	3,359	-
Total revenues	74,145	11,428
Cost of sales	44,128	2,168
Operating expenses and other	13,082	5,596
Segment profit	$ 16,935	$ 3,664

Revenues and cost of sales. The Environmental Services segment was formed in late 2012 as a result of the acquisition of OMNI on October 31, 2012. The Environmental Services segment is primarily involved in providing environmental services and fluid handling, production services and other complementary services to oil and gas companies in the United States and Canada. Environmental services and fluid handling operations primarily include transportation, disposal and processing of drilling and production waste such as fluids and cuttings and emulsion treating facilities. Production services provides critical services to oil and gas companies that ensure uptime and consistent operation of producing wells including the inspection and repair of above-ground well-pumping units. Other complementary services include exploration support services that provide exploratory drilling services to geophysical companies and accommodations that provide winterized mobile housing units and services for oilfield personnel at the drill or production site.

Revenue increased by $62.7 million in the three months ended March 31, 2013 as compared to the three months ended March 31, 2012 mainly due to the impact of the acquisition of OMNI that was completed on October 31, 2012. The increase was also due to increased volumes at the Company's Canadian custom treating and terminal facilities. As a result of the increase in revenue, cost of sales increased by $42.0 million in the three months ended March 31, 2013 as compared to the three months ended March 31, 2012. Cost of sales primarily consists of payroll related costs, equipment repairs and maintenance, spare parts and fuel related costs.

Operating expenses and other. As a result of the OMNI acquisition, operating costs increased by $7.5 million in the three months ended March 31, 2013 as compared to the three months ended March 31, 2012. Operating costs largely relate to payroll costs and other administrative costs that specifically relate to the segment.

Segment profit. Segment profit increased by $13.3 million in the three months ended March 31, 2013 as compared to March 31, 2012, largely as a result of the impact of the OMNI acquisition.

Propane and NGL Marketing and Distribution

The following tables set forth operating results from the Company's Propane and NGL Marketing and Distribution segment:

Volumes	Three months ended March 31, 2013	2012
Sales volumes—retail (litres in thousands)		
Residential	7,753	6,880
Oil and gas	63,440	55,237
Commercial and industrial	36,295	23,809
Automotive	4,084	4,307
Other	5,587	5,042
	117,159	95,275
Sales volumes—wholesale (barrels in thousands)		
Propane	1,550	1,602
Other NGLs		
Butane	544	463
Condensate	390	164
U.S. operations	1,025	951
	1,959	1,578

	Three months ended March 31, 2013	2012
	(in thousands)	
Revenues		
Retail		
Propane	$ 49,226	$ 48,393
Other	7,445	5,207
Total retail	56,671	53,600
Wholesale		
Propane	70,332	81,173
Other NGLs	155,989	151,431
Total wholesale	226,321	232,604
Total revenues	282,992	286,204
Cost of sales		
Retail		
Propane	29,111	29,762
Other	698	554
Total retail	29,809	30,316
Wholesale		
Propane	68,834	78,109
Other NGLs	149,502	149,348
Total wholesale	218,336	227,457
Total cost of sales	248,145	257,773
Gross Margin		
Retail	26,862	23,284
Wholesale	7,985	5,147
Total gross margin	34,847	28,431
Operating expenses and other	15,382	13,097
Segment profit	$ 19,465	$ 15,334

Three months ended March 31, 2013 and 2012.

Volumes, revenues and cost of sales. Retail volumes increased 23% in the three months ended March 31, 2013 compared to the three months ended March 31, 2012. The increase was driven by increased volumes in the oil and gas market as a result of continued strong demand from key customers. Further, the residential and commercial and industrial markets volumes increased as a result of colder weather conditions and increased commercial construction activities in Alberta and Saskatchewan. In addition, the increase in these sectors was also due to the positive impact of the acquisitions completed in 2012. Offsetting this increase was a decrease in the automotive markets which has been experiencing a slow, steady decline for several years as propane is not the preferred fuel choice.

Retail propane revenues increased 2% in the three months ended March 31, 2013 as compared to the three months ended March 31, 2012, as a result of higher sales volumes offset in part by lower rack prices. Other retail revenue relates to equipment sales, service labour and rental and delivery charges. Other retail revenue increased by 43% in the three months ended March 31, 2013 compared to the three months ended March 31, 2012, largely due to an increase in the Company's investment in related equipment and the impact of the acquisitions completed in 2012**.**

Wholesale propane volumes decreased by 3% in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 primarily due to lower demand from a major customer. Wholesale propane revenues decreased by 13% in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 due to the impact of both lower volumes and lower wholesale propane rack prices.

Wholesale other NGLs volumes increased by 24% in the three months ended March 31, 2013 as compared to the three months ended March 31, 2012, primarily as a result of higher demand from internal and external customers as favorable pricing impacted blending programs. As a result of the increase in volumes, other NGLs revenues increased by 3% in the three months ended March 31, 2013 as compared to the three months ended March 31, 2012, partially offset by lower commodity prices.

Retail margin increased 15% in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 primarily due to the impact of higher retail propane volumes and increased other income. This was partially offset by a decrease in retail propane margins per litre due to higher rack prices relative to market sales prices. Wholesale margins increased 55% in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 primarily due to more favorable pricing conditions in other NGLs marketing business partially offset by the impact of lower wholesale propane volumes and prices.

Operating expenses and other. Overall operating expenses and other costs increased by $2.3 million, or 17%, in the three months ended March 31, 2013 compared to the three months ended March 31, 2012, primarily due to an increase in payroll related costs in both retail and wholesale due in part to the impact of acquisitions completed in second half of 2012.

Segment profit. The Propane and NGL Marketing and Distribution segment profit increased in the three months ended March 31, 2013 by $4.1 million, or 27%, compared to the three months ended March 31, 2012, as a result of the increase in both retail and wholesale margins.

Processing and Wellsite Fluids

The following tables set forth operating results from the Company's Processing and Wellsite Fluids segment:

Volumes (barrels in thousands)	Three months ended March 31, 2013	2012
Roofing flux	550	496
Frac fluid	120	187
Distillate	233	182
Tops	501	393
Other	42	15
Total sales volumes	1,446	1,273

	Three months ended March 31, 2013	2012
	(in thousands)	
Revenues		
Roofing flux	$ 49,328	$ 51,331
Frac fluid	13,870	27,143
Distillate	32,410	28,070
Tops	42,587	34,622
Other	6,228	2,390
Total revenues	144,423	143,556
Cost of sales	121,634	128,708
Operating expenses and other	5,131	4,119
Segment profit	$ 17,658	$ 10,729

Three months ended March 31, 2013 and 2012.

Volumes, revenues and cost of sales. Sales volumes for roofing flux increased by 11% in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 as a result of increased demand in the United States and increased throughput at the processing facility. There were no sales of road asphalt in either the three months ended March 31, 2013 or 2012, as the Canadian paving season did not start until later in each year. Despite the increase in volumes, roofing flux revenue decreased by 4% in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 due to the impact of lower selling prices.

Frac fluid volumes decreased 36% in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 largely due to lower demand as a result of lower natural gas drilling activity in the three months ended March 31, 2013. As a result of lower volumes and also due to lower selling prices, frac fluid revenues decreased by 49% in the three months ended March 31, 2013 compared to the three months ended March 31, 2012.

Sales volumes for distillate increased 28% in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 largely due to an increase in sales to customers in the United States. As a result, distillate revenues increased 15% in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 offset in part by lower overall selling prices in the market.

Tops volumes increased 27% in the three months ended March 31, 2013 as compared to the three months ended March 31, 2012 due to both the increase in volume throughput at the facility and lower frac fluid volumes resulting in the Company selling more of the light end volume as tops. Tops revenues increased by 23% due to increased volumes in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 offset in part by lower tops pricing due to overall lower crude oil prices.

Overall, volumes for the three months ended March 31, 2013 increased 14% compared to the three months ended March 31, 2012. In addition to the demand impacts discussed above, the increase was also due to certain process improvements at the processing facility that were implemented during the 2012 maintenance turnaround that increased capacity by up to 10%.

The overall cost per barrel for the basket of products sold by the Processing and Wellsite Fluids segment decreased by 17% due to the impact of both lower crude oil prices and wider crude oil price differentials.

Overall margins increased by 53% in the three months ended March 31, 2013 as compared to the three months ended March 31, 2012. The increase was largely due to increased margins for tops as a result of both the increase in volumes and the positive impact of wider crude oil differentials. In addition, roofing flux margins were positively impacted by higher product margins for the Company's straight run roofing flux and distillate margins were positively impacted by higher volumes. Offsetting these were lower overall margins for frac fluid due to lower volumes.

Operating expenses and other. Operating expenses increased by $1.0 million, or 25%, in the three months ended March 31, 2013 as compared to the three months ended March 31, 2012, primarily due to an increase in repairs and maintenance costs, environmental compliance costs and payroll related costs.

Segment profit. The Processing and Wellsite Fluids segment profit increased in the three months ended March 31, 2013 by $6.9 million, or 65%, as compared to the three months ended March 31, 2012, primarily due to higher margins for tops, roofing flux and distillate offset in part by higher operating expenses and lower margins for frac fluids.

Marketing

The following tables set forth the operating results from the Company's Marketing segment:

	Three months ended March 31,	
Volumes (barrels in thousands)	**2013**	**2012**
Sales Volumes		
Crude and diluent	24,090	17,981

	Three months ended March 31,	
	2013	**2012**
	(in thousands)	
Revenues	$ 1,208,039	$ 917,227
Cost of sales	1,176,240	904,851
Operating expenses and other	2,310	2,420
Segment profit	$ 29,489	$ 9,956

The following tables set forth the monthly average NYMEX benchmark price of crude oil (U.S. dollars):

Calendar Period	**2013**	**2012**
January	$ 94.83	$ 100.32
February	$ 95.32	$ 102.26
March	$ 92.96	$ 106.21
Average for the three months ended March 31	$ 94.37	$ 102.93

Three months ended March 31, 2013 and 2012.

Volumes, revenues and cost of sales. Sales volumes for crude and diluent increased by 34% in the three months ended March 31, 2013, due to a continued focus on bringing volumes to the Company's integrated assets. Revenue increased by 32% in the three months ended March 31, 2013 compared to three months ended March 31, 2012, primarily due to the increase in volumes partially offset by lower commodity prices.

Cost of sales in the three months ended March 31, 2013 increased 30% compared to the three months ended March 31, 2012 as a result of the increase in revenue offset in part by favorable pricing differentials between crude oil types.

Operating expenses and other. Operating expenses decreased slightly by $0.1 million, or 5%, in the three months ended March 31, 2013, compared to the three months ended March 31, 2012.

Segment profit. The Marketing segment profit increased by $19.5 million, or 196%, in the three months ended March 31, 2013 as compared to the three months ended March 31, 2012. In the three months ended March 31, 2013, margins were positively impacted by the increase in volumes, especially deliveries to the Company's terminals, including crude oil shipped via rail at the

Company's Sexsmith facility. Also, favorable pricing differentials between crude oil types existed during the period, which is generally beneficial for segment profitability, as compared to the three months ended March 31, 2012.

General and administrative, excluding depreciation and amortization

General and administrative expense ("G&A") was $8.0 million in the three months ended March 31, 2013 compared to $6.8 million in the three months ended March 31, 2012. The increase was largely driven by the continued growth of the Company resulting in an increase in payroll related costs and acquisition integration costs relating to the OMNI acquisition.

Depreciation and amortization

Depreciation and amortization expense was $42.7 million in the three months ended March 31, 2013 compared to $27.9 million in the three months ended March 31, 2012. The increase was due to the additional depreciation and amortization related to the increase in the Company's tangible assets due to capital expenditures and the OMNI acquisition.

Stock based compensation

Stock based compensation expense was $1.6 million in the three months ended March 31, 2013 compared to $0.9 million in the three months ended March 31, 2012. The increase was primarily due to the additional expense incurred from the granting of stock awards in the three months ended March 31, 2013.

Foreign exchange loss (gain) not affecting segment profit

In the three months ended March 31, 2013, the Company recorded a foreign exchange loss of $2.7 million compared to a foreign exchange gain of $15.4 million in the three months ended March 31, 2012.

The gains and losses recorded were primarily as a result of the impact of the movement in exchange rates on the Company's U.S. dollar denominated long-term debt and related financial instruments. In the three months ended March 31, 2013, a loss of $13.4 million due to the unfavorable movement in exchange rates was offset by an unrealized gain of $9.3 million related to the Company entering into U.S. dollar forward contracts to mitigate the currency risk associated with its U.S. dollar denominated long-term debt. In the three months ended March 31, 2012, a gain of $11.6 million due to the favorable movement in exchange rates was offset by an unrealized loss of $3.0 million related to the Company entering into U.S. dollar forward contracts to mitigate the currency risk associated with its U.S. dollar denominated long-term debt. In addition, the Company also recorded an unrealized gain of $7.8 million related to the Company's U.S. dollar forward call options in the three months ended March 31, 2012.

Net interest expense

Net interest expense, excluding the non-cash movement in financial instruments relating to interest expense, was $11.6 million in the three months ended March 31, 2013 compared to $11.1 million in the three months ended March 31, 2012. Despite a lower interest rate on the Company's long-term debt in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 as a result of the refinancing of the Company's long-term debt in 2012, net interest expense increased in the three months ended March 31, 2013 primarily due to an increase in the amortization of debt issue costs and an increase in the letters of credit charges and commitment fees.

Financial instruments relating to interest expense

In the three months ended March 31, 2013 and 2012, the Company recorded a non-cash gain of $0.8 million and $4.0 million, respectively, relating to financial instruments with respect to the Company's interest expense. The gains largely relate to an embedded derivative on an interest rate floor within the Tranche B Term Loan that is required to be separated from the carrying value of long-term debt and accounted for as a separate financial instrument that is measured at fair value at each balance sheet date.

Income tax expense

Income tax expense in the three months ended March 31, 2013 was $15.5 million compared to $11.1 million in the three months ended March 31, 2012. The effective tax rate was 25.3% during the three months ended March 31, 2013 compared to a rate of 21.7% in the three months ended March 31, 2012. The main reason for the increase in the income tax expense in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 was the increase in net income before tax. The effective tax rate increased mainly due to the impact of the tax treatment of the foreign exchange gains and losses on the Company's long term-debt.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth a summary of the Company's quarterly results for each of the last eight quarters:

	Three months ended							
	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
	(in thousands)							
Revenues	$1,563,011	$1,306,235	$1,185,647	$1,126,219	$1,294,928	$1,480,784	$1,235,321	$1,207,909
Net income (loss)	45,728	36,611	30,017	9,521	40,037	32,623	(5,121)	(130,238)
EBITDA(1)	114,733	95,601	83,915	48,565	86,251	77,263	46,030	(133,012)
Adjusted EBITDA(2)	121,044	96,134	72,109	62,044	71,789	67,345	64,852	42,147
Earnings (loss) per share								
Basic	0.38	0.32	0.30	0.10	0.41	0.34	(0.05)	(1.98)
Diluted	0.37	0.32	0.29	0.09	0.40	0.33	(0.05)	(1.98)

(1) EBITDA is not a measure recognized under IFRS and does not have standardized meanings prescribed by IFRS. EBITDA consists of net income (loss) before interest expense, income taxes, depreciation, and amortization.

(2) Adjusted EBITDA is defined as consolidated net income (loss) before interest expense, income taxes, depreciation, amortization, other non-cash expenses and charges deducted in determining consolidated net income (loss), including movement in the unrealized gains and losses on the Company's financial instruments, stock based compensation expense, impairment of goodwill and intangible assets, and non-cash inventory or asset impairment charges. It also takes into account the impact of foreign exchange movements in the Company's U.S. dollar denominated long-term debt, management fees, debt extinguishment costs and adjustments that are considered non-recurring in nature.

The Company presents EBITDA because it considers it to be an important supplemental measure of the Company's performance and believes this measure is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures. EBITDA has limitations as an analytical tool, and readers should not consider this item in isolation, or as a substitute for an analysis of the Company's results as reported under IFRS. Some of these limitations are:

- EBITDA:
  - excludes certain income tax payments that may represent a reduction in cash available to the Company;
  - does not reflect the Company's cash expenditures, or future requirements, for capital expenditures or contractual commitments;
  - does not reflect changes in, or cash requirements for, the Company's working capital needs; and
  - does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments on the Company's debt, including the Tranche B Term Loan and Revolving Credit Facility;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and EBITDA does not reflect any cash requirements for such replacements; and
- Other companies in the industry may calculate EBITDA differently than the Company does, limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to the Company to invest in the growth of the Company's business. The Company compensates for these limitations by relying primarily on the Company's IFRS results and using EBITDA only supplementally. The following table reconciles consolidated net income (loss) to EBITDA:

	2013	2012				2011		
		Three months ended						
	March 31	December 31	September 30	June 30	March 31	December 31	September 30	June 30
	(in thousands)							
Net income (loss)	$ 45,728	$ 36,611	$ 30,017	$ 9,521	$ 40,037	$ 32,623	$ (5,121)	$ (130,238)
Depreciation and amortization	42,653	39,171	30,848	28,705	27,887	25,928	24,605	26,178
Interest expense[(1)]	10,842	8,917	14,362	8,916	7,213	11,646	22,897	21,265
Income tax provision (recovery)	15,510	10,902	8,688	1,423	11,114	7,066	3,649	(50,217)
EBITDA	$ 114,733	$ 95,601	$ 83,915	$ 48,565	$ 86,251	$ 77,263	$ 46,030	$ (133,012)

(1) Interest expense includes the impact of the change in net unrealized gains or losses attributable to movement in the mark-to-market valuation of financial instruments relating to interest expense.

Adjusted EBITDA and Pro Forma Adjusted EBITDA are presented in the table below because the Company believes it facilitates investors' use of operating performance comparisons from period to period and company to company by backing out potential differences caused by variations in capital structures (affecting relative interest expense and foreign exchange differences on the Company's long-term debt), the book amortization of intangibles (affecting relative amortization expense) and the age and book value of property, plant and equipment (affecting relative depreciation expense). The Company also presents Adjusted EBITDA and Pro Forma Adjusted EBITDA because it believes it is frequently used by securities analysts, investors and other interested parties as a measure of financial performance. Adjusted EBITDA and Pro Forma Adjusted EBITDA as presented herein are not recognized measures under IFRS and should not be considered as an alternative to operating income or net income as measures of operating results or an alternative to cash flows as measures of liquidity. Adjusted EBITDA differs from the term EBITDA as it is commonly used. Adjusted EBITDA is defined as consolidated net income (loss) before interest expense, income taxes, depreciation, amortization, other non-cash expenses and charges deducted in determining consolidated net income (loss), including movement in the unrealized gains and losses on the Company's financial instruments, stock based compensation expense, impairment of goodwill and intangible assets, and non-cash inventory or asset writedowns. It also takes into account the impact of foreign exchange movements in the Company's U.S. dollar denominated long-term debt, management fees, debt extinguishment costs and other adjustments that are considered non-recurring in nature. Pro Forma Adjusted EBITDA differs from the term Adjusted EBITDA in that it also includes the pro forma effect of acquisitions that took place in each fiscal year as if the acquisitions took place at the beginning of the fiscal year in which such acquisition occurred. Pro Forma Adjusted EBITDA is also used in calculating the Company's covenant compliance under the Tranche B Term Loan and Revolving Credit Facility.

The Company's calculation of Adjusted EBITDA and Pro Forma Adjusted EBITDA may not be comparable to such calculations used by other companies. In calculating Pro Forma Adjusted EBITDA, the Company makes certain adjustments that are based on assumptions and estimates that may prove to have been inaccurate. In addition, in evaluating Adjusted EBITDA and Pro Forma Adjusted EBITDA, readers should be aware that in the future the Company may incur expenses similar to those eliminated in the presentation herein.

The following tables reconcile EBITDA to Adjusted EBITDA for each of the last eight quarters and Pro Forma Adjusted EBITDA for the twelve months ended March 31, 2013 and 2012:

	Three months ended				Twelve months ended
	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2013
			(in thousands)		
EBITDA	$ 114,733	$ 95,601	$ 83,915	$ 48,565	$ 342,814
Unrealized foreign exchange loss (gain) on long-term debt [(a)]	13,354	7,244	(22,953)	12,862	10,507
Net unrealized loss (gain) from financial instruments [(b)]	(8,668)	(2,838)	8,636	(472)	(3,342)
Share based compensation [(c)]	1,625	1,150	804	1,050	4,629
Acquisition related costs (credit) [(d)]	-	(5,023)	1,707	39	(3,277)
Adjusted EBITDA	$ 121,044	$ 96,134	$ 72,109	$ 62,044	$ 351,331
Pro forma impact of acquisitions [(h)]					47,247
Pro Forma Adjusted EBITDA					$ 398,578

	Three months ended				Twelve months ended
	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2012
			(in thousands)		
EBITDA	$ 86,251	$ 77,263	$ 46,030	$ (133,012)	$ 76,532
Unrealized foreign exchange loss (gain) on long-term debt[(a)]	(11,577)	(14,198)	48,488	(4,200)	18,513
Net unrealized loss (gain) from financial instruments[(b)]	(3,737)	18,576	(30,637)	8,536	(7,262)
Share based compensation [(c)]	852	1,590	971	4,517	7,930
Acquisition related costs [(d)]	-	1,014	-	-	1,014
Gain on remeasurement of interest in equity investment [(e)]	-	(16,900)	-	-	(16,900)
Management fee[(f)]	-	-	-	250	250
Debt extinguishment costs [(g)]	-	-	-	166,056	166,056
Adjusted EBITDA	$ 71,789	$ 67,345	$ 64,852	$ 42,147	$ 246,133
Pro forma impact of acquisitions [(h)]					3,620
Pro Forma Adjusted EBITDA					$ 249,753

(a) *Non-cash adjustment representing the unrealized foreign exchange loss (gain) on long-term debt, as a result of the movement in exchange rates in the periods.*

(b) *Reflects the exclusion of the change in net unrealized (gains) losses attributable to movement in the mark-to-market valuation of financial instruments used in risk management activities. The Company uses crude oil and NGL priced futures, options and swaps to manage the exposure to commodities price movements and foreign currency forward contracts and options to manage foreign exchange risks, although the Company does not formally designate these financial instruments as hedges for accounting purposes. Accordingly, the unrealized gains or losses on these financial instruments are recorded directly to the income statement. Management believes that this adjustment better correlates the effect of risk management activities to the underlying operating activities to which they relate.*

(c) *Represents the non-cash stock based compensation relating to the Company's equity incentive plan.*

(d) *Represents transaction fees that were expensed in connection with acquisitions made by the Company. In addition, in the three months ended December 31, 2012, the Company realized a gain of $6.3 million on the settlement of foreign currency forward contracts which were entered into to minimize the effect of foreign exchange fluctuations on the U.S. dollar purchase price of OMNI.*

(e) *Reflects a gain on the remeasurement to fair value of the Company's 39% equity interest in Palko held prior to the acquisition of Palko.*

(f) *Reflects an adjustment for the management fee payable to, Riverstone Holdings LLC ("Riverstone") who was the significant shareholder of the Company prior to the Company's initial public offering. The management fee agreement was terminated in connection with the Company's initial public offering.*

(g) *In connection with the refinancing of the Company's long-term debt, the Company recorded $166.1 million of debt extinguishment costs.*

(h) *Reflects the pro forma impact of acquisitions on the Company's Pro Forma Adjusted EBITDA as if the acquisitions that took place in the twelve months occurred on April 1 of each twelve month period.*

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary liquidity and capital resource needs are to fund ongoing capital expenditures, growth opportunities and acquisitions and to fund its targeted dividend level. In addition, the Company must service its debt, including interest payments and finance working capital needs. The Company relies on its cash flow from operations, debt and equity financings and borrowings under the Company's Revolving Credit Facility for liquidity.

The Company's operating cash flow has historically been affected by the overall profitability of sales within the Company's segments, the Company's ability to invoice and collect from customers in a timely manner and the Company's ability to efficiently implement the Company's acquisition strategy and manage costs. The Company's cash, cash equivalents and cash flow from operations have historically been sufficient to meet the Company's working capital, capital expenditure and debt servicing requirements.

The following table summarizes the Company's sources and uses of funds for the three months ended March 31, 2013 and 2012:

	Three months ended March 31,	
	2013	**2012**
	(in thousands)	
Statement of Cash Flows		
Cash flows provided by (used in):		
Operating activities	$ 87,966	$ 64,641
Investing activities	(39,220)	(34,655)
Financing activities	(64,400)	(20,203)

Cash provided by operating activities

The primary drivers of cash flow from operating activities are the collection of amounts related to sales of crude oil, propane, NGLs, asphalt and other products and fees for services provided associated with the Company's Truck Transportation, Terminals and Pipelines and Environmental Services segments. Offsetting these collections are payments for purchases of crude oil and other products and other expenses. These other expenses primarily consist of owner-operator and lease operator payments for the provision of contract trucking services, field operating expenses and administrative G&A expenses. Historically, the Marketing and the Processing and Wellsite Fluids segments have been the most variable with respect to generating cash flows due to the impact of crude oil price levels and the volatility that price changes and crude oil grade basis changes have on the cash flows and working capital requirements of these segments.

Cash provided by operations in the three months ended March 31, 2013 was $88.0 million compared to $64.6 million in the three months ended March 31, 2012. The increase was primarily attributable to an increase in overall segment profitability in the three months ended March 31, 2013 compared to the three months ended March 31, 2012. In addition, the net outflow from trade receivables and payables was $33.1 million in the three months ended March 31, 2013, compared to an outflow of $42.4 million in the three months ended March 31, 2012. The increase was offset in part by inventory decreasing by $8.9 million in the three months ended March 31, 2013, compared to a decrease in inventory of $35.9 million in the three months ended March 31, 2012. In addition, the Company paid income taxes of $14.1 million in the three months ended March 31, 2013 compared to a refund of $0.6 million in the three months ended March 31, 2012. The amount paid in the three months ended March 31, 2013 includes income tax payments of $28.1 million that were offset by a refund of income tax assessments of $14.0 million that were subject to audit. For 2013, the Company's income tax payments will include approximately $14.4 million relating to the transitional impact of the elimination of the partnership deferral from prior years.

Cash used in investing activities

Cash used in investing activities consists primarily of expenditures for capital projects and business acquisitions.

Cash used in investing activities was $39.2 million in the three months ended March 31, 2013 compared to $34.7 million in the three months ended March 31, 2012. The change in cash used in investing activities was due largely to increase in capital expenditures in the three months ended March 31, 2013 compared to the three months ended March 31, 2012. For a summary of capital expenditures and acquisitions, see "Acquisitions and internal growth projects" included in this MD&A.

Cash used in financing activities

Cash used in financing activities was $64.4 million in the three months ended March 31, 2013 compared to $20.2 million in the three months ended March 31, 2012. The increase was largely due to the repayment of the Company's credit facility in the three months ended March 31, 2013 and an increase in dividends paid. In the three months ended March 31, 2013, the Company repaid $32.4 million net on the Company's credit facilities, paid net cash dividends of $22.4 million, paid interest of $8.7 million, repaid $1.7 million on the Company's long-term debt and received proceeds of $0.6 million on the exercise of stock options. In the three months ended March 31, 2012, the Company paid net cash dividends of $11.7 million, paid interest of $11.5 million, repaid $1.6 million on the Company's long-term debt and received proceeds of $4.9 million on the exercise of stock options.

Liquidity sources, requirements and contractual cash requirements and commitments

The Company believes that cash on hand, together with cash from operations and borrowings under the Revolving Credit Facility, will be adequate to meet its working capital needs, upgrade and replacement capital expenditures, currently sanctioned growth capital projects, debt service, targeted dividend level and other cash requirements for at least the next twelve months. With respect to potential internal growth projects, the Company may raise additional debt in 2013 to enable the Company to finance these projects. At March 31, 2013, the Company had unrestricted cash of $45.2 million and $303.7 million available under the Revolving Credit Facility.

The Company's ability to make scheduled payments of principal and interest on the Company's indebtedness, to pay targeted dividends and to fund the Company's other liquidity requirements will depend on the Company's ability to generate cash in the future. In the three months ended March 31, 2013, the Company declared a dividend of $0.275 per share for a total dividend of $33.3 million, of which $24.4 million was paid in cash on April 17, 2013 with the remainder of the dividend being settled with the issuance of common shares to shareholders participating in the Company's dividend reinvestment plan ("DRIP"). The declaration of dividends is considered on a quarterly basis and is at the sole discretion of the Board and will be determined on the basis of earnings, financial requirements for operations and a solvency calculation.

Capital expenditures amounted to $46.7 million in the three months ended March 31, 2013. At March 31, 2013, the Company has identified and approved upgrade and replacement capital and internal growth projects, excluding acquisitions, of $467.7 million that the Company expects to undertake over the next 12 to 24 months. While the Company anticipates that these capital expenditures and acquisitions will occur, they are subject to general economic, financial, competitive, legislative, regulatory and other factors, some of which are beyond the Company's control.

In addition to anticipated capital expenditures, the Company may engage in additional strategic acquisitions and capital expenditures as opportunities arise that benefit the Company's existing operations by expanding the Company's reach in existing markets or by providing platforms with which to enter new markets. Any such acquisition or capital expenditure could be material and could have a material effect on the Company's liquidity, cash flows and capital commitments and resources. Any future acquisitions, capital expenditures or other similar transactions may require additional capital and there can be no assurance that such capital will be available to the Company on acceptable terms, or at all.

As of March 31, 2013, the Company had total outstanding long-term debt, excluding debt issuance costs, of U.S.$643.5 million. The Tranche B Term Loan expires on June 15, 2018, and accrues interest at the option of the Company at a rate equal to LIBOR plus 3.75%, subject to a minimum Adjusted LIBOR interest rate floor of 1.0% or base rate plus 2.75%, subject to a minimum base rate interest rate floor of 2.0%. The Tranche B Term Loan is repayable in equal quarterly installments of U.S.$1.6 million, 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 quarterly net excess cash flow subject to certain ratios and the disposition of assets in excess of U.S.$10.0 million in any given year, where such proceeds are not reinvested into capital assets within specified time periods. To date no incremental repayments of principal have been made. Additionally, the Company has a Revolving Credit Facility of up to U.S.$375.0 million, the proceeds of which are available to provide financing for working capital and other general corporate purposes. 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 a change in the Company's corporate credit rating. In addition, the Company must pay a commitment fee of 0.5%, on the unused portion of the Revolving Credit Facility which can decrease based on an upgrade to the Company's corporate credit rating as determined by recognized credit rating agencies. At March 31, 2013, the Company had no amounts drawn against the Revolving Credit Facility, had no restricted cash and had issued letters of credit totaling $77.2 million. The Tranche B Term Loan and Revolving Credit Facility are secured, on a pari-passu basis, by substantially all of the Company's property, plant and equipment, intangible assets and current assets, including inventory and trade receivables and are guaranteed by substantially all of the Company's existing wholly owned subsidiaries.

The terms of the Company's Tranche B Term Loan and Revolving Credit Facility require the Company to maintain a "Senior Secured Leverage Ratio" of no greater than 5.0 to 1.0 and an "Interest Coverage Ratio" of not less than 2.5 to 1.0. The Senior Secured Leverage Ratio will become more restrictive over the term of the Tranche B Term Loan as the Senior Secured Leverage Ratio will decrease to 4.5 to 1.0 on June 15, 2013 and to 4.0 to 1.0 on June 15, 2015 for the remainder of the term. As of March 31, 2013, the Company was in compliance with the financial ratios with the Senior Secured Leverage Ratio at 1.5 to 1.0 and the Interest Coverage Ratio at 11.9 to 1.0. If the Company fails to comply with the financial covenants, the lenders may declare an event of default. An event of default resulting from a breach of a financial covenant may result, at the option of lenders holding a majority of the loans, in an acceleration of repayment of the principal and interest outstanding and a termination of the Revolving Credit Facility, and could result in an acceleration of amounts due and payable under the Tranche B Term Loan.

The Tranche B Term Loan and Revolving Credit Facility also contain non-financial covenants that restrict some of the Company's activities, including the Company's ability to dispose of assets, incur additional debt, pay dividends, create liens, make investments and engage in specified transactions with affiliates. The Tranche B Term Loan and Revolving Credit Facility also contain customary events of default, including defaults based on events of bankruptcy and insolvency, non-payment of principal, interest or fees when due, subject to specified grace periods, breach of specified covenants, change in control and material inaccuracy of representations and warranties. As of March 31, 2013, the Company was in compliance with all of its covenants under the Tranche B Term Loan and Revolving Credit Facility.

Contingencies

The Company is currently undergoing various income tax related and excise tax audits. While the final outcome of such audits cannot be predicted with certainty, the Company believes 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") on December 12, 2008, Hunting has indemnified the Company for any income taxes as a result of these audits relating to periods prior to the acquisition date.

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 and environmental remediation. Estimates of asset retirement obligation and environmental remediation 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. The Company 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.

Contractual obligations

In the normal course of business, the Company is obligated to make future payments. These obligations represent contracts and other commitments that are known and non-cancellable. Refer to the Company's 2012 Annual MD&A, which summarizes contractual obligations as at December 31, 2012. At March 31, 2013, the Company did not have any additional material contractual obligations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a material current or future effect on the Company's financial condition, revenues or expenses, results of operations, liquidity, capital expenditure or capital expenses that are material to investors.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. As at March 31, 2013, there were 120.9 million common shares outstanding and no preferred shares outstanding. In addition, under the Company's 2011 Equity Incentive Award Plan, there were an aggregate of 1.1 million restricted share units, performance share units and deferred share units outstanding and 2.0 million stock options outstanding as at March 31, 2013.

At March 31, 2013, awards available to grant under the 2011 Equity Incentive Plan were 1,303,092. Among other items, the Board has recommended to amend the 2011 Equity Incentive Plan to fix the number of common shares reserved for issuance under the plan at 10% of the common shares issued and outstanding. The amendments of the plan are subject to shareholders approval at the Company's Annual General Meeting scheduled for May 8, 2013.

As at May 3, 2013, 121.3 million common shares, 1.1 million restricted share units, performance share units and deferred share units and 2.0 million stock options were outstanding.

TRADING PRICE AND VOLUME

The Company's common shares trade on the TSX under the ticker symbol GEI. The following table sets forth the high and low sales prices per common share at the close of market, as well as total monthly trading volumes for the shares on the TSX for the periods indicated.

	Price Range		
Calendar Period	High	Low	Volume
2012			
January	$ 19.79	$ 19.25	5,167,329
February	$ 21.33	$ 19.70	6,007,057
March	$ 21.30	$ 20.46	15,794,577
April	$ 22.64	$ 20.79	6,986,425
May	$ 22.40	$ 20.89	4,777,305
June	$ 21.26	$ 20.36	5,231,716
July	$ 21.53	$ 20.14	3,489,150
August	$ 22.45	$ 20.90	3,362,637
September	$ 23.11	$ 21.24	5,822,885
October	$ 23.43	$ 22.63	6,192,086
November	$ 23.02	$ 21.82	5,301,422
December	$ 24.10	$ 22.75	6,539,945
2013			
January	$ 25.12	$ 23.45	5,069,917
February	$ 26.63	$ 24.82	6,103,245
March	$ 26.28	$ 25.05	5,666,164
April	$ 26.41	$ 24.98	5,539,034

DIVIDENDS

The Company is currently paying quarterly dividends to holders of common shares. The payment of dividends is not guaranteed, and the amount and timing of any dividends payable by Gibson will be at the discretion of the Board and will be established on the basis of Gibson's earnings, financial requirements for operations, the satisfaction of a solvency calculation and the terms of the Company's credit agreement. In addition, in connection with Company's dividend policy, after each fiscal year end the Board will formally review the annual dividend amount.

The Board has approved a DRIP that provides eligible holders of common shares with the opportunity to reinvest their cash dividends, on each dividend payment date, in additional common shares to be issued from treasury of Gibson. For the first quarter dividend of 2013, holders of approximately 25.7% of the common shares participated in the DRIP.

The Board has recommended to amend the articles of amalgamation of the Company to set forth terms and conditions pursuant to which the Company may issue common shares as a payment of all or any portion of dividends declared on the common shares for those eligible shareholders who elect to receive stock dividends instead of cash dividends. Presently, the Company has no intention of terminating the DRIP and intends that the stock dividend program and the DRIP will run simultaneously. These amendments are subject to shareholder approval at the Company's Annual General Meeting scheduled for May 8, 2013.

DISTRIBUTABLE CASH FLOW

Distributable cash flow is not a standard measure under IFRS and, therefore, may not be comparable to similar measures reported by other entities. Distributable cash flow is used to assess the level of cash flow generated from ongoing operations and to evaluate the adequacy of internally generated cash flow to fund dividends. Changes in non-cash working capital are excluded from the determination of distributable cash flow because they are primarily the result of seasonal fluctuations in product inventories or other temporary changes. Upgrade and replacement capital expenditures are deducted from distributable cash flow as they are ongoing recurring expenditures.

The following is a reconciliation of distributable cash flow to its most closely related IFRS measure, cash flow from operating activities.

	Twelve months ended March 31, 2013 (in thousands)
Cash flow from operating activities	$ 332,224
Adjustments:	
Changes in non-cash working capital	17,357
Upgrade and replacement capital	(60,012)
Interest paid	(35,142)
Current income tax	(33,662)
Distributable cash flow	$ 220,765
Dividends declared to shareholders	$ 114,592

Dividends declared in the twelve months ended March 31, 2013 were $114.6 million or 52.0% of the distributable cash flow generated in the twelve months ended March 31, 2013.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is involved in various commodity related marketing activities that are intended to enhance the Company's operations and increase profitability. These activities often create exposure to price risk between the time contracted volumes are purchased and sold and to foreign exchange risk when contracts are in different currencies (Canadian dollar versus U.S. dollar). The Company is also exposed to various market risks, including volatility in (i) crude oil, refined products, natural gas and NGL prices, (ii) interest rates and (iii) currency exchange rates. The Company utilizes various derivative instruments to manage commodity price, interest rates and currency exchange rate exposure and, in certain circumstances, to realize incremental margin during volatile market conditions. The Company's commodity trading and risk management policies and procedures are designed to establish and manage to an approved level of Value at Risk. The Company has a Risk Management Committee that has direct responsibility and authority for the Company's risk policies and the Company's trading controls and procedures and certain aspects of corporate risk management. The Company's approved strategies are intended to mitigate risks that are inherent in the Company's core businesses of gathering and marketing and storage. To hedge the risks discussed above the Company engages in risk management activities that the Company categorizes by the risks the Company is hedging and by the physical product that is creating the risk. The following discussion addresses each category of risk.

Commodity Price Risk. The Company hedges its exposure to price fluctuations with respect to crude oil, refined products, natural gas and NGLs, and expected purchases and sales of these commodities (relating primarily to crude oil, roofing flux, propane sales and purchases/sale of natural gasoline). The derivative instruments utilized consist primarily of futures and option contracts traded on the NYMEX, ICE and over-the-counter transactions, including swap and option contracts entered into with financial institutions and other energy companies. The Company's policy is to purchase only commodity products for which the Company physically transacts, and to structure the Company's hedging activities so that price fluctuations for those products do not materially affect the net cash the Company ultimately receives from its commodity related marketing activities.

Although the Company seeks to maintain a position that is substantially balanced within the Company's various commodity purchase and sales activities, the Company may experience net unbalanced positions as a result of production, transportation and delivery variances as well as logistical issues associated with inclement weather conditions.

Although the intent of the Company's risk management strategy is to hedge the Company's margin, the Company has not designated nor attempted to qualify for hedge accounting. Thus, changes in the fair values of all of the Company's derivatives are recognized in earnings, and result in greater potential for earnings volatility.

The fair value of futures contracts is based on quoted market prices obtained from the NYMEX or ICE. The fair value of swaps and option contracts is estimated based on quoted prices from various sources such as independent reporting services, industry publications and brokers. These quotes are compared to the contract price of the swap, which approximates the gain or loss that would have been realized if the contracts had been closed out at the period end. For positions where independent quotations are not available, an estimate is provided, or the prevailing market price at which the positions could be liquidated is used. No such positions existed as at March 31, 2013 and December 31, 2012. All derivative positions offset existing or anticipated physical exposures. Price-risk sensitivities were calculated by assuming 15% volatility in crude oil and NGL related prices, regardless of term or historical relationships between the contractual price of the instruments and the underlying commodity price. In the event of an increase or decrease in prices, the fair value of the Company's derivative portfolio would typically increase or decrease, offsetting changes in the Company's physical positions. A 15% favorable change would increase the Company's net income by $2.1 million and $2.4 million as of March 31, 2013 and 2012, respectively. A 15% unfavorable change would decrease the Company's net income by $2.1 million and $2.4 million as of March 31, 2013 and 2012, respectively. However, these changes may be offset by the use of one or more risk management strategies.

Interest rate risks. The Company's long-term debt accrued interest at a variable rate, subject to an interest rate floor. The amounts outstanding under the Tranche B Term Loan accrue interest at a variable rate of either, at the Company's option, Adjusted LIBOR plus 3.75%, subject to a minimum Adjusted LIBOR floor of 1.0% per annum or Base Rate plus 2.75%, subject to a minimum base interest rate floor of 2.0% per annum.

A 1% increase in interest rates would have increased cash interest expense by $0.5 million for the three months ended March 31, 2013. A 1% decrease in interest rates would not have any impact on the Company's cash interest expense for the three months ended March 31, 2013, as the change would still have resulted in the Company accruing interest at the minimum LIBOR floor rate.

The interest rate floor is considered an embedded derivative as the floor exceeded the LIBOR interest rate at the time of its origination and subsequent modification. As a result, the fair value of the interest rate floor was measured as a separate financial liability at fair value. In addition, the Company entered into a forward U.S. dollar interest rate swap which effectively fixes the interest rate on U.S.$175.0 million of the long-term debt at 5.5% until September 15, 2015. A change in interest rates would result in a change in the fair value of the Company's position in the floor and swap. As of March 31, 2013, the impact of a 1% increase in interest rates on the fair value of the floor and swap would increase the Company's net income by $8.1 million and a 1% decrease in interest rates would decrease the Company's net income by $16.5 million. As of March 31, 2012, the impact of a 1% increase in interest rates on the fair value of the floor and swap would increase the Company's net income by $9.9 million and a 1% decrease in interest rates would decrease the Company's net income by $16.6 million

Under the Revolving Credit Facility, the Company is subject to interest rate risk, as borrowings bear interest at a rate equal to, at the Company's option, either LIBOR, the lenders prime rate, the Bankers' Acceptance rate or the Above Bank Rate, plus an applicable margin based on a pricing grid. As at March 31, 2013, the Company had no amounts drawn under the Revolving Credit Facility but had amounts outstanding during the three months ended March 31, 2013 bearing interest at a rate of 2.7%.

Currency exchange risks. The Company's monetary assets and liabilities in foreign currencies are translated at the period-end rate. Exchange differences arising from this translation are recorded in the Company's statement of operations. In addition, currency exposures can arise from revenues and purchase transactions denominated in foreign currencies. Generally, transactional currency exposures are naturally hedged (i.e., revenues and expenses are approximately matched), but where appropriate, are covered using forward exchange contracts. All of the foreign currency forward exchange contracts entered into by the Company, although effective hedges from an economic perspective, have not been designated as hedges for accounting purposes, and therefore any gains and losses on such forward exchange contracts impact the Company's earnings. A 5% unfavorable change in the value of the Canadian dollar relative to the U.S. dollar would affect the fair value of the Company's outstanding forward currency contracts and would decrease the Company's net income by $2.8 million and $2.6 million as at March 31, 2013 and 2012, respectively. A 5% favorable change would increase the Company's net income by $2.8 million and $2.6 million as at March 31, 2013 and 2012, respectively. The Company expects to continue to enter into financial derivatives, primarily forward contracts, to reduce foreign exchange volatility.

Additionally, currency exposure occurs on the principal of the Company's long-term debt and the related interest payments, as they are both denominated in U.S. dollars. As at March 31, 2013, the Company had outstanding U.S. dollar denominated debt of U.S.$643.5 million. The Company has entered into U.S. dollar forward contracts expiring on September 15, 2015, on U.S.$498.0 million of the principal of the Tranche B Term Loan. The Company also sold long-dated U.S. dollar call options to offset the credit cost related to the forward contracts that expire on September 15, 2015. A 5% unfavorable change in the value of the Canadian dollar relative to the U.S. dollar would impact both the carrying value of the Company's long-term debt and the related foreign currency contracts and would decrease the Company's net income by $6.2 million and $5.8 million as at March 31, 2013 and 2012, respectively. A corresponding favorable change would increase the Company's net income by $6.2 million and $5.8 million as at March 31, 2013 and 2012, respectively.

With respect to the related interest payments on the Tranche B Term Loan, to date the Company has not entered into any foreign currency hedges. Based on the interest rate in effect at March 31, 2013, a 5% unfavorable change in the value of the Canadian dollar relative to the U.S. dollar as of March 31, 2013 would increase the Company's annual interest expense by $1.6 million. A 5% favorable change in the value of the Canadian dollar relative to the U.S. dollar as of March 31, 2013 would decrease the Company's annual interest expense by $1.6 million.

The Company is exposed to credit loss in the event of non-performance by the other party to the derivative financial instruments. The Company mitigates this risk by entering into agreements directly with a number of major financial institutions that meet the Company's credit standards and that the Company expects to fully satisfy their contractual obligations. The Company views derivative financial instruments purely as a risk management tool and, therefore, does not use them for speculative trading purposes.

ACCOUNTING POLICIES

Critical accounting policies and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions. Predicting future events is inherently an imprecise activity and, as such, requires the use of judgment. Actual results may vary from estimates in amounts that may be material to the financial statements. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the Company's consolidated financial statements. The Company's critical accounting policies and estimates are discussed in the Company's Annual 2012 MD&A dated March 5, 2013 as filed on SEDAR.

The Company adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2013. These changes were made in accordance with applicable transitional provisions.

- IFRS 7, Financial Instruments: Disclosures ("IFRS 7"), was amended to provide more extensive quantitative disclosures for financial instruments that are offset in the statement of financial position or that are subject to enforceable master netting or similar arrangements. The Company will provide additional disclosures regarding financial assets and liabilities that are offset in its 2013 annual 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. The adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries.
- 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. The adoption of IFRS 11 did not result in any changes in the accounting for its joint arrangements.
- IFRS 12, Disclosure of Interests in Other Entities (''IFRS 12'') is a 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. The adoption of IFRS 12 did not result in additional disclosures.
- 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. The adoption of IFRS 13 did not require any adjustment to the valuation techniques used by the Company to measure fair value and accordingly, did not result in any measurement adjustment as at January 1, 2013. However, the adoption of IFRS 13 resulted in a few additional disclosures.
- 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. Accordingly, the Company grouped comprehensive income items for the current and comparative period. The adoption of this amendment did not result in any adjustments to other comprehensive income or comprehensive income.
- 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 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. As required, the Company adopted these amendments retrospectively. The Company adjusted its opening equity as at January 1, 2012 to recognize previously unrecognized past service credits and accordingly, on January 1, 2012, December 31, 2012 and March 31, 2013, deficit balance was decreased by approximately $0.6 million and other-long term liabilities were decreased by $0.6 million. The impact on the Company results of operations and earnings per share were not material for the current and comparative interim periods.
- The annual improvements process addresses issues in the 2009 - 2011 reporting cycle including changes to IFRS 1, First-time adoption of International Financial Reporting Standards, IAS 1, IAS 16, 'Property plant and equipment', IAS 32, Financial Instruments: Presentation (IAS 32) and IAS 34. The adoption of these amendments did not have any material impact on the Company's condensed consolidated financial statements.

DISCLOSURE CONTROLS & PROCEDURES

During the first quarter of 2013, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting, except as noted below.

In accordance with the provisions of NI 52-109, management, including the CEO and CFO, have limited the scope of their design of the Company's disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") to exclude controls, policies and procedures of OMNI. Gibson acquired OMNI and its subsidiaries on October 31, 2012. OMNI's contribution to the Company's interim condensed consolidated financial statements for the three months ended March 31, 2013 was approximately $61.1 million of consolidated net revenues and approximately $0.1 million of consolidated income before tax. Additionally, as at March 31, 2013, OMNI's current assets and current liabilities were approximately $68.8 million and $22.9 million, respectively, and its non-current assets and non-current liabilities were approximately $468.1 million and $12.3 million, respectively. The scope limitation is primarily due to the time required for the Company's management to assess OMNI's DC&P and ICFR in a manner consistent with the Company's other operations.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words ''anticipate'', ''plan'', ''contemplate'', ''continue'', ''estimate'', ''expect'', ''intend'', ''propose'', ''might'', ''may'', ''will'', ''shall'', ''project'', ''should'', ''could'', ''would'', ''believe'', ''predict'', ''forecast'', ''pursue'', ''potential'' and ''capable'' and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A. In particular, this MD&A contains forward-looking statements pertaining to the following:

- *the addition of assets to the business and the increase in the number of services to be offered by the Company;*
- *the Company's investment in new equipment, technology, facilities and personnel;*
- *the Company's growth strategy to expand in existing and new markets;*
- *the availability of sufficient liquidity for planned growth and the potential of raising additional debt in 2013;*
- *new technology and drilling methodology being deployed towards conventional and unconventional production within the Company's operating areas;*
- *uncertainty and volatility relating to crude prices and price differentials between crude oil streams and blending agents;*
- *increased crude oil production and exploration activity on shore in North America, including from the Canadian oil sands;*
- *the expansion of midstream infrastructure in North America to handle increased production and expansion of capacity in the U.S. refining complex to handle heavier crude oil from the WCSB;*
- *the effect of competition in regions of North America and its impact on downward pricing pressure and regional crude oil price differentials among crude oil grades and locations;*
- *the effect of market volatility on the Company's marketing revenues and activities;*
- *the Company's ability to pay down and retire indebtedness;*
- *the Company's plans for additional strategic acquisitions, capital expenditures or other similar transaction, including the costs thereof;*
- *the Company's planned hedging activities; and*
- *the Company's dividend policy and continuing availability of the Company's DRIP.*

With respect to forward-looking statements contained in this MD&A, assumptions have been made regarding, among other things:

- *future growth in world-wide demand for crude oil and petroleum products;*
- *crude oil prices supporting increased production and services in North America, including the Canadian oil sands;*
- *no material defaults by the counterparties to agreements with the Company;*
- *the Company's ability to obtain qualified personnel, owner-operators, lease operators and equipment in a timely and cost-efficient manner;*

- *the regulatory framework governing taxes and environmental matters in the jurisdictions in which the Company conducts and will conduct its business;*
- *operating costs;*
- *future capital expenditures to be made by the Company;*
- *the Company's ability to obtain financing for its capital programs on acceptable terms;*
- *the Company's future debt levels;*
- *the impact of increasing competition on the Company; and*
- *the impact of future changes in accounting policies on the Company’s consolidated financial statements.*

In addition, this MD&A may contain forward-looking statements and forward-looking information attributed to third party industry sources. The Company does not undertake any obligations to publicly update or revise any forward looking statements except as required by securities law. Actual results could differ materially from those anticipated in these forward-looking statements as a result of numerous risks and uncertainties including, but not limited to, the risks and uncertainties described in “Forward-Looking Statements” and “Risk Factors” included in the Company’s Annual Information Form dated March 5, 2013 as filed on SEDAR and available on the Gibson website at www.gibsons.com.

NON-GAAP FINANCIAL MEASURES

This MD&A refers to certain financial measures that are not determined in accordance with IFRS. EBITDA, Adjusted EBITDA, Pro Forma Adjusted EBITDA and distributable cash flow are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. Management considers these to be important supplemental measures of the Company’s performance and believes these measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures. See ‘‘Summary of Quarterly Results” for a reconciliation of EBITDA to net income (loss), the IFRS measure most directly comparable to EBITDA, and for a reconciliation of Adjusted EBITDA and Pro Forma Adjusted EBITDA to EBITDA. Distributable cash flow is used to assess the level of cash flow generated from ongoing operations and to evaluate the adequacy of internally generated cash flow to fund dividends. See ‘‘Distributable Cash Flow” for a reconciliation of distributable cash flow to cash flow from operations, the IFRS measure most directly comparable to distributable cash flow.

Readers are encouraged to evaluate each adjustment and the reasons the Company considers it appropriate for supplemental analysis. Readers are cautioned, however, that these measures should not be construed as alternatives to net income (loss) and cash flow from operations determined in accordance with IFRS as indications of the Company’s performance.