Gibson Energy Inc.

Condensed Consolidated Financial Statements
March 31, 2012 and 2011
(in thousands of Canadian dollars)

Gibson Energy Inc.

Condensed Consolidated Balance Sheet

(Unaudited)

(tabular amounts in thousands of Canadian dollars)

	March 31, 2012	December 31, 2011
Assets		
Current assets		
Cash and cash equivalents	$ 74,768	$ 64,810
Trade and other receivables (note 4)	413,465	404,677
Inventories (note 5)	144,047	179,959
Income taxes receivable	54,911	55,511
Prepaid expenses and other assets	8,699	10,340
Net investment in finance leases	323	314
Total current assets	696,213	715,611
Non-current assets		
Property, plant and equipment (note 6)	812,022	789,091
Long-term prepaid expenses and other assets	20,863	21,672
Net investment in finance leases	25,287	25,371
Deferred income tax assets	7,819	8,968
Intangible assets (note 7)	121,607	129,915
Goodwill (note 8)	512,746	513,747
Total non-current assets	1,500,344	1,488,764
Total assets	$ 2,196,557	$ 2,204,375
Liabilities		
Current liabilities		
Trade payables and accrued charges (note 9)	$ 419,568	$ 444,785
Dividends payable	24,733	23,362
Deferred revenue	5,096	8,021
Income taxes payable	5,499	830
Current portion of long-term debt (note 10)	6,494	6,611
Total current liabilities	461,390	483,609
Non-current liabilities		
Long-term debt (note 10)	608,603	620,678
Provisions (note 11)	70,034	66,471
Other long-term liabilities	25,861	38,011
Deferred income tax liabilities	147,720	142,385
Total non-current liabilities	852,218	867,545
Total liabilities	1,313,608	1,351,154
Equity		
Share capital (note 12)	1,106,217	1,082,990
Contributed surplus	15,380	21,240
Accumulated other comprehensive loss	(6,447)	(3,504)
Deficit	(232,201)	(247,505)
Total equity	882,949	853,221
Total liabilities and shareholder's equity	$ 2,196,557	$ 2,204,375

See accompanying notes

Gibson Energy Inc.

Condensed Consolidated Statement of Operations

(Unaudited)

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

	Three months ended March 31, 2012	Three months ended March 31, 2011
Revenue (note 14)	$ 1,294,928	$ 1,148,017
Cost of sales (note 15, 16 and 20)	1,243,402	1,104,199
Gross profit	51,526	43,818
General and administrative expenses (note 15 and 16)	8,656	7,374
Gain on sale of Edmonton North Terminal (note 6)	-	(20,370)
Other operating expenses (note 17)	937	1,176
Income from operating activities	41,933	55,638
Loss from investment in associates	12	86
Loss from sale of investment in associates	34	-
Interest expense	11,236	24,481
Loss/(gain) on financial instruments relating to interest expense (note 20)	(4,023)	224
Interest income	(98)	(58)
Foreign exchange gain on long-term debt (note 10)	(16,379)	(17,328)
Income before income taxes	51,151	48,233
Income tax provision (note 18)	11,114	8,102
Net income	$ 40,037	$ 40,131
Earnings per share		
Basic	$ 0.41	$ 0.58
Diluted	$ 0.40	$ 0.51

See accompanying notes

Gibson Energy Inc.

Condensed Consolidated Statement of Comprehensive Income

(Unaudited)

(tabular amounts in thousands of Canadian dollars)

	Three months ended March 31, 2012	2011
Net income	$ 40,037	$ 40,131
Other comprehensive loss		
Cumulative translation adjustment	(2,943)	(3,499)
Other comprehensive loss	(2,943)	(3,499)
Comprehensive income	$ 37,094	$ 36,632

See accompanying notes

Gibson Energy Inc.

Condensed Consolidated Statement of Changes in Equity

(Unaudited)

(tabular amounts in thousands of Canadian dollars)

	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total Equity
Balance – January 1, 2011	$ 664,724	$ 13,586	$ (6,767)	$ (126,735)	$ 544,808
Net income	-	-	-	40,131	40,131
Other comprehensive loss	-	-	(3,499)	-	(3,499)
Employee share options:					
Value of services recognized	-	621	-	-	621
Dividends on preferred shares	4,103	-	-	(4,103)	-
Balance – March 31, 2011	$ 668,827	$ 14,207	$ (10,266)	$ (90,707)	$ 582,061
Balance – January 1, 2012	$ 1,082,990	$ 21,240	$ (3,504)	$ (247,505)	$ 853,221
Net income	-	-	-	40,037	40,037
Other comprehensive loss	-	-	(2,943)	-	(2,943)
Employee share options:					
Value of services recognized	-	852	-	-	852
Exercise of stock options	4,901	-	-	-	4,901
Reclassification of contributed surplus on exercise of stock option and other stock awards	6,712	(6,712)	-	-	-
Issuance of common shares in connection with the Dividend Reinvestment Program	11,614	-	-	-	11,614
Dividends on common shares	-	-	-	(24,733)	(24,733)
Balance – March 31, 2012	$ 1,106,217	$ 15,380	$ (6,447)	$ (232,201)	$ 882,949

See accompanying notes

Gibson Energy Inc.

Condensed Consolidated Statement of Cash Flows

(Unaudited)

(tabular amounts in thousands of Canadian dollars)

	Three months ended March 31, 2012	2011
Cash provided by (used in)		
Operating activities		
Income from operating activities	$ 41,933	$ 55,638
Items not affecting cash		
Depreciation of property, plant and equipment (note 15)	19,969	16,067
Amortization of intangible assets (note 15)	7,918	7,739
Stock based compensation	852	621
Loss (gain) on sale of assets	140	(20,468)
Other	212	(585)
Net loss (gain) on fair value movement of financial instruments (note 20)	1,065	(3,034)
Changes in items of working capital		
Trade and other receivables	(9,118)	(61,135)
Inventories	35,882	39,263
Other current assets	1,377	(1,480)
Trade payables and accrued charges	(33,267)	21,727
Deferred revenue	(2,925)	9,284
Income taxes paid	603	(66)
Net cash provided by operating activities	64,641	63,571
Investing activities		
Purchase of property, plant and equipment	(35,755)	(16,874)
Purchase of intangible assets	(238)	(1,515)
Proceeds from sale of equity investment	596	-
Proceeds on sale of assets	742	54,495
Net cash provided by (used in) investing activities	(34,655)	36,106
Financing activities		
Payment of shareholder dividends	(23,362)	-
Proceeds from Dividend Reinvestment Program	11,614	-
Interest paid	(11,527)	(10,884)
Proceeds from exercise of stock options	4,901	-
Repayment of long-term debt	(1,624)	-
Payment of transaction costs	(300)	-
Interest received	95	58
Repayment of credit facilities	-	(152,500)
Proceeds from credit facilities	-	109,000
Net cash used in financing activities	(20,203)	(54,326)
Effect of exchange rate on cash and cash equivalents	175	(587)
Net increase in cash and cash equivalents	9,958	44,764
Cash and cash equivalents – beginning of period	64,810	7,225
Cash and cash equivalents – end of period	$ 74,768	$ 51,989

See accompanying notes

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

1 General Information

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

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

2 Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, "Interim Financial Reporting". The condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2011, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies adopted are consistent with those of the previous financial year except as follows:

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual profit or loss.

These condensed consolidated financial statements were approved for issuance by the board of directors ("Board") on May 8, 2012.

The Company's 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 U.S.$ are to United States dollars.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

3 Recent accounting pronouncements

IFRS 7, "Financial Instruments: Disclosures" ("IFRS 7"), has been amended to provide more extensive quantitative disclosures for financial instruments that are offset in the balance sheet or that are subject to enforceable master netting or similar arrangements. This amendment to IFRS 7 is effective for annual periods beginning on or after January 1, 2013 with retrospective application. The Company is currently evaluating the impact of adopting this amendment on its consolidated financial statements.

IFRS 9, ''Financial Instruments'' (''IFRS 9'') amends the classification and measurement criteria for financial instruments included within the scope of IAS 39 ''Financial Instruments: Recognition and Measurements'' (''IAS 39''). IFRS 9 will be published in three phases, of which the first phase has been published. The first phase addresses the accounting for financial assets and financial liabilities. The second phase will address the impairment of financial instruments, and the third phase will address hedge accounting. For financial assets, IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, and replaces the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple

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

impairment methods in IAS 39. For financial liabilities, although the classification criteria for financial liabilities will not change under IFRS 9, the approach to the fair value option for financial liabilities may require different accounting for changes to the fair value of a financial liability as a result of changes to an entity's own credit risk. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company is currently evaluating the impact of adopting IFRS 9 on its consolidated financial statements.

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

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

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

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

IAS 1, "Presentation of Financial Statements" ("IAS 1") was amended and requires companies to group items presented within Other Comprehensive Income based on whether they may be subsequently reclassified to profit or loss. This amendment to IAS 1 is effective for annual periods beginning on or after July 1, 2012 with full retrospective application. Early adoption is permitted. The adoption of this amendment will not have a material impact on the Company's consolidated financial statements.

IAS 19, "Employee Benefits" ("IAS 19") was amended to eliminate the option to defer the recognition of actuarial gains and losses, commonly known as the corridor approach and requires an entity to recognize actuarial gains and losses in Other Comprehensive Income ("OCI") immediately. In addition, the net change in the defined benefit liability or asset must be disaggregated into three components: service cost, net interest and remeasurements. Service cost and net interest will continue to be recognized in net earnings while remeasurements, which include changes in estimates or the valuation of plan assets, will be recognized in OCI. Furthermore, entities will be required to calculate net interest on the net defined benefit liability or asset using the same discount rate used to measure the defined benefit obligation. The amendment also enhances financial statement disclosures. This amended standard is effective for annual periods beginning on or after January 1, 2013, with modified retrospective application. Earlier adoption is permitted. The adoption of this amendment will not have a material impact on the Company's consolidated financial statements.

IAS 27, "Separate Financial Statements" ("IAS 27") has been amended to only deal with the requirements for separate financial statements. This amended standard is effective for annual periods beginning on or after January 1, 2013. Early adoption is permitted provided it is adopted concurrently with other related standards. The Company is currently evaluating the impact of adopting this amendment on its consolidated financial statements.

IAS 28, "Investments in Associates and Joint Ventures" ("IAS 28") has been amended to conform to the changes made in IFRS 10 and IFRS 11. This amended standard is effective for annual periods beginning on or after January 1, 2013. Early adoption is permitted provided it is adopted concurrently with other related standards. The Company is currently evaluating the impact of adopting this amendment on its consolidated financial statements.

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

IAS 32, "Financial Instruments: Presentation" ("IAS 32") has been amended to clarify the requirements for offsetting financial assets and liabilities. The amendment clarifies that the right to offset must be available on the current date and cannot be contingent on a future event. The amendment to IAS 32 is effective for annual periods beginning on or after January 1, 2014, with retrospective application. The Company is currently evaluating the impact of adopting this amendment on its consolidated financial statements.

4 Trade and other receivables

	March 31, 2012	December 31, 2011
Trade receivables	$ 394,480	$ 384,936
Allowance for doubtful accounts	(5,337)	(4,724)
Trade receivables - net	389,143	380,212
Risk management assets (note 20)	10,208	12,310
Deposits held as collateral	1,634	1,754
Broker accounts receivable	3,152	1,040
GST receivable	4,554	6,388
Other	4,774	2,973
Total trade and other receivables	$ 413,465	$ 404,677

5 Inventories

	March 31, 2012	December 31, 2011
Crude oil	$ 70,008	$ 96,672
Diluent	4,193	6,807
Asphalt	41,044	36,107
Natural gas liquids	16,483	28,027
Wellsite fluids and distillate	10,427	10,482
Spare parts and other	1,892	1,864
	$ 144,047	$ 179,959

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

6 Property, plant and equipment

	Land & Buildings	Pipelines	Tanks	Rolling Stock	Plant, Equipment & Disposal wells	Work in Progress	Total
Cost:							
At December 31, 2011	$ 76,406	$ 100,437	$ 236,173	$ 214,997	$ 292,274	$ 51,624	$ 971,911
Additions	113	210	1,302	16,994	2,742	20,430	41,791
Disposals	(17)	-	(113)	(1,607)	(332)	-	(2,069)
Reclassifications	382	-	707	436	3,039	(4,564)	-
Change in decommissioning liabilities	-	448	1,623	-	1,256	-	3,327
Effect of movements in exchange rates	(16)	-	(163)	(1,203)	(234)	-	(1,616)
At March 31, 2012	$ 76,868	$ 101,095	$ 239,529	$ 229,617	$ 298,745	$ 67,490	$1,013,344
Accumulated depreciation and impairment:							
At December 31, 2011	$ 11,540	$ 26,624	$ 29,318	$ 60,916	$ 54,422	$ -	$ 182,820
Depreciation	1,051	1,839	3,246	6,861	6,972	-	19,969
Disposals	(16)	-	(82)	(870)	(220)	-	(1,188)
Effect of movements in exchange rates	(2)	-	(23)	(221)	(33)	-	(279)
At March 31, 2012	$ 12,573	$ 28,463	$ 32,459	$ 66,686	$ 61,141	$ -	$ 201,322
Carrying amounts:							
At December 31, 2011	$ 64,866	$ 73,813	$ 206,855	$ 154,081	$ 237,852	$ 51,624	$ 789,091
At March 31, 2012	64,295	72,632	207,070	162,931	237,604	67,490	812,022

Additions to property, plant and equipment includes capitalization of interest of $0.4 million and $0.2 million for the three months ended March 31, 2012 and 2011, respectively.

During the three months ended March 31, 2011, the Company completed the sale of the Edmonton North Terminal for total consideration of $54.3 million, and recorded a gain of $20.4 million. As part of the total consideration received, the Company received pipeline assets valued at $0.9 million that provide access to crude oil streams within the Edmonton area and assumed obligations related to these assets. Transaction costs related to the sale of $1.4 million were expensed and are included as part of the gain on sale of Edmonton North Terminal.

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

7 Intangible assets

	Brands	Customer relationships	Long-term Contracts	Non-compete agreements	Technology	Software	Total
Cost:							
At December 31, 2011	$ 41,425	$ 111,093	$ 33,336	$ 17,923	$ 1,600	$ 12,775	$ 218,152
Additions	-	-	-	-	-	238	238
Effect of movements in exchange rates	-	(272)	(506)	(104)	-	(4)	(886)
At March 31, 2012	$ 41,425	$ 110,821	$ 32,830	$ 17,819	$ 1,600	$ 13,009	$ 217,504
Accumulated amortization:							
At December 31, 2011	$ 13,544	$ 50,020	$ 7,033	$ 11,407	$ 1,313	$ 4,920	$ 88,237
Amortization	1,008	4,782	897	564	108	559	7,918
Effect of movements in exchange rates	-	(74)	(80)	(100)	-	(4)	(258)
At March 31, 2012	$ 14,552	$ 54,728	$ 7,850	$ 11,871	$ 1,421	$ 5,475	$ 95,897
Carrying amounts:							
At December 31, 2011	$ 27,881	$ 61,073	$ 26,303	$ 6,516	$ 287	$ 7,855	$ 129,915
At March 31, 2012	26,873	56,093	24,980	5,948	179	7,534	121,607

8 Goodwill

The changes in the carrying amount of goodwill are as follows:

	Three months ended March 31, 2012	Year ended December 31, 2011
Opening balance	$ 513,747	$ 496,416
Additions through business combinations	-	16,065
Effect of movements in exchange rates	(1,001)	1,266
Closing balance	$ 512,746	$ 513,747

9 Trade payables and accrued charges

Trade payables and accrued charges include the following items:

	March 31, 2012	December 31, 2011
Trade payables	$ 303,013	$ 319,023
Accrued compensation charges	16,313	26,121
GST payable	1,773	1,719
Risk management liabilities (note 20)	8,498	6,451
Broker accounts payable	3,131	2,181
Pension liabilities	572	572
Interest payable	352	1,935
Due to Hunting PLC (note 13)	53,568	53,568
Other	32,348	33,215
	$ 419,568	$ 444,785

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

10 Loans and borrowings

Long-term debt

	March 31, 2012	December 31, 2011
Term Loan	$ 644,544	$ 657,745
Unamortized debt issue costs	(17,221)	(17,809)
Unamortized financial instrument liability discount	(12,226)	(12,647)
	615,097	627,289
Less: current portion	6,494	6,611
Long-term debt: non-current portion	$ 608,603	$ 620,678

On June 15, 2011, the Company entered into a senior secured first lien term loan facility (the "Term Loan") in an aggregate principal amount of U.S.$650.0 million. The Term Loan has a term of seven years expiring on June 15, 2018. The Term Loan is repayable in equal quarterly instalments at the end of each quarter, totalling 1% per annum of the original principal with the remaining balance to be paid at the end of the term. In addition, certain events may trigger incremental repayments of principal including a percentage of annual net excess cash flow as defined under the credit agreement, and proceeds from asset dispositions, where such proceeds are not reinvested as capital expenditures within specified time periods. The Term Loan accrues interest at the option of the Company at a rate equal to Adjusted LIBOR plus 4.5% or ABR plus 3.5%, subject to a minimum Adjusted LIBOR floor of 1.25%. This interest rate floor is considered an embedded derivative as the floor rate exceeded the market rate of interest at the time that the debt was incurred. As a result, the interest rate floor derivative is required to be separated from the carrying value of long-term debt and accounted for as a separate financial liability initially measured at fair value and marked to market at each reporting date (note 20). The fair value of the liability related to the interest rate floor derivative at inception was $13.5 million.

The effective interest rate on long-term debt, excluding the accretion of debt issuance costs, was 5.9% and 11.0% for the three months ended March 31, 2012 and 2011, respectively.

As a result of the movement in exchange rates, the Company recorded a foreign exchange gain of $11.6 million on the translation of the U.S. dollar denominated long-term debt in the three months ended March 31, 2012, as well as a net gain of $4.8 million, relating to the change in value of financial instruments in place to manage part of the currency risk associated with the Company's U.S. dollar denominated long-term debt (note 20). In the three months ended March 31, 2011, the Company recorded a foreign exchange gain on the translation of the U.S. dollar denominated long-term debt of $17.3 million.

Credit Facility

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

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

The Company had no amounts drawn against the Revolving Credit Facility as at March 31, 2012 and December 31, 2011. The Company had issued letters of credit totalling $42.2 million and $60.5 million as at March 31, 2012 and December 31, 2011, respectively.

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

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

11 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:

	Three months ended March 31, 2012	Year ended December 31, 2011
Opening balance	$ 66,471	$ 43,251
Provisions reversed	(189)	(1,988)
Assumed in a business combination	-	3,724
Effect of changes in foreign exchange rates	(11)	13
Additions	624	-
Change in discount rate	2,703	19,772
Unwinding of discount	436	1,699
Closing balance	$ 70,034	$ 66,471

The Company estimates the total undiscounted future value amount, including an inflation factor of 2%, of estimated cash flows to settle the future liability for asset retirement and remediation obligations to be approximately $170.6 million at March 31, 2012 and $169.4 million at December 31, 2011. In order to determine the current provision related to these future values, the estimated future values were discounted using a risk-free rate of 2.7% and 2.8% at March 31, 2012 and December 31, 2011, respectively. The provision is expected to be settled up to 40 years into the future.

12 Share capital

	Number	Share Capital
At January 1, 2012	97,335,641	$ 1,082,990
Exercise of stock options	567,231	4,901
Exercise of other stock awards	416,018	-
Reclassification of contributed surplus on exercise of stock options and other stock awards	-	6,712
Issuance of common shares in connection with the Dividend Reinvestment Program	612,531	11,614
At March 31, 2012	98,931,421	$ 1,106,217

Dividends

The following dividends on common shares were paid by the Company:

	Three months ended March 31, 2012	2011
$0.24 per qualifying common share (2011: $0.00)	$ 23,362	$ -

During the three months ended March 31, 2012, the Board declared a quarterly dividend of $0.25 cents per common share for the three months ended March 31, 2012 on its outstanding common shares that was settled on April 17, 2012.

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

Share based payments

A summary of activity under the 2011 Equity Incentive Plan is as follows:

	Stock Options		RSUs	PSUs	DSU
	Number of shares	Weighted average exercise price (in dollars)		Number of Shares	
Balance at December 31, 2011	3,402,246	$ 8.65	1,408,319	1,604	42,889
Granted	36,538	20.68	86,254	84,103	527
Exercised	(567,231)	8.64	(416,018)	-	-
Forfeited	(33,162)	8.64	(21,173)	-	-
Balance at March 31, 2012	2,838,391	$ 8.81	1,057,382	85,707	43,416
Vested	2,636,468	$ 8.64	165,626	-	19,324

At March 31, 2012, awards available to grant under the 2011 Equity Incentive Plan were 2,463,251.

13 Contingent liabilities

The Company is currently undergoing income tax related and excise tax audits. While the final outcome of such audits cannot be predicted with certainty, it is the opinion of management that the resolution of these audits will not have a material impact on the Company's consolidated financial position or results of operations. As part of the acquisition of the Company by Riverstone from Hunting PLC on December 12, 2008, Hunting has indemnified the Company for the pre-closing period impact of these audits. Included in income tax receivable and trade payables and accrued charges as at March 31, 2012 and December 31, 2011 is $53.6 million, whereby Hunting paid the Company and the Company paid the tax assessments relative to certain 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 asset retirement obligations. Estimates of asset retirement obligation costs can change significantly based on such factors as operating experience and changes in legislation and regulations.

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

14 Revenue

	Three months ended March 31, 2012	Three months ended March 31, 2011
Products	$ 1,124,854	$ 1,016,269
Services	170,074	131,748
	$ 1,294,928	$ 1,148,017

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

15 Depreciation and amortization

	Three months ended March 31, 2012	2011
Depreciation of property, plant and equipment	$ 19,969	$ 16,067
Amortization of intangible assets	7,918	7,739
	$ 27,887	$ 23,806

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

	Three months ended March 31, 2012	2011
Cost of sales	$ 26,900	$ 23,035
General and administrative	987	771
	$ 27,887	$ 23,806

16 Employee salaries and benefits

	Three months ended March 31, 2012	2011
Employee salaries and benefits	$ 34,950	$ 27,417

Employee salaries and benefits have been expensed as follows:

	Three months ended March 31, 2012	2011
Cost of sales	$ 30,036	$ 23,505
General and administrative	4,914	3,912
	$ 34,950	$ 27,417

Included in employee benefits is stock based compensation of $0.9 million and $0.6 million for the three months ended March 31, 2012 and 2011, respectively. The stock based compensation expense is included in general and administrative expenses.

17 Other operating expenses

	Three months ended March 31, 2012	2011
Loss (gain) on sale of property, plant and equipment	$ 140	$ (98)
Foreign exchange loss	797	1,274
	$ 937	$ 1,176

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

18 Income tax provision

The income tax provision included in the condensed consolidated statement of operations is classified as follows:

	Three months ended March 31, 2012	Three months ended March 31, 2011
Current	$ 4,675	$ 439
Deferred	6,439	7,663
Income tax provision	$ 11,114	$ 8,102
Effective income tax rate	21.7%	16.8%

19 Related party transactions

On December 12, 2008, the Company was acquired by an indirect wholly owned subsidiary of Co-op, a Dutch co-op owned by investment funds affiliated with Riverstone. As a result of the Offering and follow on secondary offerings, Co-op had approximately 29% ownership in the Company at December 31, 2011. On March 27, 2012, the Company completed a secondary offering of common shares of the Company held by Co-op, pursuant to which Co-op sold 28,107,782 common shares at a price of $20.70 per common share for total gross proceeds to Co-op of $581.8 million. As a result, Co-op no longer owns any common shares of the Company.

On December 12, 2008, the Company entered into a management agreement with Riverstone, whereby Riverstone provided management advisory services in connection with the general business operations of the Company. The management agreement was terminated in connection with the completion of the Offering. Total management fees were $0.3 million for the three months ended March 31, 2011.

Concurrently with the completion of the Offering, the Company and Co-op entered into a registration rights agreement to govern the sale of common shares held by Co-op and its affiliates. The agreement also contains customary registration, expense reimbursement and indemnity terms. In connection with the agreement, the Company incurred professional fees relating to a secondary offering of common shares of $0.2 million in the three months ended March 31, 2012.

With respect to companies that Riverstone has a controlling interest or significant interest in, for the three months ended March 31, 2012 and 2011, the Company recognized revenue of $0.2 million and $0.2 million, respectively, and purchased product of $46.2 million and $12.4 million, respectively.

Jointly controlled entities

On August 11, 2011, the Company formed a partnership for an initial contribution of $4.6 million to jointly construct and own a pipeline and an emulsion treating, water disposal and oilfield waste management facility in the Plato area of Saskatchewan. The Company's interest in the partnership is 50%. A member of the Company's Board is also a shareholder and director of the other party with a 50% interest in the partnership. At March 31, 2012, the Company's proportionate share of property, plant and equipment was $5.1 million.

20 Financial instruments

The Company has financial instruments other than financial contracts consisting of cash and cash equivalents, trade and other receivables, trade payables and accrued charges, Revolving Credit Facility and long-term debt. Cash and cash equivalents and trade and other receivables are recorded at amortized cost which approximates fair value due to the short term nature of the instrument. Trade payables, accrued charges and dividends payable are classified as other liabilities recorded at amortized cost. The fair value of trade payables, accrued charges and dividends payable approximate their carrying values due to the short term nature of these instruments. Long-term debt is recognized as another liability and held at amortized cost using the effective interest method of amortization. The fair value of long-term debt, based on market information at March 31, 2012 and December 31, 2011, was $651.0 million and $657.7 million, respectively.

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

Fair Values

The following is a summary of the Company's risk management contracts outstanding:

	March 31, 2012		December 31, 2011	
	Assets	Liabilities	Assets	Liabilities
Commodity futures	$ 886	$ 8	$ 159	$ 239
Commodity swaps	2,663	3,782	1,944	2,007
Electricity swap	-	252	-	11
Interest rate swap	-	1,886	-	1,865
Foreign currency forward contracts	6,659	216	10,207	-
Foreign currency options, including deferred premium	-	1,826	-	9,666
Interest rate floor	-	18,278	-	22,722
Total	$ 10,208	$ 26,248	$ 12,310	$ 36,510
Less non-current portion:				
Interest rate swap	-	1,886	-	1,865
Electricity swap	-	-	-	-
Foreign currency options	-	1,826	-	9,666
Interest rate floor	-	14,038	-	18,528
	-	17,750	-	30,059
Current portion	$ 10,208	$ 8,498	$ 12,310	$ 6,451

The fair value of financial instruments are classified as a non-current asset or liability if the remaining maturity is more than 12 months and, as a current asset or liability, if the maturity is less than 12 months.

(i) Commodity financial instruments

WTI Futures and swaps

The Company has entered into crude oil futures and swap contracts to manage the price risk associated with sales, purchases and inventories of crude oil and petroleum products.

Natural Gas Liquids ("NGL")

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

Electricity Price Swap

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

(ii) Currency financial instruments

U.S. Dollar Forwards

The Company has entered into forward contracts to sell U.S. dollars in exchange for Canadian dollars to fix the exchange rate on its estimated future net cash inflows denominated in U.S. dollars. Following the issuance of the Term Loan, the Company also entered into U.S. dollar forward contracts on U.S.$498.0 million of the principal of the Term Loan to help mitigate the currency risk associated with its U.S. dollar denominated long-term debt.

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

U.S. Dollar Options

In connection with the forward contracts on the principal of the Term Loan and to mitigate the credit cost, the Company sold U.S. dollar call options with a strike price of $1.32 to U.S.$1.00 for which the Company received a cash premium of $4.8 million. At the end of each period, the Company determines the fair value of the call option and recognizes a gain or loss in the period by comparing the fair value of the option with the value of the cash premium received. In the three months ended March 31, 2012, as a result of the movement in the fair value of the option, the Company recognized a gain of $2.9 million on the call options.

U.S. Dollar Interest Rate Swap

In the year ended December 31, 2011, the Company entered into a U.S. dollar interest rate swap to hedge a portion of the Company's U.S. dollar floating interest rate exposure on the Term Loan. The swap effectively fixes the interest rate on U.S.$175.0 million of the Term Loan at 6.5% for a three year period beginning in September 2012.

U.S. Dollar Interest Rate Floor

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

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

The fair value of financial instrument contracts by fair value hierarchy at March 31, 2012 was:

	Total	Level 1	Level 2	Level 3
Assets from financial instrument contracts				
Commodity futures	$ 886	$ 886	$ -	$ -
Commodity swaps	2,663	-	2,663	-
Foreign currency forward contracts	6,659	-	6,659	-
Total assets	$ 10,208	$ 886	$ 9,322	$ -
Liabilities from financial instrument contracts				
Commodity futures	$ 8	$ 8	$ -	$ -
Commodity swaps	3,782	-	3,782	-
Electricity swap	252	-	252	-
Interest rate swap	1,886	-	1,886	-
Foreign currency forward contracts	216	-	216	-
Foreign currency options, including deferred premium	1,826	-	1,826	-
Interest rate floor	18,278	-	18,278	-
Total liabilities	$ 26,248	$ 8	$ 26,240	$ -

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

The fair value of financial instrument contracts by fair value hierarchy at December 31, 2011 was:

	Total	Level 1	Level 2	Level 3
Assets from financial instrument contracts				
Commodity futures	$ 159	$ 159	$ -	$ -
Commodity swaps	1,944	-	1,944	-
Foreign currency forward contracts	10,207	-	10,207	-
Total assets	$ 12,310	$ 159	$ 12,151	$ -
Liabilities from financial instrument contracts				
Commodity futures	$ 239	$ 239	$ -	$ -
Commodity swaps	2,007	-	2,007	-
Electricity swap	11	-	11	-
Interest rate swap	1,865	-	1,865	-
Foreign currency options, including deferred premium	9,666	-	9,666	-
Interest rate floor	22,722	-	22,722	-
Total liabilities	$ 36,510	$ 239	$ 36,271	$ -

The Company had no Level 3 financial instruments in the periods ended March 31, 2012 and December 31, 2011.

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

	Three months ended March 31,	
	2012	2011
Cost of sales	$ 1,065	$ (3,034)
Foreign exchange gain on long-term debt (note 10)	(4,802)	-
Interest expense	(4,023)	224
	$ (7,760)	$ (2,810)

Financial Risk Management

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

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

a) Foreign Exchange Risk

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

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

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

Foreign currency exchange rate sensitivity

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

	March 31, 2012	March 31, 2011
U.S. Dollar Forwards		
Favorable 5% change	$ 2,629	$ 1,872
Unfavorable 5% change	(2,629)	(1,872)
U.S. Dollar long-term debt Forwards and the related Options		
Favorable 5% change	$ 5,789	$ 31,759
Unfavorable 5% change	(5,789)	(31,759)

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

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

b) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. The following table summarizes the impact to net income and equity to a change in fair value of the Company's risk management position to changes in interest rates leaving all other variables consistent as at March 31, 2012 and 2011.

	March 31, 2012	March 31, 2011
U.S. Dollar Interest Rate Swap		
Favorable 1% change	$ 2,610	$ -
Unfavorable 1% change	(1,063)	-

	March 31, 2012	March 31, 2011
U.S. Dollar Interest Rate Floor		
Favorable 1% change	$ 7,244	$ -
Unfavorable 1% change	(15,496)	-

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

c) Commodity price risk

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

The following table summarizes the impact to net income and equity due to a change in fair value of the Company's risk management positions because of fluctuations in commodity prices leaving all other variables constant as at March 31, 2012 and 2011. The Company believes that a 15% volatility in crude oil and NGL related prices and a 10% volatility in electricity

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

prices are reasonable possible changes in assumptions. This analysis assumes that all other variables in particular foreign currency rates remain constant.

	March 31,	
	2012	**2011**
Crude oil and NGL related prices		
Favorable 15% change	$ 2,396	$ 2,139
Unfavorable 15% change	(2,396)	(2,697)
Electricity prices		
Favorable 10% change	$ 103	$ 226
Unfavorable 10% change	(103)	(226)

d) Credit risk

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

At March 31, 2012 and December 31, 2011, approximately 7% and 8%, respectively, of net trade receivables are past due but not considered to be impaired. The maximum exposure to credit risk related to trade receivables is their carrying value as disclosed in the financial statements.

The Company establishes guidelines for customer credit limits and terms. The Company review includes financial statements and external ratings when available. The Company does not usually require collateral in respect of trade and other receivables. The Company provides adequate provisions for expected losses from the credit risks associated with trade receivables. The provision is based on an individual account-by-account analysis and prior credit history.

The Company is exposed to credit risk associated with possible non-performance by financial instrument counterparties. The Company does not generally require collateral from its counterparties but believes the risk of non-performance is minimal. The counterparties are major financial institutions or commodity brokers with investment grade credit ratings as determined by recognized credit rating agencies.

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

e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. This risk relates to the Company's ability to generate or obtain sufficient cash or cash equivalents to satisfy these financial obligations as they become due. The Company's process for managing liquidity risk include preparing and monitoring capital and operating budgets, coordinating and authorizing project expenditures and authorization of contractual agreements. The Company may seek additional financing based on the results of these processes. The budgets are updated with forecasts when required, and as conditions change. Sufficient funds and the Revolving Credit Facility are available to satisfy both the Company's long and short-term requirements. The Company has a Revolving Credit Facility of up to U.S.$275.0 million and at March 31, 2012 there was no amount drawn against the facility.

The terms of the Term Loan and Revolving Credit Facility require the Company to comply with financial covenants, including maintaining a senior secured leverage ratio and an interest coverage ratio. If the Company fails to comply with these covenants the lenders may declare an event of default. At March 31, 2012, the Company was in compliance with its covenants.

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

Set out below is maturity analyses of certain of the Company's financial liabilities as recorded on the balance sheet at March 31, 2012. The maturity dates are the contractual maturities of the financial liabilities and the amounts are the contractual undiscounted cash flows.

Financial Liabilities	On demand or within one year	Between one and five years	After five years	Total
Trade payables and accrued charges	$ 410,914	$ -	$ -	$ 410,914
Dividend payable	24,733	-	-	24,733
Long-term debt	6,494	25,976	612,074	644,544
Accrued interest on long-term debt	156	-	-	156
Commodity futures	8	-	-	8
Commodity swaps	3,782	-	-	3,782
Electricity swaps	252	-	-	252
Interest rate swap	-	1,886	-	1,886
Foreign currency forwards and options	216	1,826	-	2,042
Interest rate floor	4,240	12,650	1,388	18,278
Total financial liabilities	$ 450,795	$ 42,338	$ 613,462	$ 1,106,595

Capital management

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

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

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

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

	March 31, 2012	December 31, 2011
Total financial liability borrowings	$ 615,097	$ 627,289
Less: cash and cash equivalents	(74,768)	(64,810)
Net debt	540,329	562,479
Total share capital	1,106,217	1,082,990
Total capital	$ 1,646,546	$ 1,645,469

If the Company is in a net debt position, the Company will assess whether the projected cash flow and availability under the Revolving Credit Facility is sufficient to service this debt and support ongoing operations.

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

21 Segmental information

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

Terminals and Pipelines includes the tariff-based pipeline services and fee-based storage and terminalling services for crude oil, condensate and refined products, as well as emulsion treating, water disposal services and oilfield waste management. The Company owns and operates major storage terminals located at Edmonton and Hardisty, which are the principal hubs for aggregating and exporting oil and refined products out of the Western Canadian Sedimentary Basin; pipelines and custom blending terminals, which are strategically located throughout Alberta and Saskatchewan; and injection stations, which are located in the United States. At the beginning of 2012, the Terminal and Pipelines segment entered into a revised service agreement with the Marketing segment whereby Marketing contracted volumes on a fixed fee basis as opposed to purchasing product from the custom terminals facilities. As a result of the change in the fee arrangement, revenue for the Terminals and Pipelines segment will decline in fiscal 2012 compared to fiscal 2011, but the new arrangement will not impact the comparability of segment profit.

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

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

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

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

These operating segments of the Company have been derived because they are the segments (a) that engage in business activities from which revenues are earned and expenses are incurred; (b) whose operating results are regularly reviewed by the Company's chief operating decision 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. No operating segments were aggregated to arrive at the reportable segments.

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

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

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

Three months ended March 31, 2012	Terminals & Pipelines	Truck Transportation	Propane & NGL Marketing & Distribution	Processing & Wellsite Fluids	Marketing	Corporate & other reconciling balances	Total
Statement of operations							
Revenue - external	$ 23,835	$ 115,089	$ 257,828	$ 108,783	$ 789,393	$ -	$ 1,294,928
Revenue - inter-segmental	14,493	13,620	28,376	34,773	127,834	-	219,096
Revenue - external and inter-segmental	38,328	128,709	286,204	143,556	917,227	-	1,514,024
Segment profit	23,053	19,362	15,334	10,729	9,956	-	78,434
Depreciation of property, plant and equipment	8,291	7,018	2,147	1,993	64	456	19,969
Amortization of intangible assets	1,352	2,747	1,407	1,711	170	531	7,918
General and administrative	-	-	-	-	-	6,817	6,817
Stock based compensation	-	-	-	-	-	852	852
Corporate foreign exchange loss	-	-	-	-	-	991	991
Interest expense	-	-	-	-	-	11,236	11,236
Financial instruments relating to interest expense	-	-	-	-	-	(4,023)	(4,023)
Interest income	-	-	-	-	-	(98)	(98)
Foreign exchange gain on long-term debt	-	-	-	-	-	(16,379)	(16,379)
Income tax provision	-	-	-	-	-	11,114	11,114
Net income	$ 13,410	$ 9,597	$ 11,780	$ 7,025	$ 9,722	$ (11,497)	$ 40,037

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

Three months ended March 31, 2011	**Terminals & Pipelines**	**Truck Transportation**	**Propane & NGL Marketing & Distribution**	**Processing & Wellsite Fluids**	**Marketing**	**Corporate & other reconciling balances**	**Total**
Statement of operations							
Revenue - external	$ 35,167	$ 93,457	$ 242,247	$ 83,110	$ 694,036	$ -	$ 1,148,017
Revenue - inter-segmental	187,658	14,161	23,545	36,249	121,744	-	383,357
Revenue - external and inter-segmental	222,825	107,618	265,792	119,359	815,780	-	1,531,374
Segment profit	16,736	16,236	17,548	11,128	4,826	-	66,474
Depreciation of property, plant and equipment	6,037	5,975	2,000	1,608	41	406	16,067
Amortization of intangible assets	531	3,399	1,563	1,711	170	365	7,739
General and administrative	-	-	-	-	-	5,982	5,982
Stock based compensation	-	-	-	-	-	621	621
Gain on sale of Edmonton North Terminal	-	-	-	-	-	(20,370)	(20,370)
Corporate foreign exchange loss	-	-	-	-	-	883	883
Interest expense	-	-	-	-	-	24,481	24,481
Financial instruments relating to interest expense	-	-	-	-	-	224	224
Interest income	-	-	-	-	-	(58)	(58)
Foreign exchange gain on long-term debt	-	-	-	-	-	(17,328)	(17,328)
Income tax provision	-	-	-	-	-	8,102	8,102
Net income	$ 10,168	$ 6,862	$ 13,985	$ 7,809	$ 4,615	$ (3,308)	$ 40,131

The breakdown of total assets and liabilities by segment is as follows:

	March 31, 2012		**December 31, 2011**	
	Total Assets	**Total Liabilities**	**Total Assets**	**Total Liabilities**
Terminals and Pipelines	$ 707,719	$ 37,114	$ 705,974	$ 42,084
Truck Transportation	346,656	45,562	332,738	36,726
Propane & NGL Marketing & Distribution	322,078	82,193	376,126	101,180
Processing & Wellsite Fluids	370,036	40,269	346,406	42,177
Marketing	281,234	190,136	269,041	197,833
Corporate & other reconciling balances	168,834	918,334	174,090	931,154
Total	$ 2,196,557	$ 1,313,608	$ 2,204,375	$ 1,351,154

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

Geographic Data

Based on the location of the end user, approximately 25% and 21% of revenue was to customers in the United States for the three months ended March 31, 2012 and 2011, respectively.

The Company's long lived assets are primarily concentrated in Canada with 12% in the United States at March 31, 2012 and December 31, 2011.

22 Subsequent Events

On May 8, 2012, the Board declared a quarterly dividend of $0.25 cents per common share for the three months ended June 30, 2012 on its outstanding common shares. The dividend is payable on July 17, 2012 to shareholders of record at the close of business on June 29, 2012.