



GIBSON ENERGY
**CONDENSED
CONSOLIDATED
FINANCIAL
STATEMENTS**

MARCH 31, 2021
AND 2020

TSX:GEI



Condensed Consolidated Balance Sheets (unaudited)

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

	Note	March 31, 2021	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents		55,729	53,676
Trade and other receivables		556,595	333,641
Inventories	4	242,357	163,113
Income taxes receivable		1,979	-
Prepaid and other assets		11,010	7,595
Net investment in finance leases		8,666	8,454
Assets held for sale		-	18,557
		876,336	585,036
Non-current assets			
Property, plant and equipment	5	1,613,905	1,663,649
Right-of-use assets	6	63,405	69,195
Long-term prepaid and other assets		1,371	1,535
Net investment in finance leases		170,156	172,466
Investment in equity accounted investees	7	154,805	142,556
Deferred income tax assets		36,229	36,820
Intangible assets		35,325	35,781
Goodwill		359,665	360,122
		2,434,861	2,482,124
Total assets		3,311,197	3,067,160
Liabilities and equity			
Current liabilities			
Trade payables and accrued charges		659,950	403,719
Income taxes payable		-	1,496
Dividends payable		51,266	49,494
Contract liabilities		34,138	45,357
Lease liabilities – current portion	9	28,316	31,208
		773,670	531,274
Non-current liabilities			
Long-term debt	8	1,507,476	1,449,481
Lease liabilities – non-current portion	9	66,161	71,534
Provisions	10	200,171	236,952
Other long-term liabilities		6,425	6,671
Deferred income tax liabilities		90,770	91,598
		1,871,003	1,856,236
Total liabilities		2,644,673	2,387,510
Equity			
Share capital	11	1,993,932	1,977,104
Contributed surplus		54,352	61,820
Accumulated other comprehensive income		20,069	24,066
Deficit		(1,401,829)	(1,383,340)
		666,524	679,650
Total liabilities and equity		3,311,197	3,067,160

See accompanying notes to the condensed consolidated financial statements

Condensed Consolidated Statements of Operations (unaudited)
 (Amounts in thousands of Canadian dollars, except per share amounts)

	<i>Note</i>	Three months ended March 31,	
		2021	2020
Revenue	13	1,609,732	1,458,690
Cost of sales		1,537,132	1,358,091
Gross profit		72,600	100,599
General and administrative expenses		19,940	18,161
Other operating income, net		(3,189)	(4,214)
Operating income		55,849	86,652
Finance costs, net	8	14,988	19,332
Income before income taxes		40,861	67,320
Income tax expense	12	8,084	17,317
Net income		32,777	50,003
Earnings per share	11		
Basic earnings per share		0.22	0.34
Diluted earnings per share		0.22	0.34

See accompanying notes to the condensed consolidated financial statements

Condensed Consolidated Statements of Comprehensive Income (unaudited)
(Amounts in thousands of Canadian dollars, except per share amounts)

	Three months ended March 31,	
	2021	2020
Net Income	32,777	50,003
Other comprehensive (loss) income		
<i>Items that may be reclassified subsequently to statement of operations</i>		
Exchange differences from translating foreign operations	(3,997)	13,811
Other comprehensive (loss) income, net of tax	(3,997)	13,811
Comprehensive income	28,780	63,814

See accompanying notes to the condensed consolidated financial statements



Condensed Consolidated Statements of Changes in Equity (unaudited)
 (Amounts in thousands of Canadian dollars, except per share amounts)

	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Convertible debentures	Deficit	Total Equity
Balance – January 1, 2020	1,973,827	46,316	32,594	7,023	(1,299,150)	760,610
Net income	-	-	-	-	50,003	50,003
Other comprehensive income, net of tax	-	-	13,811	-	-	13,811
Comprehensive income	-	-	13,811	-	50,003	63,814
Exercise of debentures conversion option	559	-	-	-	-	559
Share based compensation	-	5,374	-	-	-	5,374
Tax effect of equity settled awards	80	-	-	-	-	80
Proceeds from exercise of stock options	395	-	-	-	-	395
Reclassification of contributed surplus	9,279	(9,279)	-	-	-	-
Dividends on common shares (\$0.34 per common share)	-	-	-	-	(49,711)	(49,711)
Balance – March 31, 2020	1,984,140	42,411	46,405	7,023	(1,298,858)	781,121
Balance – January 1, 2021	1,977,104	61,820	24,066	-	(1,383,340)	679,650
Net income	-	-	-	-	32,777	32,777
Other comprehensive loss, net of tax	-	-	(3,997)	-	-	(3,997)
Comprehensive (loss) income	-	-	(3,997)	-	32,777	28,780
Exercise of debentures conversion option	-	-	-	-	-	-
Share based compensation	-	8,328	-	-	-	8,328
Tax effect of equity settled awards	1,144	(170)	-	-	-	974
Proceeds from exercise of stock options	58	-	-	-	-	58
Reclassification of contributed surplus	15,626	(15,626)	-	-	-	-
Dividends on common shares (\$0.35 per common share)	-	-	-	-	(51,266)	(51,266)
Balance – March 31, 2021	1,993,932	54,352	20,069	-	(1,401,829)	666,524

See accompanying notes to the condensed consolidated financial statements

Condensed Consolidated Statements of Cash Flows (unaudited)
 (Amounts in thousands of Canadian dollars, except per share amounts)

	<i>Note</i>	Three months ended March 31,	
		2021	2020
Cash flows from operating activities			
Net income		32,777	50,003
Adjustments	16	65,781	81,402
Changes in items of working capital	16	(43,732)	30,512
Income tax payment, net	16	(11,249)	(6,218)
Net cash inflow from operating activities		43,577	155,699
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	5	(24,201)	(50,349)
Investment in equity accounted investees	7	(12,605)	-
Proceeds from sale of held for sale assets, net		15,833	-
Proceeds from sale of assets		1,184	12
Net cash outflow from investing activities		(19,789)	(50,337)
Cash flows from financing activities			
Payment of shareholder dividends		(49,494)	(48,073)
Interest paid, net		(18,773)	(29,142)
Proceeds from exercise of stock options		58	395
Payment of debt issuance cost relating to prior period debt issuance		(317)	-
Finance lease payments	9	(10,700)	(12,780)
Draws (repayment) of credit facility, net	8	57,716	(10,000)
Net cash outflow from financing activities		(21,510)	(99,600)
Net increase in cash and cash equivalents		2,278	5,762
Effect of exchange rate on cash and cash equivalents		(225)	2,140
Cash and cash equivalents – beginning of year		53,676	47,231
Cash and cash equivalents – end of quarter		55,729	55,133

See accompanying notes to the condensed consolidated financial statements

See note 16 for supplemental disclosures

Note 1 Description of Business and Segmented Disclosure

Gibson Energy Inc. (the “Company”) was incorporated pursuant to the Business Corporations Act (Alberta) on April 11, 2011. The Company is incorporated in Alberta and domiciled in Canada. The address of the Company’s principal place of business is 1700, 440 Second Avenue S.W., Calgary, Alberta, Canada. The Company’s common shares are traded on the Toronto Stock Exchange under the symbol “GEI”.

Gibson is an oil Infrastructure company with our principal businesses consisting of storage, optimization, processing, and gathering of crude oil and refined products.

The Company’s reportable segments are:

Infrastructure, which includes a network of oil infrastructure assets that include oil terminals, rail loading and unloading facilities, gathering pipelines, a crude oil processing facility, and other small terminals. The primary facilities within this segment include the Hardisty and Edmonton Terminals, which are the principal hubs for aggregating and exporting oil and refined products out of the Western Canadian Sedimentary Basin; gathering pipelines, which are connected to the Hardisty Terminal; an infrastructure position located in the United States (“U.S.”); and a crude oil processing facility in Moose Jaw, Saskatchewan (the “Moose Jaw Facility”). The Moose Jaw Facility is impacted by maintenance turnarounds typically occurring within the spring.

Marketing, which is involved in the purchasing, selling, storing and optimizing of hydrocarbon products as part of supplying the Moose Jaw Facility and marketing its refined products as well as helping to drive volumes through the Company’s key infrastructure assets. The Marketing segment also engages in optimization opportunities which are typically location, quality and time-based. The hydrocarbon products include crude oil, natural gas liquids, and road asphalt, roofing flux, frac oils, light and heavy straight run distillates, combined vacuum gas oil and an oil-based mud product. The Marketing segment sources the majority of its hydrocarbon products from Western Canada as well as the Permian basin and markets those products throughout Canada and the U.S. The Moose Jaw Facility business is impacted by certain seasonality of operations specific to the oil and gas industry and asphalt product demand.

This reporting structure provides a direct connection between the Company’s operations, the services it provides to customers and the ongoing strategic direction of the Company. These reportable segments of the Company have been derived because they are the segments: (a) that engage in business activities from which revenues are earned and expenses are incurred; (b) whose operating results are regularly reviewed by the Company’s chief operating decision maker to make decisions about resources to be allocated to each segment and assess its performance; and (c) for which discrete financial information is available. The Company has aggregated certain operating segments into the above noted reportable segments through examination of the Company’s performance which is based on the similarity of the goods and services provided and economic characteristics exhibited by these operating segments.

Accounting policies used for segment reporting are consistent with the accounting policies used for the preparation of the Company’s consolidated financial statements. Inter-segmental transactions are eliminated upon consolidation and the Company does not recognize margins on inter-segmental transactions.

Notes to Condensed Consolidated Financial Statements (unaudited)
 (Amounts in thousands of Canadian dollars, except per share amounts)

Statement of operations

Three months ended March 31, 2021	Infrastructure	Marketing	Total
Revenue			
External	78,714	1,531,018	1,609,732
Inter-segmental	45,089	16,379	61,468
External and inter-segmental	123,803	1,547,397	1,671,200
Segment profit	108,275	6,834	115,109
Corporate and other reconciling items:			
Depreciation and impairment of property, plant and equipment			31,201
Depreciation of right-of-use assets			8,061
Amortization of intangible assets			2,022
General and administrative			8,732
Stock based compensation			8,952
Corporate foreign exchange loss			292
Interest expense, net			14,988
Net income before income tax			40,861
Income tax expense			8,084
Net income			32,777

Statement of operations

Three months ended March 31, 2020	Infrastructure	Marketing	Total
Revenue			
External	79,117	1,379,573	1,458,690
Inter-segmental	40,933	6,618	47,551
External and inter-segmental	120,050	1,386,191	1,506,241
Segment profit	98,072	36,039	134,111
Corporate and other reconciling items:			
Depreciation and impairment of property, plant and equipment			28,556
Depreciation of right-of-use assets			9,561
Amortization of intangible assets			2,020
General and administrative			8,923
Stock based compensation			6,025
Corporate foreign exchange gain			(7,626)
Interest expense, net			19,332
Net income before income tax			67,320
Income tax expense			17,317
Net income			50,003

Notes to Condensed Consolidated Financial Statements (unaudited)
 (Amounts in thousands of Canadian dollars, except per share amounts)

The breakdown of additions to property, plant and equipment, investment in equity accounted investees and intangible assets by reportable segment, as well as revenue generated from customers in the U.S. are as follows:

Additions	Three months ended March 31,	
	2021	2020
Infrastructure	29,707	62,915
Marketing	132	911
Corporate	1,063	1,525
	30,902	65,351

Based on the location of the end user, approximately \$399.0 million and \$453.6 million of revenue was from customers in the U.S. for the three months ended March 31, 2021 and 2020, respectively.

The Company's non-current assets, excluding investment in finance leases, investment in equity accounted investees and deferred tax assets are primarily concentrated in Canada with \$203.7 million and \$170.5 million in the U.S. as at March 31, 2021 and 2020, respectively.

Note 2 Basis of Preparation

These condensed consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as set out in the Handbook of the Canadian Institute of Chartered Professional Accountants and as issued by the International Accounting Standards Board, as set out in IAS 34, "Interim Financial Reporting".

These condensed consolidated financial statements are presented in Canadian dollars, the Company's functional currency, and all values are rounded to the nearest thousands of dollars, except where indicated otherwise. All references to \$ are to Canadian dollars and references to US\$ are to U.S. dollars. These statements do not include all disclosures required for the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2020.

These condensed consolidated financial statements were approved for issuance by the Company's board of directors ("Board") on May 3, 2021.

Note 3 Changes in Accounting Policies and Disclosures

Initial adoption of accounting policies

New and amended standards adopted by the Company:

During the three months ended March 31, 2021, there were no new or amended IFRS standards adopted by the Company. The accounting policies applied herein are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2020.

New and amended standards and interpretations issued but not yet adopted:

The Company has assessed the impact of the following amendments to the standards and interpretations applicable for future periods and do not expect these to have a material impact on the Company's consolidated financial statements at the adoption date:

- IAS 1 – Presentation of Financial Statements ("IAS 1"), has been amended to clarify how to classify debt and other liabilities as either current or non-current. The amendment to IAS 1 is effective for the years beginning on or after January 1, 2023;
- The annual improvements process addresses issues in the 2018-2020 reporting cycles including changes to IFRS 9, Financial Instruments, IFRS 1, First Time Adoption of IFRS, IFRS 16, Leases, and IAS 41, Biological Assets. These improvements are effective for periods beginning on or after January 1, 2022; and
- IAS 37 – Provisions ("IAS 37"), has been amended to clarify (i) the meaning of "costs to fulfil a contract", and (ii) that, before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. These amendments are effective for periods beginning on or after January 1, 2022.

Notes to Condensed Consolidated Financial Statements (unaudited)
 (Amounts in thousands of Canadian dollars, except per share amounts)

The Company continues to assess the impact of the following amendment:

- o IAS 16 – Property, Plant and Equipment (“IAS 16”), has been amended to (i) prohibit an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly), (ii) clarify that an entity is “testing whether the asset is functioning properly” when it assesses the technical and physical performance of the asset, and (iii) require certain related disclosures. These improvements are effective for periods beginning on or after January 1, 2022.

Note 4 Inventories

	March 31, 2021	December 31, 2020
Crude oil and diluent	181,958	115,809
Asphalt	44,937	20,852
Natural gas liquids	1,421	14,479
Wellsite fluids and distillate	14,041	11,973
	242,357	163,113

The cost of the inventory sold included in cost of sales was \$1,476 million and \$1,321 million for the three months ended March 31, 2021 and 2020, respectively.

During the three months ended March 31, 2021 the Company recorded \$13.1 million (March 31, 2020 – \$26.5 million) within the Marketing segment as a result of a write-down of inventories to net realizable value. These were recognized as an expense and included in cost of sales in the consolidated statements of operations.

Note 5 Property, Plant and Equipment

	Land and Buildings	Pipelines and Connections	Tanks	Plant, Equipment and Other	Work in Progress	Total
Cost:						
At January 1, 2021	123,661	482,350	823,871	922,220	80,021	2,432,123
Additions and adjustments	3,651	(525)	1,158	7,935	16,990	29,209
Disposals	-	-	-	(8,127)	-	(8,127)
Reclassifications	4,613	514	1,490	17,510	(24,127)	-
Change in decommissioning provision	-	(5,576)	(18,712)	(10,801)	-	(35,089)
Effect of movements in exchange rates	(73)	(1,315)	(234)	(1,163)	(310)	(3,095)
At March 31, 2021	131,852	475,448	807,573	927,574	72,574	2,415,021

Notes to Condensed Consolidated Financial Statements (unaudited)
(Amounts in thousands of Canadian dollars, except per share amounts)

	Land and Buildings	Pipelines and Connections	Tanks	Plant, Equipment and Other	Work in Progress	Total
Accumulated depreciation and impairment:						
At January 1, 2021	27,727	128,640	185,961	426,146	-	768,474
Depreciation and adjustments	2,360	5,477	8,705	24,811	-	41,353
Disposals	-	-	-	(7,896)	-	(7,896)
Effect of movements in exchange rates	-	(59)	(36)	(720)	-	(815)
At March 31, 2021	30,087	134,058	194,630	442,341	-	801,116

Carrying amounts:						
At January 1, 2021	95,934	353,710	637,910	496,074	80,021	1,663,649
At March 31, 2021	101,765	341,390	612,943	485,233	72,574	1,613,905

Additions to property, plant and equipment include the capitalization of interest of \$0.1 million and \$0.7 million for the three months ended March 31, 2021 and 2020, respectively. Amounts in relation to infrastructure assets are under operating lease arrangements.

Note 6 Right-of-use Assets

	Buildings	Rail Cars	Surface Leases and Other	Total
Cost:				
At January 1, 2021	49,500	110,835	12,764	173,099
Additions and adjustments	106	2,101	96	2,303
Disposals	(3,278)	-	(52)	(3,330)
Effect of movements in exchange rates	(55)	-	(94)	(149)
At March 31, 2021	46,273	112,936	12,714	171,923
Accumulated depreciation and impairment:				
At January 1, 2021	20,352	73,402	10,150	103,904
Depreciation and adjustments	1,351	5,769	941	8,061
Disposals	(3,278)	-	(52)	(3,330)
Effect of movements in exchange rates	(37)	-	(80)	(117)
At March 31, 2021	18,388	79,171	10,959	108,518
Carrying amounts:				
At January 1, 2021	29,148	37,433	2,614	69,195
At March 31, 2021	27,885	33,765	1,755	63,405

Note 7 Investment in Equity Accounted Investees

	Ownership %	Share of (loss) profit, for the period ended		Investment in equity accounted investees at	
		March 31, 2021	March 31, 2020	March 31, 2021	December 2020
Hardisty Energy Terminal Limited Partnership	50%	(25)	-	133,285	120,705
Zenith Energy Terminals Joliet Holdings LLC	36%	(18)	3,756	21,520	21,851
		(43)	3,756	154,805	142,556

During the three months ended March 31, 2021, the Company contributed \$12.6 million to fund the Hardisty Energy Terminal Limited Partnership's ("HET") construction of the Diluent Recovery Unit ("DRU"), with an expected mid-year 2021 in service date. Significant balances relating to HET include cash, property, plant and equipment and accounts payable.

Note 8 Long-Term Debt

	Coupon Rate	Maturity	March 31, 2021	December 31, 2020
Unsecured revolving credit facility	floating	2026	117,716	60,000
Senior unsecured notes	2.45%	2025	325,000	325,000
Senior unsecured notes	2.85%	2027	325,000	325,000
Senior unsecured notes	3.60%	2029	500,000	500,000
Unsecured hybrid notes	5.25%	2080	250,000	250,000
Unamortized issue discount and debt issue costs			(10,240)	(10,519)
			1,507,476	1,449,481

The Company had \$117.7 million drawn on its \$750.0 million unsecured revolving credit facility as of March 31, 2021 (\$60 million – December 31, 2020). In addition, the Company has two bilateral demand facilities, which are available for use for general corporate purposes or letters of credit, totaling \$150.0 million under which it had issued letters of credit totaling \$34.7 million as at March 31, 2021 (December 31, 2020 – \$34.7 million).

The Company is required to meet certain specific and customary affirmative and negative financial covenants under various debt agreements. As at March 31, 2021, the Company was in compliance with all of its covenants.

The components of finance costs are as follows:

	Note	Three months ended March 31,	
		2021	2020
Interest expense		14,127	18,805
Capitalized interest		(148)	(699)
Interest expense, finance lease	9	1,011	1,371
Interest income		(2)	(145)
		14,988	19,332

Note 9 Lease Liabilities

	March 31, 2021	December 31, 2020
Opening balance	102,742	131,808
Additions	2,304	14,974
Disposals	(19)	(3,547)
Interest expense	1,011	5,110
Lease payments	(10,700)	(44,967)
Effect of movements in exchange rates	(861)	(636)
Closing balance	94,477	102,742
Less: current portion	28,316	31,208
Closing balance – non-current portion	66,161	71,534

The Company incurs lease payments related to rail cars, head office facilities, vehicles, equipment, and surface leases. Leases are entered into and exited in coordination with specific business requirements which includes the assessment of the appropriate durations for the related leased assets. The Company has recognised lease liabilities in relation to lease arrangements measured at the present value of the remaining lease payments as at March 31, 2021 at a weighted average borrowing rate of 4.6% (December 31, 2020 – 4.6%).

Note 10 Provisions

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

	March 31, 2021	December 31, 2020
Opening balance	236,952	197,002
Settlements	(1,456)	(6,270)
Additions	2,528	17,881
Disposals	-	(275)
Change in discount rate	(38,448)	22,079
Unwind of discount	733	2,708
Transfer from liabilities held for sale	-	4,222
Effect of movements in exchange rates	(138)	(395)
Closing balance	200,171	236,952

The Company applied a risk-free rate of 1.97% (December 31, 2020 – 1.24%) to estimate the present value of the decommissioning and site restoration provisions. The change in the risk-free rate results in an adjustment in cost to the corresponding asset.

Note 11 Share Capital and Share Based Compensation

Common Shares – Issued and Outstanding

	Number of Common Shares	Amount
At January 1, 2021	145,571,455	1,977,104
Issuance in connection with the exercise of stock options	3,334	58
Tax effect of equity settled awards	-	1,144
Reclassification of contributed surplus on issuance of awards under equity incentive plans	899,802	15,626
At March 31, 2021	146,474,591	1,993,932

A dividend of \$0.35 per share, declared on February 22, 2021, was paid on April 16, 2021.

Under the Company's Normal Course Issuer Bid that commenced in the third quarter of 2020, the Company is permitted to purchase for cancellation up to 10% or 11,765,180 common shares through August 31, 2021 in accordance with the applicable rules and policies of the TSX and applicable securities laws. The Company did not repurchase any shares during the three months ended March 31, 2021.

Share Based Compensation

A summary activity under the equity incentive plan is as follows:

	Number of shares	Weighted Average Exercise price (in dollars)	Restricted	Performance	Deferred
			Share Units	Share Units	Share Units
	Stock Options		Number of Shares		
At January 1, 2021	1,931,309	19.35	830,440	984,619	583,937
Granted	62,000	22.18	391,287	541,085	52,207
Exercised and released for common shares	(3,334)	17.53	(387,152)	(511,054)	(1,595)
Forfeited	(25,717)	27.00	(20,819)	(20,751)	-
At March 31, 2021	1,964,258	19.34	813,756	993,899	634,549
Vested	1,440,128	18.29	-	-	634,549

Notes to Condensed Consolidated Financial Statements (unaudited)
 (Amounts in thousands of Canadian dollars, except per share amounts)

Per Share Amounts

The following table shows the number of shares used in the calculation of earnings per share:

	Three months ended March 31,	
	2021	2020
Weighted average common shares outstanding – Basic	145,780,551	145,791,049
Dilutive effect of stock options and other awards	2,770,179	2,316,210
Weighted average common shares – Diluted	148,550,730	148,107,259

The dilutive effect of 2.8 million (March 31, 2020 – 2.3 million) stock options and other awards for the three months ended March 31, 2021 have been included in the determination of the weighted average number of common shares outstanding. The impact of 0.6 million (March 31, 2020 – 0.2 million) stock options have not been included in the determination of weighted average number of common shares outstanding as the inclusion would be anti-dilutive to the net income per share.

Note 12 Income Taxes

	Three months ended March 31,	
	2021	2020
Current	8,648	11,384
Deferred	(564)	5,933
	8,084	17,317
Effective income tax rate	19.8%	25.7%

Note 13 Revenue

	Three months ended March 31,	
	2021	2020
Revenue from contracts with customers recognized at a point in time	1,530,686	1,378,828
Revenue from contracts with customers recognized over time	34,088	37,393
Total revenue from contracts with customers	1,564,774	1,416,221
Total revenue from lease arrangements	44,958	42,469
	1,609,732	1,458,690



Notes to Condensed Consolidated Financial Statements (unaudited)
(Amounts in thousands of Canadian dollars, except per share amounts)

Three months ended March 31, 2021	Infrastructure	Marketing	Total
Canada			
External Service Revenue			
Terminals storage and throughput / pipeline transportation	19,936	-	19,936
Rail	13,720	-	13,720
Other	92	-	92
External Product Revenue			
Crude, diluent and other products	-	1,114,996	1,114,996
Refined products	-	17,001	17,001
	33,748	1,131,997	1,165,745
U.S.			
External Service Revenue			
Hauling and transportation and other	8	332	340
External Product Revenue			
Crude, diluent and other products	-	349,806	349,806
Refined products	-	48,883	48,883
	8	399,021	399,029
Total revenue from contracts with customers	33,756	1,531,018	1,564,774

Three months ended March 31, 2020	Infrastructure	Marketing	Total
Canada			
External Service Revenue			
Terminals storage and throughput / pipeline transportation	18,759	-	18,759
Rail	17,104	-	17,104
Other	697	-	697
External Product Revenue			
Crude, diluent and other products	-	919,872	919,872
Refined products	-	6,148	6,148
	36,560	926,020	962,580
U.S.			
External Service Revenue			
Hauling and transportation and other	89	744	833
External Product Revenue			
Crude, diluent and other products	-	361,199	361,199
Refined products	-	91,609	91,609
	89	453,552	453,641
Total revenue from contracts with customers	36,649	1,379,572	1,416,221

Notes to Condensed Consolidated Financial Statements (unaudited)
 (Amounts in thousands of Canadian dollars, except per share amounts)

Note 14 Financial Instruments

As at March 31, 2021	Carrying	Fair Value		
	Amount	Level 1	Level 2	Level 3
Commodity futures	873	873	-	-
Commodity swaps	133	-	133	-
WTI differential futures	941	941	-	-
Foreign currency swap	37,736	-	37,736	-
Foreign currency forwards	208	-	208	-
Financial assets (carried at fair value)	39,891	1,814	38,077	-
Commodity futures	3,967	3,967	-	-
WTI differential futures	1,016	1,016	-	-
Foreign currency swap	37,668	-	37,668	-
Foreign currency forwards	198	-	198	-
Financial Liabilities (carried at fair value)	42,849	4,983	37,866	-
Long-term debt (carried at amortized cost)	1,507,476	-	1,555,613	-
As at December 31, 2020	Carrying	Fair Value		
	Amount	Level 1	Level 2	Level 3
Commodity futures	24	24	-	-
Commodity swaps	1,952	-	1,952	-
WTI differential futures	488	488	-	-
Foreign currency forwards	815	-	815	-
Financial assets (carried at fair value)	3,279	512	2,767	-
Commodity futures	6,645	6,645	-	-
Commodity swaps	1,338	-	1,338	-
WTI differential futures	1,828	1,828	-	-
Foreign currency forwards	343	-	343	-
Financial Liabilities (carried at fair value)	10,154	8,473	1,681	-
Long-term debt (carried at amortized cost)	1,449,481	-	1,483,886	-

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

Notes to Condensed Consolidated Financial Statements (unaudited)
 (Amounts in thousands of Canadian dollars, except per share amounts)

The Company used the following techniques to value financial instruments categorized in Level 2:

- The fair value of commodity swaps is calculated as the present value of the estimated future cash flows based on the difference between contract price and commodity price forecast.
- The fair value of foreign currency forward contracts and foreign currency swaps are determined using the forward exchange rates at the measurement date, with the resulting value discounted back to present values.

Note 15 Subsequent Events

On April 16, 2021, the Company amended its unsecured revolving credit facility into a sustainability linked revolving credit facility and amongst other things, extend the maturity date from February 2025 to April 2026.

On May 3, 2021, the Board declared a quarterly dividend of \$0.35 per common share for the second quarter on its outstanding common shares. The dividend is payable on July 16, 2021 to shareholders of record at the close of business on June 30, 2021.

Note 16 Supplemental Cash Flow Information

	<i>Note</i>	Three months ended March 31,	
		2021	2020
Cash flows from operating activities			
Net income from operations		32,777	50,003
Adjustments:			
Finance costs, net		14,988	19,332
Income tax expense		8,084	17,317
Depreciation and impairment of property, plant and equipment	5	31,201	28,556
Depreciation of right-of-use asset	6	8,061	9,561
Amortization and impairment of intangible assets		2,022	2,020
Share based compensation	11	8,952	6,025
Share of loss (profit) from investments in equity accounted	7	43	(3,756)
(Gain) loss on sale of property, plant and equipment	5	(773)	57
Provisions	10	(831)	306
Net gain on fair value movement of financial instruments		(3,584)	(4,262)
Other		(2,382)	6,246
		65,781	81,402
Changes in items of working capital:			
Trade and other receivables		(262,244)	117,905
Inventories	4	(80,274)	68,525
Other current assets		(1,271)	(1,130)
Trade payables and accrued charges		311,170	(130,787)
Contract liabilities		(11,113)	(24,001)
		(43,732)	30,512
Income tax payment, net		(11,249)	(6,218)
Net cash inflow from operating activities		43,577	155,699