Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") was prepared as of August 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 and six months ended June 30, 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 June 30, 2013, its results of operations for the three and six months ended June 30, 2013 and 2012, and its cash flows for the three and six months ended June 30, 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 ("NGLs"), 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.

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 and six months ended June 30, 2013 were as follows:

- Revenue increased by 44% in the three months ended June 30, 2013 compared to the three months ended June 30, 2012 and by 31% in the six months ended June 30, 2013 compared to the six months ended June 30, 2012. The increase was primarily due to increased activity in the Company's 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 38% to $89.0 million in the three months ended June 30, 2013 compared to $64.7 million in the three months ended June 30, 2012 and by 51% to $216.0 million in the six months ended June 30, 2013 compared to $143.1 million in the six months ended June 30, 2012 with increases in all segments except for the Truck Transportation segment;

- Adjusted EBITDA in the three months ended June 30, 2013 increased 41% to $87.2 million compared to $62.0 million in the three months ended June 30, 2012. Adjusted EBITDA in the six months ended June 30, 2013 increased 56% to $208.2 million compared to $133.8 million in the six months ended June 30, 2012. Pro Forma Adjusted EBITDA for the twelve months ended June 30, 2013 was $400.4 million;

- After the impact of non-cash debt extinguishment costs of $38.2 million, the Company reported a net loss of $5.2 million in the three months ended June 30, 2013 compared to net income of $9.5 million in the three months ended June 30, 2012. Net income was $40.5 million in the six months ended June 30, 2013 compared to $49.6 million in the six months ended June 30, 2012;

- The Company declared a dividend of $0.275 per common share in each of the first two quarters of 2013 for total dividends of $33.3 million in the three months ended June 30, 2013 and $66.6 million in the six months ended June 30, 2013. For the twelve months ended June 30, 2013, distributable cash flow was $240.7 million resulting in a dividend payout ratio of 51%;

- Capital expenditures were $95.2 million in the six months ended June 30, 2013, of which $66.4 million related to growth capital. Growth capital expenditures are primarily related to the construction of tankage and pipeline connections at the Company's facilities, in particular at Hardisty and the expansion of the Environmental Services business unit;

- In May 2013, the Company announced that it has received committed support from a large oil sands producer for a 500,000 barrel oil storage tank at the Hardisty Terminal. This is the fourth large storage tank that has been announced since November 2012 for a combined total of 1.7 million barrels of new storage capacity at the Hardisty Terminal;

- On June 28, 2013, the Company refinanced its existing senior secured credit facilities (the "Offering") under which it agreed to issue and sell U.S.$500 million principal amount of 6.75% Senior Unsecured Notes due July 15, 2021 at an issue price of 98.476% (the "U.S.$ Notes") and $250.0 million principal amount of 7.00% Senior Unsecured Notes due July 15, 2020 at an issue price of 98.633% (the "C$ Notes" and together with the U.S.$ Notes, the "Notes"). The net proceeds from the Offering were used to repay the Tranche B Term Loan with a principal amount of U.S.$643.5 million outstanding under its previous senior secured credit facility, with the remaining net proceeds of $74.1 million to be used to fund growth initiatives and for general corporate purposes; and

- Concurrently with the closing of the Offering, the Company entered into a new $500.0 million senior secured revolving credit facility (the "Revolving Credit Facility") and terminated its previous senior secured credit facility which consisted of a U.S.$375.0 million revolving credit facility and a U.S.$650.0 million Tranche B Term Loan facility.

On July 15, 2013, the Company announced that it has signed a long-term contract with Statoil Canada Ltd. to build infrastructure at the western side of the Company's Edmonton Terminal. The Company will construct pipeline and connection infrastructure to multiple major pipelines in the Edmonton area, one 300,000 barrel crude oil storage tank and a new rail loading rack, subject to pipeline connection agreements. The in-service date for the new facilities is expected to be in the first half of 2015.

On August 6, 2013, the Company announced that it has partnered with US Development Group LLC. ('USDG") to construct a new state-of-the-art unit train rail loading facility near Hardisty, Alberta, with pipeline connectivity from Gibson's Hardisty Terminal. The Company will install required pumping equipment and construct a pipeline for the transfer of crude from its

Hardisty Terminal to the USDG crude-by-rail facility. The project is scheduled to begin operation in the first quarter of 2014.

On August 7, 2013, the Board declared a quarterly dividend of $0.275 cents per common share for the three months ended September 30, 2013 on its outstanding common shares. The dividend is payable on October 17, 2013 to shareholders of record at the close of business on September 30, 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;
- 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;
- 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;
- 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;
- 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;
- 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 and Inter Pipeline Fund's planned twinning of its Cold Lake pipeline should provide for additional volumes into the Hardisty area and could provide increased opportunities for the Company's services; and
- The price fluctuations 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 and have narrowed recently.

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;
- North American self-sufficiency goals and investment in drilling and production across North America should drive demand for the Company's services;
- 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. However, the Company feels demand for its services will remain strong in the medium to long-term.

Acquisitions and capital expenditures

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

	Six months ended June 30,	
	2013	**2012**
Growth capital	$ 66,397	$ 66,017
Acquisitions	-	4,640
Upgrade and replacement capital[1]	28,851	21,856
	$ 95,248	$ 92,513

(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 and upgrade and replacement capital were $95.2 million and $87.9 million in the six months ended June 30, 2013 and 2012, respectively. In the six months ended June 30, 2013 and 2012, $91.3 million and $86.9 million, respectively, were included as additions to property, plant and equipment and $3.9 million and $1.0 million, respectively, were included as additions to intangible assets.

Growth capital

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

	Six months ended June 30,	
	2013	**2012**
Terminals and Pipelines[1]	$ 28,576	$ 27,837
Truck Transportation[2]	9,835	18,169
Environmental Services[3]	22,367	-
Propane and NGL Marketing and Distribution [4]	3,525	3,937
Processing and Wellsite Fluids[5]	1,643	15,904
Other	451	170
Total	$ 66,397	$ 66,017

(1) Expenditures in the six months ended June 30, 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 six months ended June 30, 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 six months ended June 30, 2013 largely relate to the expansion of a storage and railcar facility.

Acquisitions

During the six months ended June 30, 2013, the Company did not complete any acquisitions but continues to evaluate opportunities as they arise.

2013 Capital Expenditure Program

The following table is an updated summary of the 2013 Capital Expenditure Program that the Company announced on December 11, 2012:

	Updated Capital Program			Original Capital Program		
	Growth	Upgrade and Replacement	Total	Growth	Upgrade and Replacement	Total
		(in millions)			(in millions)	
Terminals and Pipelines	$ 136	$ 10	$ 146	$ 137	$ 11	$ 148
Truck Transportation	38	24	62	34	26	60
Environmental Services	62	14	76	55	14	68
Propane and Distribution	14	14	28	9	13	22
Other Corporate	-	9	9	-	5	5
Total	$ 250	$ 71	$ 321	$ 235	$ 69	$ 304

For the year ending December 31, 2013, approximately $250 million is allocated towards growth capital, an increase of $15.0 million from the previously announced program. The change in growth capital relates to:

- Terminals and Pipelines decreased by $1.0 million, primarily related to the timing of spend on the expansion opportunities at the Company's Hardisty and Edmonton terminals;
- Truck Transportation increased by $4.0 million, relating to additional rolling stock to meet anticipated demand in both Canada and the United States;
- Environmental Services increased by $7.0 million relating to the expansion of current facilities in Canada and the United States; and
- Processing and Distribution which includes the Propane and NGL Marketing and Distribution and Processing and Wellsite Fluids segments, increased by $5.0 million, relating to the capacity expansion at the Moose Jaw facility and the addition of propane tanks and trucks to meet demand.

With respect to 2014, the Company expects growth capital spend to be in excess of $300 million, that is primarily related to the expansion of the Company's Hardisty and Edmonton Terminals of which over half of it relates to previously announced projects.

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 and six months ended June 30, 2013 and 2012 and the following table sets forth revenue and profit by segment for those periods:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	(in thousands)			
Segment revenue				
Terminals and Pipelines	$ 31,416	$ 27,533	$ 62,051	$ 54,433
Truck Transportation	126,885	128,233	259,437	256,942
Environmental Services	79,431	6,599	153,576	18,027
Propane and NGL Marketing and Distribution	231,251	178,037	514,243	464,241
Processing and Wellsite Fluids	109,269	105,812	253,692	249,368
Marketing	1,327,042	868,568	2,535,081	1,785,795
Total segment revenue	1,905,294	1,314,782	3,778,080	2,828,806
Revenue—inter-segmental	(285,568)	(188,563)	(595,343)	(407,659)
Total revenue—external	1,619,726	1,126,219	3,182,737	2,421,147
Segment profit				
Terminals and Pipelines	22,000	19,966	44,742	39,355
Truck Transportation	17,996	20,950	38,675	40,312
Environmental Services	19,260	4	36,195	3,668
Propane and NGL Marketing and Distribution	6,462	5,585	25,927	20,919
Processing and Wellsite Fluids	5,361	1,737	23,019	12,466
Marketing	17,937	16,409	47,426	26,365
Total segment profit	89,016	64,651	215,984	143,085
General and administrative	8,463	6,746	16,474	13,563
Depreciation and amortization	44,942	28,705	87,595	56,592
Stock based compensation	2,023	1,050	3,648	1,902
Debt extinguishment costs	38,209	-	38,209	-
Foreign exchange loss (gain)	7,290	8,386	9,987	(7,002)
Net interest expense	12,129	10,656	23,681	21,794
Gain on financial instruments relating to interest expense	(17,444)	(1,836)	(18,252)	(5,859)
Income (loss) before income tax	(6,596)	10,944	54,642	62,095
Income tax expense (recovery)	(1,361)	1,423	14,149	12,537
Net income (loss)	$ (5,235)	$ 9,521	$ 40,493	$ 49,558

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, tanks, pipelines, plant and equipment and disposal wells) caused by use, 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:

	Three months ended June 30,		Six months ended June 30,	
Volumes (barrels in thousands)	**2013**	**2012**	**2013**	**2012**
Terminals				
Hardisty Terminal	32,526	31,857	70,849	62,791
Edmonton Terminal	3,481	5,948	7,857	12,081
Injection stations	10,973	10,427	21,104	20,979
Total terminals	46,980	48,232	99,810	95,851
Pipelines				
Bellshill pipeline	427	484	874	965
Provost pipeline	1,360	1,611	2,963	3,335
Total pipelines	1,787	2,095	3,837	4,300
Total terminals and pipelines	48,767	50,327	103,647	100,151

	Three months ended June 30,		Six months ended June 30,	
	2013	**2012**	**2013**	**2012**
		(in thousands)		
Revenues	$ 31,416	$ 27,533	$ 62,051	$ 54,433
Operating expenses and other	9,416	7,567	17,309	15,078
Segment profit	$ 22,000	$ 19,966	$ 44,742	$ 39,355

Three months ended June 30, 2013 and 2012.

Volumes, revenues and cost of sales.

Hardisty Terminal volumes increased by 2% in the three months ended June 30, 2013 compared to the three months ended June 30, 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 $2.6 million or 16% in the three months ended June 30, 2013 compared to the three months ended June 30, 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 41% in the three months ended June 30, 2013 compared to the three months ended June 30, 2012 mainly due to a decrease in diesel shipments through the terminal from a customer that is subject to minimum volume charges and lower volumes from the Company's Marketing segment. Although volumes at Edmonton Terminal decreased, revenues increased by $0.2 million in the three months ended June 30, 2013 compared to the three months ended June 30, 2012 as a result of the impact of minimum volume and fixed fee arrangements.

Injection station volumes increased by 5% in the three months ended June 30, 2013 compared to the three months ended June 30, 2012 due to an increase in activity with a major customer. As a result, revenue increased by $0.2 million in the three months ended June 30, 2013 compared to the three months ended June 30, 2012.

Volumes for the Company's Bellshill pipeline decreased by 12% in the three months ended June 30, 2013 compared to the three months ended June 30, 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 June 30, 2013 compared to the three months ended June 30, 2012 remained relatively stable as a result of an increase in tariffs.

Volumes for the Company's Provost pipeline decreased by 16% in the three months ended June 30, 2013 compared to the three months ended June 30, 2012 primarily due to a shut-in of a battery due to operational issues on the pipeline and also a decrease in receipts from oil production batteries that produce into the pipeline. As a result, revenue also decreased by $0.3 million in the three months ended June 30, 2013 compared to the three months ended June 30, 2012.

Operating expenses and other. Overall operating expenses and other costs increased by $1.8 million, or 24%, in the three months ended June 30, 2013 compared to the three months ended June 30, 2012. The increase was largely related to the increase in costs related to the new tanks at the west side of the Hardisty Terminal that were commissioned in late 2012 and increased repairs and maintenance costs as a result of shut-in of a battery due to operational issues on the Provost pipeline.

Segment profit. Overall, segment profit in the three months ended June 30, 2013 increased by $2.0 million, or 10%, compared to the three months ended June 30, 2012. The increase was primarily due to the impact of an additional customer with dedicated tank usage that is subject to minimum volume charges, offset in part by increased operating costs.

Six months ended June 30, 2013 and 2012.

Volumes, revenues and cost of sales.

Hardisty Terminal volumes increased by 13% in the six months ended June 30, 2013 compared to the six months ended June 30, 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 $6.0 million in the six months ended June 30, 2013 compared to the six months ended June 30, 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 35% in the six months ended June 30, 2013 compared to the six months ended June 30, 2012 mainly due to decrease in diesel shipments through the terminal from a customer that is subject to minimum volume charges and lower volumes from the Company's Marketing segment. Despite the decrease in volumes, Edmonton Terminal revenue increased by $0.2 million in the six months ended June 30, 2013 compared to the six months ended June 30, 2012 due to the impact of minimum volume and fixed fee arrangements.

Injection station volumes increased by 1% in the six months ended June 30, 2013 compared to the six months ended June 30, 2012 due to an increase in activity with a major customer. As a result, revenue increased by $0.5 million in the six months ended June 30, 2013 compared to the six months ended June 30, 2012.

Volumes for the Company's Bellshill pipeline decreased 9% in the six months ended June 30, 2013 compared to the six months ended June 30, 2012 due to a decrease in receipts from oil production batteries that produce into the pipeline. Despite the decrease in volumes, revenue in the six months ended June 30, 2013 compared to the six months ended June 30, 2012 remained relatively stable as a result of an increase in tariffs.

Volumes for the Company's Provost pipeline decreased by 11% in the six months ended June 30, 2013 compared to the six months ended June 30, 2012 primarily due to a shut-in of a battery due to operational issues on the pipeline and also a decrease in receipts from oil production batteries that produce into the pipeline. As a result, revenue decreased by $0.2 million in the six months ended June 30, 2013 compared to the six months ended June 30, 2012.

Operating expenses and other. Overall operating expenses and other costs increased by $2.2 million, or 15%, in the six months ended June 30, 2013 compared to the six months ended June 30, 2012. The increase was largely related to the increase in costs related to new tanks at the west side of the Hardisty Terminal and increased repairs and maintenance costs as a result of a shut-in of a battery due to operational issues on the Provost pipeline.

Segment profit. Overall, segment profit in the six months ended June 30, 2013 increased by $5.4 million, or 14%, compared to the six months ended June 30, 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, offset in part by increased in operating costs.

Truck Transportation

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

Volumes (barrels in thousands)	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Barrels hauled	33,837	37,112	70,809	75,615

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	(in thousands)			
Revenues	$ 126,885	$ 128,233	$ 259,437	$ 256,942
Cost of sales	83,449	87,295	169,329	176,438
	43,436	40,938	90,108	80,504
Operating expenses and other	25,440	19,988	51,433	40,192
Segment profit	$ 17,996	$ 20,950	$ 38,675	$ 40,312

Three months ended June 30, 2013 and 2012.

Volumes, revenues and cost of sales. For the three months ended June 30, 2013, barrels hauled decreased by 9% compared to the three months ended June 30, 2012, mainly due to the negative impact of weather conditions in both Canada and the United States, and the impact of new pipelines in the Eagleford area of Texas reducing demand for trucking services, partially offset by the impact of acquisitions completed in 2012.

Revenues decreased 1% in the three months ended June 30, 2013 as compared to the three months ended June 30, 2012 mainly due to the decrease in volumes partially offset by 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 June 30, 2013 compared to the three months ended June 30, 2012 due to the decrease in volumes. The decrease was greater than the decrease in revenue 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 $5.5 million, or 27%, in the three months ended June 30, 2013 compared to the three months ended June 30, 2012, mainly due to the impact of additional costs of approximately $2.3 million relating to the acquisitions completed in 2012 and increased payroll related costs in both Canada and the United States.

Segment profit. Segment profit decreased by $3.0 million, or 14%, in the three months ended June 30, 2013 compared to the three months ended June 30, 2012, primarily due to the impact of higher operating costs, offset in part by increased overall margin.

Six months ended June 30, 2013 and 2012.

Volumes, revenues and cost of sales. For the six months ended June 30, 2013, barrels hauled decreased by 6% compared to the six months ended June 30, 2012, mainly due to the negative impact of weather conditions in both Canada and the United States and the new pipelines in the Eagleford area of Texas reducing demand for trucking services, partially offset by the impact of acquisitions completed in 2012.

Despite the decrease in volumes, revenues increased 1% in the six months ended June 30, 2013 as compared to the six months ended June 30, 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 six months ended June 30, 2013 compared to the six months ended June 30, 2012 due to the decrease in volumes with the additional decrease as compared to revenue 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 $11.2 million, or 28%, in the six months ended June 30, 2013 compared to the six months ended June 30, 2012, mainly due to the impact of additional costs of approximately $5.3 million relating to the acquisitions completed in 2012 and increased payroll related costs in both Canada and the United States.

Segment profit. Segment profit decreased by $1.6 million, or 4%, in the six months ended June 30, 2013 compared to the six months ended June 30, 2012, primarily due to the impact of higher operating costs.

Environmental Services

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

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
		(in thousands)		
Revenues				
Environmental services and fluid handling	$ 50,742	$ 6,599	$ 98,814	$ 18,027
Production services	15,416	-	32,456	-
Exploration support services	10,990	-	16,664	-
Accommodations	2,283	-	5,642	-
Total revenues	79,431	6,599	153,576	18,027
Cost of sales	45,831	918	89,959	3,086
Operating expenses and other	14,340	5,677	27,422	11,273
Segment profit	$ 19,260	$ 4	$ 36,195	$ 3,668

Three months ended June 30, 2013 and 2012.

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 $72.8 million in the three months ended June 30, 2013 as compared to the three months ended June 30, 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 $44.9 million in the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. Cost of sales primarily consists of payroll related costs, equipment repairs and maintenance, spare parts and fuel related costs.

Operating expenses and other. Operating costs increased by $8.7 million in the three months ended June 30, 2013 as compared to the three months ended June 30, 2012, largely as a result of the OMNI acquisition. Operating costs largely relate to payroll costs and other administrative costs that specifically relate to the segment.

Segment profit. Segment profit increased by $19.3 million in the three months ended June 30, 2013 as compared to June 30, 2012, largely as a result of the impact of the OMNI acquisition and also due to an increase in the profit from the Company's Canadian custom treating and terminal facilities.

Six months ended June 30, 2013 and 2012.

Revenues and cost of sales. Revenue increased by $135.5 million in the six months ended June 30, 2013 as compared to the six months ended June 30, 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 $86.9 million in the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. Cost of sales primarily consists of payroll related costs, equipment repairs and maintenance, spare parts and fuel related costs.

Operating expenses and other. Operating costs increased by $16.1 million in the six months ended June 30, 2013 as compared to the six months ended June 30, 2012, largely as a result of the OMNI acquisition. Operating costs largely relate to payroll costs and other administrative costs that specifically relate to the segment.

Segment profit. Segment profit increased by $32.5 million in the six months ended June 30, 2013 as compared to the six months ended June 30, 2012, largely as a result of the impact of the OMNI acquisition and also due to an increase in profit from the Company's Canadian custom treating and terminal facilities.

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 June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Sales volumes—retail (litres in thousands)				
Residential	2,817	2,723	10,570	9,603
Oil and gas	41,991	37,677	105,431	92,914
Commercial and industrial	12,790	9,985	49,085	33,794
Automotive	6,078	6,112	10,162	10,419
Other	5,125	4,280	10,712	9,322
	68,801	60,777	185,960	156,052
Sales volumes—wholesale (barrels in thousands)				
Propane	729	581	2,279	2,183
Other NGLs				
Butane	393	482	942	948
Condensate	528	228	913	389
U.S. division	1,212	970	2,237	1,921
	2,133	1,680	4,092	3,258

(in thousands)	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Revenues				
Retail				
Propane	$ 29,302	$ 23,206	$ 78,528	$ 71,599
Other	4,904	3,900	12,349	9,107
Total retail	34,206	27,106	90,877	80,706
Wholesale				
Propane	33,420	19,549	103,752	100,722
Other NGLs	163,625	131,382	319,614	282,813
Total wholesale	197,045	150,931	423,366	383,535
Total revenues	231,251	178,037	514,243	464,241
Cost of sales				
Retail				
Propane	17,997	13,041	47,108	42,803
Other	488	624	1,186	1,178
Total Retail	18,485	13,665	48,294	43,981
Wholesale	191,324	146,816	409,660	374,273
Total cost of sales	209,809	160,481	457,954	418,254
Gross Margin				
Retail	15,721	13,441	42,583	36,725
Wholesale	5,721	4,115	13,706	9,262
Total gross margin	21,442	17,556	56,289	45,987
Operating expenses and other	14,980	11,971	30,362	25,068
Segment profit	$ 6,462	$ 5,585	$ 25,927	$ 20,919

Three months ended June 30, 2013 and 2012.

Volumes, revenues and cost of sales. Retail volumes increased 13% in the three months ended June 30, 2013 compared to the three months ended June 30, 2012, largely as a result of 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 increased construction activities in Alberta and Saskatchewan. In addition, the increase in these sectors was also due to positive impact of the acquisitions completed in 2012.

Retail propane revenues increased 26% in the three months ended June 30, 2013 as compared to the three months ended June 30, 2012, as a result of higher sales volumes and rack prices. Other retail revenue relates to equipment sales, service labour and rental and delivery charges. Other retail revenue also increased by 26% in the three months ended June 30, 2013 compared to the three months ended June 30, 2012, largely due the Company's investment in related equipment and the impact of the acquisitions completed in 2012.

Wholesale propane volumes increased by 25% in the three months ended June 30, 2013 compared to the three months ended June 30, 2012. The increase in volumes was largely driven by the impact of higher propane demand with certain customers in the three months ended June 30, 2013 compared to the three months ended June 30, 2012. Revenues increased by 71% in the three months ended June 30, 2013 compared to the three months ended June 30, 2012 due to the impact of both higher volumes and an increase in wholesale propane prices.

Wholesale other NGLs volumes increased by 27% in the three months ended June 30, 2013 as compared to the three months ended June 30, 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 25% in the three months ended June 30, 2013 as compared to the three months ended June 30, 2012.

Retail margin increased 17% in the three months ended June 30, 2013 compared to the three months ended June 30, 2012 due largely to the impact of higher retail propane volumes and also increased other retail income. Wholesale margins increased 39% in the three months ended June 30, 2013 compared to the three months ended June 30, 2012 primarily due to the impact of favorable pricing conditions in the other NGLs marketing business.

Operating expenses and other. Overall operating expenses and other costs increased by $3.0 million, or 25%, in the three months ended June 30, 2013 compared to the three months ended June 30, 2012, primarily due to an increase in payroll related costs in both retail and wholesale due in part to the impact of acquisitions completed throughout 2012.

Segment profit. The Propane and NGL Marketing and Distribution segment profit increased in the three months ended June 30, 2013 by $0.9 million, or 16%, compared to the three months ended June 30, 2012, as a result of the increase in both retail and wholesale margins.

Six months ended June 30, 2013 and 2012.

Volumes, revenues and cost of sales. Retail volumes increased by 19% in the six months ended June 30, 2013 compared to the six months ended June 30, 2012, largely as a result of 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 increased construction activities in Alberta and Saskatchewan. In addition, the increase in these sectors was also due to positive impact of the acquisitions completed in 2012.

Retail propane revenues increased 10% in the six months ended June 30, 2013 as compared to the six months ended June 30, 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 36% in the six months ended June 30, 2013 compared to the six months ended June 30, 2012, largely due to the Company's investment in related equipment and the impact of the acquisitions completed in 2012.

Wholesale propane volumes increased by 4% in the six months ended June 30, 2013 compared to the six months ended June 30, 2012. The increase in volumes was largely driven by the impact higher propane demand with certain customers. As a result,

wholesale propane revenues increased by 3% in the six months ended June 30, 2013 compared to the six months ended June 30, 2012.

Wholesale other NGLs volumes increased by 26% in the six months ended June 30, 2013 as compared to the six months ended June 30, 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 13% in the six months ended June 30, 2013 as compared to the six months ended June 30, 2012, partially offset by lower commodity prices.

Retail margin increased 16% in the six months ended June 30, 2013 compared to the three months ended June 30, 2012 primarily due to the impact of higher retail propane volumes and increased other retail income. This was partially offset by a decrease in retail propane margins per litre due to lower rack prices. Wholesale margins increased 48% in the six months ended June 30, 2013 compared to the six months ended June 30, 2012 primarily due to the impact of more favorable pricing conditions in other NGLs marketing business.

Operating expenses and other. Overall operating expenses and other costs increased by $5.3 million, or 21%, in the six months ended June 30, 2013 compared to the six months ended June 30, 2012, primarily due to an increase in payroll related costs in both retail and wholesale, due in part to the impact of acquisitions completed throughout 2012.

Segment profit. The Propane and NGL Marketing and Distribution segment profit increased in the six months ended June 30, 2013 by $5.0 million, or 24%, compared to the six months ended June 30, 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:

	Three months ended June 30,		Six months ended June 30,	
Volumes (barrels in thousands)	**2013**	**2012**	**2013**	**2012**
Roofing flux	514	432	1,064	928
Road asphalt	58	105	58	105
Frac fluid (Gibson Clear)	17	16	137	203
Distillate (D822)	115	86	348	268
Tops	326	388	827	781
Other	20	12	62	27
Total sales volumes	1,050	1,039	2,496	2,312

	Three months ended June 30,		Six months ended June 30,	
	2013	**2012**	**2013**	**2012**
	(in thousands)			
Revenues				
Road asphalt and roofing flux	$ 59,346	$ 57,635	$ 108,674	$ 108,966
Frac fluid (Gibson Clear)	1,879	2,157	15,749	29,300
Distillate (D822)	15,902	12,544	48,312	40,614
Tops	28,947	31,484	71,534	66,106
Other	3,195	1,992	9,423	4,382
Total revenues	109,269	105,812	253,692	249,368
Cost of sales	96,718	97,083	218,352	225,791
Operating expenses and other	7,190	6,992	12,321	11,111
Segment profit	$ 5,361	$ 1,737	$ 23,019	$ 12,466

Three months ended June 30, 2013 and 2012.

Volumes, revenues and cost of sales. Sales volumes for roofing flux increased by 19% in the three months ended June 30, 2013 compared to the three months ended June 30, 2012 as a result of increased demand in the United States and increased throughput at the processing facility. Sales volumes for road asphalt decreased by 45% in the three months ended June 30, 2013 compared to the three months ended June 30, 2012 due to an increase in the amount of asphalt being sold as roofing flux due to improved roofing flux margins and also due to less Canadian road paving jobs being performed. Road asphalt and roofing flux revenue increased by 3% in the three months ended June 30, 2013 compared to the three months ended June 30, 2012 due mainly to the increase in roofing flux volume offset in part by lower road asphalt volumes.

Frac fluid volumes remained relatively stable in the three months ended June 30, 2013 compared to the three months ended June 30, 2012. Frac fluid revenues were 13% lower in the three months ended June 30, 2013 compared to the three months ended June 30, 2012, due to the impact of lower selling prices.

Sales volumes for distillate were 34% higher in the three months ended June 30, 2013 compared to the three months ended June 30, 2012 largely due to an increase in sales to customers in the United States. As a result of the higher volumes, distillate revenues were 27% higher in the three months ended June 30, 2013, compared to the three months ended June 30, 2012 offset in part by lower overall selling prices.

Tops volumes decreased 16% in the three months ended June 30, 2013 as compared to the three months ended June 30, 2012 due to an increase in distillate volumes resulting in the Company selling less of the light end volumes as tops and also due to repair work on a third party pipeline that delayed shipment of tops in the quarter. As a result, tops revenues were 8% lower in the three months ended June 30, 2013 compared to the three months ended June 30, 2012 partially offset by higher prices.

The overall cost per barrel for the basket of products sold by the Processing and Wellsite Fluids segment decreased by 1% due to the decrease in crude prices.

Overall margins increased by 44% in the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. The increase was largely due to increased margins for tops as a result of the positive impact of wider crude oil differentials and distillate margins which were positively impacted by higher volumes. Offsetting these were lower road asphalt and roofing flux margins due to lower margins on the Company's road asphalt.

Operating expenses and other. Operating expenses increased by $0.2 million, or 3%, in the three months ended June 30, 2013 as compared to the three months ended June 30, 2012, primarily due to an increase in payroll related costs.

Segment profit. The Processing and Wellsite Fluids segment profit increased in the three months ended June 30, 2013 by $3.6 million, or 209%, as compared to the three months ended June 30, 2012, primarily due to higher margins for tops and distillate offset in part by higher operating expenses and lower margins for road asphalt and roofing flux.

Six months ended June 30, 2013 and 2012.

Volumes, revenues and cost of sales. Sales volumes for roofing flux increased by 15% in the six months ended June 30, 2013 compared to the six months ended June 30, 2012 as a result of increased demand in the United States and increased throughput at the processing facility. Sales volumes for road asphalt decreased by 45% in the six months ended June 30, 2013 compared to the six months ended June 30, 2012 due to an increase in the amount of asphalt being sold as roofing flux due to improved roofing flux margins and also due to lower Canadian road paving jobs being performed. Road asphalt and roofing flux revenue was relatively unchanged in the six months ended June 30, 2013 compared to the six months ended June 30, 2012.

Frac fluid volumes decreased 33% in the six months ended June 30, 2013 compared to the six months ended June 30, 2012 largely due to lower demand as result of lower natural gas drilling activity, particularly in the first quarter of the year. As a result of the volume decrease and lower selling prices, frac fluid revenues were 46% lower in the six months ended June 30, 2013 compared to the six months ended June 30, 2012.

Sales volumes for distillate were 30% higher in the six months ended June 30, 2013 compared to the six months ended June 30, 2012 largely due to an increase in sales to customers in the United States. As a result of increased in volumes, distillate revenues were 19% higher in the six months ended June 30, 2013, compared to the six months ended June 30, 2012 offset in part by lower overall selling prices.

Tops volumes increased 6% in the six months ended June 30, 2013 as compared to the six months ended June 30, 2012 due to both increase in volumes throughput at the facility and lower frac fluid volumes resulting in the Company selling more of the light end volume as tops. As a result of the increase in volumes, tops revenues were 8% higher in the six months ended June 30, 2013 compared to the six months ended June 30, 2012.

The overall cost per barrel for the basket of products sold by the Processing and Wellsite Fluids segment decreased by 10% due to the decrease in crude prices.

Overall margins increased by $11.8 million, or 50%, in the six months ended June 30, 2013 as compared to the six months ended June 30, 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 $1.2 million, or 11%, in the six months ended June 30, 2013 as compared to the six months ended June 30, 2012, primarily due to an increase in payroll related costs.

Segment profit. The Processing and Wellsite Fluids segment profit increased in the six months ended June 30, 2013 by $10.6 million, or 85%, as compared to the six months ended June 30, 2012, primarily due to higher overall margins for tops, distillate and road asphalt and roofing flux partially offset by higher operating expenses and decreased margins for frac fluids.

Marketing

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

	Three months ended June 30,		Six months ended June 30,	
Volumes (barrels in thousands)	**2013**	**2012**	**2013**	**2012**
Sales Volumes				
Crude and diluent	23,122	19,478	47,212	37,459

	Three months ended June 30,		Six months ended June 30,	
	2013	**2012**	**2013**	**2012**
		(in thousands)		
Revenues	$ 1,327,042	$ 868,568	$ 2,535,081	$ 1,785,795
Cost of sales	1,307,339	849,662	2,483,579	1,754,513
Operating expenses and other	1,766	2,497	4,076	4,917
Segment profit	$ 17,937	$ 16,409	$ 47,426	$ 26,365

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
April	$ 92.07	$ 103.35
May	$ 94.80	$ 94.72
June	$ 93.80	$ 82.41
Average for three months period ended June 30	$ 93.56	$ 93.49
Average for six months period ended June 30	$ 93.96	$ 98.21

Three months ended June 30, 2013 and 2012.

Volumes, revenues and cost of sales. Sales volumes for crude and diluent increased by 19% in the three months ended June 30, 2013, due to a continued focus on bringing volumes to the Company's integrated assets. Revenue increased by 53% in the three months ended June 30, 2013 compared to three months ended June 30, 2012, primarily due to the increase in volumes and in particular an increase in volumes not related to buy/sell transactions whereby revenue associated with buy/sell transactions are recorded on a net basis. In addition, the increase was also due to higher realized commodity prices due to tighter crude oil differentials in the three months ended June 30, 2013 compared to the three months ended June 30, 2012 despite the fact that the average benchmark prices were relatively stable.

Cost of sales in the three months ended June 30, 2013 increased 54% compared to the three months ended June 30, 2012 primarily as a result of the increase in revenue.

Operating expenses and other. Operating expenses decreased by $0.7 million, or 29%, in the three months ended June 30, 2013 compared to the three months ended June 30, 2012 primarily due to lower payroll related costs and an increase in foreign exchange gain.

Segment profit. The Marketing segment profit increased by $1.5 million, or 9%, in the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. In the three months ended June 30, 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 various rail loading facilities.

Six months ended June 30, 2013 and 2012.

Volumes, revenues and cost of sales. Sales volumes for crude and diluent increased by 26% in the six months ended June 30, 2013, due to a continued focus on bringing volumes to the Company's integrated assets. Revenue increased by 42% due to the increase in volume and in particular an increase in volumes not related to buy/sell transactions whereby revenue associated with buy/sell transactions are recorded on a net basis.

Cost of sales in the six months ended June 30, 2013 increased by 42% in the six months ended June 30, 2013 as compared to the six months ended June 30, 2012 which is largely in line with the movement in revenue.

Operating expenses and other. Operating expenses decreased by $0.8 million, or 17%, in the six months ended June 30, 2013 compared to the six months ended June 30, 2012 primarily due to lower payroll related costs and increase in foreign exchange gain.

Segment profit. The Marketing segment profit increased by $21.1 million, or 80%, in the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. In the six months ended June 30, 2013, margins were positively impacted by the the increase in volumes, especially deliveries to the Company's terminals, including crude oil shipped via rail at the Company's various rail loading facilities.

General and administrative, excluding depreciation and amortization

General and administrative expense was $8.5 million and $16.5 million in the three and six months ended June 30, 2013, respectively, compared to $6.7 million and $13.6 million in the three and six months ended June 30, 2012, respectively. The increase was largely driven by an increase in payroll related costs and acquisition integration costs relating to the OMNI acquisition.

Depreciation and amortization

Depreciation and amortization expense was $44.9 million and $87.6 million in the three and six months ended June 30, 2013, respectively, compared to $28.7 million and $56.6 million in the three and six months ended June 30, 2012, respectively. 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 impact of acquisitions, in particular the OMNI acquisition.

Stock based compensation

Stock based compensation expense was $2.0 million and $3.6 million in the three and six months ended June 30, 2013, respectively, compared to $1.1 million and $1.9 million in the three and six months ended June 30, 2012, respectively. The increase was primarily due to the additional expense incurred from the granting of stock awards in the six months ended June 30, 2013.

Debt extinguishment costs

On June 28, 2013, the Company repaid and terminated its senior secured credit facility which comprised of the Tranche B Term Loan facility of U.S.$650.0 million and revolving credit facility of U.S.$375.0 million concurrent with the closing of the Offering and the establishment of the Revolving Credit Facility. Accordingly, the Company recorded debt extinguishment costs of $38.2 million in both the three and six months ended June 30, 2013.

Foreign exchange loss (gain) not affecting segment profit

In the three months ended June 30, 2013, the Company recorded a foreign exchange loss of $7.3 million compared to $8.4 million in the three months ended June 30, 2012. In the six months ended June 30, 2013, the Company recorded a foreign exchange loss of $9.9 million compared to foreign exchange gain of $7.0 million the six months ended June 30, 2012.

The gains and losses recorded are 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 June 30, 2013, a loss of $22.9 million, due to the unfavorable movement in exchange rates, was offset by a gain of $13.9 million related to the change in fair value of the Company's U.S. dollar forward contracts that were entered into to mitigate the currency risk associated with its U.S. dollar denominated long-term debt. In the six months ended June 30, 2013, a loss of $36.3 million, due to the unfavorable movement in exchange rates, was offset by a gain of $23.2 million related to the change in fair value of the Company's U.S. dollar forward contracts that were entered into to mitigate the currency risk associated with its U.S. dollar denominated long-term debt.

Net interest expense

Net interest expense, excluding the non-cash movement in financial instruments relating to interest expense, was $12.1 million and $23.7 million in the three and six months ended June 30, 2013, respectively, compared to $10.7 million and $21.8 million in the three and six months ended June 30, 2012, respectively. The increase in expense in the three and six months ended June 30, 2013 compared to three and six months ended June 30, 2012 was primarily due to an increase in the amortization of debt issue costs, letters of credit charges, commitment fees and accretion expense associated with decommissioning and site restoration.

Financial instruments relating to interest expense

In the three and six months ended June 30, 2013, the Company recorded a gain of $17.4 million and $18.3 million, respectively, relating to financial instruments with respect to the Company's interest expense compared to a gain of $1.8 million and $5.9 million in the three and six months ended June 30, 2012, respectively. The gains largely relates to an embedded derivative on an interest rate floor within the Company's Tranche B Term Loan that was required to be separated from the carrying value of long-term debt and was accounted for as a separate financial instrument that was measured at fair value at each balance sheet date. The increase in the gain in three and six months ended June 30, 2013 compared to three and six months ended June 30, 2012 was largely due to the derecognition of the financial instrument liability discount on the repayment of Tranche B Term Loan partially offset by the increase in change in fair value of interest rate swap.

Income tax expense (recovery)

Income tax recovery was $1.4 million in the three months ended June 30, 2013 compared to an income tax expense of $1.4 million in the three months ended June 30, 2012. Income tax expense was $14.1 million in the six months ended June 30, 2013 compared to $12.5 million in the six months ended June 30, 2012. The effective tax rate was 20.6% and 26.0% during the three and six months ended June 30, 2013, respectively, compared to a rate of 13.0% and 20.2% in the three and six months ended June 30, 2012, respectively. The Company recognized an income tax recovery in the three months ended June 30, 2013 compared to an income tax expense in the three ended June 30, 2012 due to the net loss before tax in the three months ended June 30, 2013 compared to net income before tax in the three months ended June 30, 2012. The main reason for the decrease in the effective rate in the three and six months ended June 30, 2013 compared to the three and six months ended June 30, 2012 was due to the impact of a realized capital loss related to foreign exchange losses on the replacement and re-pricing of the Company's long term debt in the second quarter of 2012.

SUMMARY OF QUARTERLY RESULTS

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

	2013		2012				2011	
			Three months ended					
	June 30, 2013	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011
			(in thousands)					
Revenues	$1,619,726	$1,563,011	$1,306,235	$1,185,647	$1,126,219	$1,294,928	$1,480,784	$1,235,321
Net income (loss)	(5,235)	45,728	36,611	30,017	9,521	40,037	32,623	(5,121)
EBITDA(1)	33,060	114,733	95,601	83,915	48,565	86,251	77,263	46,030
Adjusted EBITDA(2)	87,176	121,044	96,134	72,109	62,044	71,789	67,345	64,852
Earnings (loss) per share								
Basic	(0.04)	0.38	0.32	0.30	0.10	0.41	0.34	(0.05)
Diluted	(0.04)	0.37	0.32	0.29	0.09	0.40	0.33	(0.05)

(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 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 payments on the Company's debt, including the Notes and the 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							
	June 30, 2013	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011
	(in thousands)							
Net income (loss)	$ (5,235)	$ 45,728	$ 36,611	$ 30,017	$ 9,521	$ 40,037	$ 32,623	$ (5,121)
Depreciation and amortization	44,942	42,653	39,171	30,848	28,705	27,887	25,928	24,605
Interest expense[(1)]	(5,286)	10,842	8,917	14,362	8,916	7,213	11,646	22,897
Income tax expense (recovery)	(1,361)	15,510	10,902	8,688	1,423	11,114	7,066	3,649
EBITDA	$ 33,060	$114,733	$ 95,601	$ 83,915	$ 48,565	$ 86,251	$ 77,263	$ 46,030

(1) Interest expense includes the impact of the 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 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 and Pro Forma Adjusted EBITDA for each of the last eight quarters and for the twelve months ended June 30, 2013 and 2012:

	Three months ended				Twelve months ended
	June 30, 2013	**March 31, 2013**	**December 31, 2012**	**September 30, 2012**	**June 30, 2013**
			(in thousands)		
EBITDA	$ 33,060	$ 114,733	$ 95,601	$ 83,915	$ 327,309
Unrealized foreign exchange loss (gain) on long-term debt[(a)]	22,898	13,354	7,244	(22,953)	20,543
Net unrealized loss (gain) from financial instruments[(b)]	(9,014)	(8,668)	(2,838)	8,636	(11,884)
Share based compensation[(c)]	2,023	1,625	1,150	804	5,602
Acquisition related costs (credit) [(d)]	-	-	(5,023)	1,707	(3,316)
Debt extinguishment costs [(e)]	38,209	-	-	-	38,209
Adjusted EBITDA	$ 87,176	$ 121,044	$ 96,134	$ 72,109	$ 376,463
Pro forma impact of acquisitions [(g)]					23,963
Pro Forma Adjusted EBITDA					$ 400,426

	Three months ended				Twelve months ended
	June 30, 2012	**March 31, 2012**	**December 31, 2011**	**September 30, 2011**	**June 30, 2012**
			(in thousands)		
EBITDA	$ 48,565	$ 86,251	$ 77,263	$ 46,030	$ 258,109
Unrealized foreign exchange loss (gain) on long-term debt[(a)]	12,862	(11,577)	(14,198)	48,488	35,575
Net unrealized loss (gain) from financial instruments[(b)]	(472)	(3,737)	18,576	(30,637)	(16,270)
Share based compensation [(c)]	1,050	852	1,590	971	4,463
Acquisition related costs (credit) [(d)]	39	-	1,014	-	1,053
Gain on remeasurement of interest in equity investment [(f)]	-	-	(16,900)	-	(16,900)
Adjusted EBITDA	$ 62,044	$ 71,789	$ 67,345	$ 64,852	$ 266,030
Pro forma impact of acquisitions [(g)]					4,231
Pro Forma Adjusted EBITDA					$ 270,261

(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 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 2011 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) In connection with the repayment of the Company's long-term debt and termination of the previous revolving credit facility, the Company recorded $38.2 million of debt extinguishment costs in the three months ended June 30, 2013.

(f) 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.

(g) 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 and six months ended June 30, 2013 and 2012:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	(in thousands)			
Statement of Cash Flows				
Cash flows provided by (used in):				
Operating activities	$ 80,521	$ 56,114	$ 168,487	$ 120,755
Investing activities	(44,048)	(43,865)	(83,268)	(78,520)
Financing activities	47,711	(32,428)	(16,689)	(52,631)

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 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 and six months ended June 30, 2013 was $80.5 million and $168.5 million, respectively, compared to $56.1 million and $120.8 million in the three and six months ended June 30, 2012, respectively. The increase was primarily attributable to an increase in overall segment profitability in the three and six months ended June 30, 2013 compared to the three and six months ended June 30, 2012. The increase was also due to the impact of the net inflow from trade receivables and payables of $6.5 million in the three months ended June 30, 2013 and the net outflow from trade receivables and payables was $26.7 million in the six months ended June 30, 2013, compared to an outflow of $20.6 million and $63.0 million in the three

months and six months ended June 30, 2012, respectively. The increase was offset in part by inventory increasing by $2.8 million in the three months ended June 30, 2013 and decreasing $6.2 million in the six months ended June 30, 2013, compared to decreases in inventory of $20.3 million and $56.2 million in the three and six months ended June 30, 2012, respectively. In addition, the Company paid income taxes of $9.9 million and $24.0 million in the three and six months ended June 30, 2013 compared to a payment of $0.1 million in the three months ended June 30, 2012 and a refund of $0.5 million in the six month ended June 2012. The amount paid in the six months ended June 30, 2013 includes income tax payments of $39.0 million that were offset by a refund of income tax assessments of $15.0 million that were primarily 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 capital expenditures and business acquisitions.

Cash used in investing activities was $44.0 million and $83.3 million in the three and six months ended June 30, 2013, respectively, compared to $43.9 million and $78.5 million in the three and six months ended June 30, 2012, respectively. The change in cash used in investing activities was due largely to an increase in capital expenditures in the three and six months ended June 30, 2013 compared to the three and six months ended June 30, 2012 offset in part by a decrease in acquisitions. For a summary of capital expenditures and acquisitions, see "Acquisitions and Capital expenditures" included in this MD&A.

Cash provided by (used in) financing activities

Cash provided by financing activities was $47.7 million in the three months ended June 30, 2013 and cash used in financing activities was $16.7 million in the six months ended June 30, 2013, compared to cash used in financing activities of $32.4 million and $52.6 million in the three and six months ended June 30, 2012, respectively. The main reason for the change was primarily the completion of the Offering on June 28, 2013 for net proceeds of $750.6 million offset in part by the repayment of Tranche B Term Loan of $676.4 million. In the three months ended June 30, 2013, the Company paid net cash dividends of $24.7 million and interest of $10.5 million and received net proceeds of $8.7 million on settlement of certain derivative financial instruments relating to interest expense and foreign exchange. In the six months ended June 30, 2013, the Company paid net cash dividends of $47.0 million, paid interest of $19.3 million, received net proceeds of $8.7 million on settlement of certain derivative financial instruments relating to interest expense and foreign exchange and received proceeds of $0.7 million on the exercise of stock options. In the three months ended June 30, 2012, the Company paid net cash dividends of $15.9 million, paid interest of $9.5 million and received proceeds of $3.2 million on the exercise of stock options. In the six months ended June 30, 2012, the Company paid net cash dividends of $27.6 million, paid interest of $21.1 million and received proceeds of $8.1 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 growth capital, the Company had unrestricted cash of $130.7 million and $450.5 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 June 30, 2013, the Company declared a dividend of $0.275 per share for a total dividend of $33.3 million, of which $23.2 million was paid in cash on July 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 of directors of the Company (the "Board") and will be determined on the basis of earnings, financial requirements for operations and a solvency calculation.

Capital expenditures, amounted to $95.2 million in the six months ended June 30, 2013. At June 30, 2013, the Company has identified and approved upgrade and replacement capital and growth capital, excluding acquisitions, of $497.4 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.

On June 28, 2013, the Company completed the Offering and as a result, as of June 30, 2013, the Company had total outstanding long-term debt, excluding debt discount and issuance costs, of U.S.$500.0 million bearing fixed interest of 6.75% per annum due July 15, 2021 and $250.0 million bearing fixed interest of 7.00% per annum due July 15, 2020. Interest is payable semi–annually on January 15 and July 15 of each year the Notes are outstanding. The proceeds from the Notes were used to repay the outstanding Tranche B Term Loan principal amount of U.S.$643.5 million with the remaining proceeds to be used primarily to fund growth initiatives and for general corporate purposes.

As a result of the Offering, the Company increased the maturity profile of its long-term debt from 2018 to the years 2020 and 2021, moved from a floating rate secured debt to a fixed rate unsecured debt structure, increased our flexibility to make divided payments and permitted investments and incur additional debt in support of future growth capital requirements.

The Notes agreement contains certain redemption options whereby the Company can redeem all or part of the Notes at prices set forth in the agreement from proceeds of equity offerings or on the dates specified in the agreement. In addition, the Note holders have the right to require the Company to redeem the Notes at the redemption prices set forth in the agreement in the event of change in control or in the event certain asset sale proceeds are not re-invested in the time and manner specified in the agreement.

On June 28, 2013, the Company established a Revolving Credit Facility of up to $500.0 million, the proceeds of which are available to provide financing for working capital and other general corporate purposes. The Revolving Credit Facility has an accordion feature whereby the Company can increase the Revolving Credit Facility up to $750.0 million subject to obtaining incremental lender commitments. The Revolving Credit Facility has a term of five years, expiring on June 28, 2018. The Revolving Credit Facility provides sub–facilities for letters of credit, swingline loans and borrowings in Canadian dollars and U.S. dollars. Borrowings under the Revolving Credit Facility bear interest at a rate equal to Canadian Prime Rate or U.S. Base Rate or LIBOR or Bankers Acceptance Rate as the case may be plus an applicable margin. The applicable margin for borrowings under the Revolving Credit Facility is subject to step up and step down based on the Company's total debt leverage ratio. In addition, the Company must pay a commitment fee on the unused portion of the Revolving Credit Facility and customary letter of credit fees equal to the applicable margins determined in a manner similar to the interest.

As a result of establishing the Revolving Credit Facility and terminating the previous senior secured credit facility, the Company increased its availability under the facility, extended the maturity from 2016 to 2018 and improved overall pricing, including improved drawn margins, fronting fees and standby fees.

At June 30, 2013, the Company had no amount drawn against the Revolving Credit Facility, had no unrestricted cash and had issued letters of credit totaling $49.5 million. The Revolving Credit Facility is secured, by substantially all of the Company's property, plant and equipment, intangible assets and current assets, including inventory and trade receivables and is guaranteed by substantially all of the Company's existing wholly owned subsidiaries.

The terms of the Company's Revolving Credit Facility require the Company to maintain a senior debt leverage ratio of no greater than 3.5 to 1.0, a total debt leverage ratio of no greater than 5.0 to 1.0 and an interest coverage ratio of no less than 2.5 to 1.0. As of June 30, 2013, the Company was in compliance with the financial ratios with the senior debt leverage ratio at 0.01 to 1.0, total debt leverage ratio at 1.6 to 1.0, and the interest coverage ratio at 11.2 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.

The Notes 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 Notes and the Revolving Credit Facility also contain customary events of default, including defaults based on events of bankruptcy and insolvency, non-payment of interest or fees when due, subject to specified grace periods, breach of covenants, change in control and material inaccuracy of representations and warranties. As of June 30, 2013, the Company was in compliance with all of its covenants under the Notes and the 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 a part of the acquisition of the Company by the wholly-owned subsidiary of R/C Guitar Cooperatief U.A., a Dutch Co-op owned by investment funds affiliated with Riverstone Holdings LLC, from Hunting PLC ("Hunting") on December 12, 2008, Hunting has indemnified the Company for the pre-closing period impact of these audits.

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 decommissioning obligations and environmental remediation. Estimates of decommissioning obligations 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 June 30, 2013, the only material change to contractual obligations compared to December 31, 2012 related to both the timing and amounts of the long-term debt and related interest payments as a result of the Offering. The following table provides the revised timing and amounts of the long-term debt and related interest payments:

	Payments due by period				
(in thousands)	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Long-term debt[(1)]	$ 775,600	$ -	$ -	$ -	$ 775,600
Interest payments on long-term debt[(1)]	408,825	26,783	105,956	105,956	170,130
	$ 1,184,425	$ 26,783	$ 105,956	$ 105,956	$ 945,730

(1) The exchange rate used to translate the U.S. dollar obligations on the Company's long-term debt and interest payments is the rate as of June 30, 2013 of U.S.$0.951 to $1.00.

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 June 30, 2013, there were 121.3 million common shares outstanding and no preferred shares outstanding. In addition, under the Company's 2011 Equity Incentive 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 June 30, 2013.

In the three months ended June 30, 2013, the Company's shareholders approved the amendment of its 2011 Equity Incentive Plan to fix the number of common shares reserved for issuance under the plan to a maximum of 10% of the total number of common shares issued and outstanding at any given time. At June 30, 2013, awards available to grant under the amended 2011 Equity Incentive Plan were approximately 9.1 million.

As at August 2, 2013, 121.7 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 common 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
May	$ 26.88	$ 25.09	6,206,247
June	$ 25.65	$ 24.11	5,979,828
July	$ 25.27	$ 23.65	7,851,343

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 second quarter dividend of 2013, holders of approximately 31% of the common shares participated in the DRIP.

At the 2013 Annual General Meeting, the Company's shareholders approved the amendment of the articles of amalgamation of the Company setting 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.

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 considered 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 June 30, 2013
	(in thousands)
Cash flow from operating activities	$ 356,631
Adjustments:	
Changes in non-cash working capital	17,628
Upgrade and replacement capital	(63,531)
Interest paid	(36,119)
Current income tax	(33,951)
Distributable cash flow	$ 240,658
Dividends declared to shareholders	$ 122,996

Dividends declared in the twelve months ended June 30, 2013 were $123.0 million, of which $84.5 was paid in cash and the balance was settled with the issuance of common shares under the Company's DRIP. In the twelve months ended June 30, 2013, dividends declared represented 51% of the distributable cash flow generated or, distributable cash flow was 2.0 times dividends declared.

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 aggregating and marketing and distribution. 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 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 for short periods of time 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 June 30, 2013 and 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 $3.3 million and $2.5 million as of June 30, 2013 and 2012, respectively. A 15% unfavorable change would decrease the Company's net income by $3.0 million and $2.5 million as of June 30, 2013 and 2012, respectively. However, these changes may be offset by the use of one or more risk management strategies.

Interest rate risks. Following the Offering, the Company's long-term debt accrues interest at fixed interest rates and accordingly, changes in market interest rates do not expose the Company to future interest cash outflow variability.

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, U.S. Base Rate, Canadian Prime Rate or the Bankers' Acceptance rate, plus an applicable margin based on a pricing grid. As at June 30, 2013, the Company had no amounts drawn under the Revolving Credit Facility and accordingly, was not exposed to the interest rate cash flow risk.

Prior to the Offering, the Company's long-term debt had an interest rate floor which was 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 had entered into a forward U.S. dollar interest rate swap on the notional amount of U.S.$ 175.0 million to fix the variable interest rate on its Tranche B Term Loan at 5.5% until September 15, 2015. On completion of the Offering, the Company derecognized the financial liability discount and settled the interest rate swap and accordingly, as at June 30, 2013 was not exposed to changes in future market interest rates.

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 options and would decrease the Company's net income by $4.4 million and $2.4 million as at June 30, 2013 and 2012, respectively. A 5% favorable change would increase the Company's net income by $4.3 million and $2.4 million as at June 30, 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 a portion of the principal of the Company's long-term debt and the related interest payments, as they are denominated in U.S. dollars. As at June 30, 2013, the Company had outstanding U.S. dollar denominated debt of U.S.$500.0 million. The Company had entered into U.S. dollar forward contracts expiring on September 15, 2015, on notional amount of U.S.$498.0 million. The Company also sold long-dated U.S. dollar call options for notional amount of U.S.$275.0 million to offset the credit cost related to the forward contracts that expire on September 15, 2015. Following the repayment of Tranche B Term Loan on June 28, 2013, U.S. dollar forward contracts for notional amount of U.S.$238.0 million and U.S. dollar call options with notional amount of U.S.$15.0 million were settled in the three months ended June 30, 2013. 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 $11.3 million and $6.5 million as at June 30, 2013 and 2012, respectively. A corresponding favorable change would increase the Company's net income by $11.3 million and $6.5 million as at June 30, 2013 and 2012, respectively.

With respect to the related interest payments on the U.S. dollar denominated long-term debt, to date the Company has not entered into any foreign currency hedges. Based on the interest rate in effect at June 30, 2013, a 5% unfavorable change in the value of the Canadian dollar relative to the U.S. dollar as of June 30, 2013 would increase the Company's annual interest expense by $1.8 million. A 5% favorable change in the value of the Canadian dollar relative to the U.S. dollar as of June 30, 2013 would decrease the Company's annual interest expense by $1.8 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.

The International Accounting Standards Board has recently issued amendments to IAS 36 – Impairment of Assets to provide additional disclosures including discount rates about the fair value measurements when the recoverable amount of impaired assets is based on fair value less costs of disposal. These changes are effective for annual periods beginning on or after January 1, 2014, with retrospective application. The Company is currently evaluating the impact of these changes on its consolidated financial statements.

DISCLOSURE CONTROLS & PROCEDURES

During the six months ended June 30, 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.

As previously reported in the Company’s 2012 MD&A, in accordance with the provisions of NI 52-109, management, including the CEO and CFO, 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 and six months ended June 30, 2013 was approximately $68.3 million and $130.4 million, respectively, of consolidated

net revenues and approximately $5.4 million and $5.5 million, respectively, of consolidated income before tax. Additionally, as at June 30, 2013, OMNI's current assets and current liabilities were approximately $76.6 million and $26.3 million, respectively, and its non-current assets and non-current liabilities were approximately $478.4 million and $72.2 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;*
- *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 and stock dividend program.*

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; and*
- *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 an alternative to net income (loss) determined in accordance with IFRS as an indication of the Company's performance.