

Report to Shareholders

Management's Discussion and Analysis

Q1 2014

Management's Discussion and Analysis ("MD&A") provides a comparison of Parkland Fuel Corporation's performance for the three month period ended March 31, 2014 with the three month period ended March 31, 2013. This discussion should be read in conjunction with the audited financial statements and accompanying notes for the year ended December 31, 2013, dated March 4, 2014 and the Corporation's Annual Information Form dated March 26, 2014. This MD&A includes discussion of Parkland's affairs up to May 5, 2014. All amounts disclosed are in Canadian dollars, unless otherwise noted.

Prospective data, comments and analyses are also provided wherever appropriate to assist existing and new investors to see the business from a corporate management point of view. Such disclosure is subject to reasonable constraints of maintaining the confidentiality of certain information that, if published, would potentially have an adverse impact on the competitive position of Parkland.

Additional information relating to Parkland can be found at www.parkland.ca. The Corporation's continuous disclosure materials, including its annual and quarterly MD&A, audited annual and unaudited interim financial statements, its 2013 Annual Information Form, Management Information Circular and Proxy, Material Change Reports and the various news releases issued by the Corporation are also available on its website or directly through the SEDAR system at www.sedar.com.

Investors are also encouraged to enrol in Parkland's investor information services to receive the monthly Business Driver newsletter and news alerts. To sign up please go to <http://bit.ly/PKI-Info> or visit www.parkland.ca.

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Caution Regarding Forward-Looking Statements

Certain information included herein is forward-looking. Forward-looking statements include, without limitation, statements regarding, Parkland's expectation of its future financial position, business and growth strategies, including the manner in which such strategies will be implemented, budgets, projected costs, sources of growth, capital expenditures, financial results, future acquisitions and the efficiencies to be derived therefrom and plans and objectives of or involving Parkland. Many of these statements can be identified by looking for words such as "believe", "expects", "expected", "will", "intends", "projects", "projected", "anticipates", "estimates", "continues", or similar words and include, but are not limited to, statements regarding the accretive effects of acquisitions and the anticipated benefits of acquisitions. Parkland believes the expectations reflected in such forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties some of which are described in Parkland's Annual Information Form and other continuous disclosure documents. Such forward-looking statements necessarily involve known and unknown risks and uncertainties and other factors, which may cause Parkland's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Such factors include, but are not limited to: failure to meet financial, operational and strategic objectives and plans; general economic, market and business conditions; industry capacity; competitive action by other companies; refining and marketing margins; the ability of suppliers to meet commitments; actions by governmental authorities including increases in taxes; changes in environmental and other regulations; and other factors, many of which are beyond the control of Parkland. Any forward-looking statements are made as of the date hereof and Parkland does not undertake any obligation, except as required under applicable law, to publicly update or revise such statements to reflect new information, subsequent or otherwise.

Parkland wishes to caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made. Readers should also refer to the **Business Risks** section at the end of this MD&A and in the 2013 Annual Information Form for additional information on risk factors and other events that are not within Parkland's control. Parkland's future financial and operating results may fluctuate as a result of these and other risk factors.

Executive Summary

In the absence of refiner's margins during the first quarter of 2014, Parkland demonstrated the strength of its fuel marketing business with Adjusted EBITDA⁽¹⁾ improving slightly to \$61.2 million compared with \$61.0 million in the first quarter of 2013, establishing a new quarterly record. The performance of recent acquisitions, including exceptional propane sales by Elbow River Marketing and the impact of new supply arrangements that began to stream at the beginning of 2014 offset the loss of refiner's margins that, in the first quarter of 2013, were unusually strong.

(1) Please refer to the non-GAAP measure section in the MD&A for definitions.

2014 First Quarter Operational Highlights:

Grow

- First quarter results from SPF Energy Inc. were stronger than expected, delivering \$5.2 million in Adjusted EBITDA;
- Retail same store fuel sales increased by 3.0% that, in combination with strong in-store promotions, drove a 9.4% increase in same store convenience store merchandise sales;
- Cold weather drove 5.5% growth in commercial base business; and
- Twelve Chevron-branded service stations were purchased in northern British Columbia subsequent to March 31, 2014.

Supply

- Elbow River Marketing delivered an incremental increase of \$10.7 million in Adjusted EBITDA compared with the first quarter of 2013 due to a full quarter of earnings (Parkland acquired Elbow River February 15, 2013) and due to unique market conditions brought on by cold weather;
- The import capability and rail logistics of Elbow River Marketing ensured that Sparlings Propane had access to propane during the first quarter of 2014 while most of the industry struggled to source supply;
- Elbow River Marketing shipped 200 rail cars of diesel to SPF Energy Inc. in the first quarter to support volume growth; and
- New supply arrangements began to stream in the first quarter of 2014 which helped offset the loss of refiner's margins.

Operate

- Operating and direct costs on a cents per litre ("cpl") basis improved by 0.1 cpl (to 2.9 cpl from 3.0 cpl) but increased by 53% to \$65.2 million in the first quarter of 2014, compared with \$42.5 million for the same period in 2013 due to the acquisitions of Elbow River Marketing, the assets of TransMontaigne Marketing Canada Inc. ("TMCI"), Sparlings Propane, and SPF Energy Inc.;
- MG&A expenses on a cpl basis improved by 0.2 cpl (to 1.6 cpl from 1.8 cpl) but increased 46% to \$36.4 million in the first quarter of 2014, compared with \$24.9 million during the same period in 2013 for the same reasons described above.

Consolidated Highlights:

	Three months ended March 31,		
(in millions of Canadian dollars, except volume and per Share amounts)	2014	2013	% Change
Income Statement Summary:			
Sales and operating revenues	2,024.3	1,212.8	67
Gross profit	165.0	127.6	29
Operating costs	65.2	42.5	(53)
Marketing, general and administrative	36.4	24.9	(46)
Depreciation and amortization expense	18.9	13.2	(43)
	44.5	47.0	(5)
Customer finance income	(0.6)	(0.5)	(20)
Finance costs	5.4	5.3	(2)
Foreign exchange gain (loss)	(2.9)	(0.3)	(867)
Loss on disposal of property, plant and equipment	1.1	0.3	(267)
Loss on risk management activities	9.4	2.7	(248)
Earnings before income taxes	32.1	39.5	(19)
Income tax expense	9.7	9.0	(8)
Net earnings	22.4	30.5	(27)
Net earnings per share			
- Basic	0.30	0.44	(32)
- Diluted ⁽¹⁾	0.30	0.42	(28)
Non-GAAP Financial Measures:			
Adjusted EBITDA ⁽²⁾⁽³⁾	61.2	61.0	0
Distributable cash flow ⁽²⁾⁽⁴⁾	44.6	44.9	(1)
Distributable cash flow per share ⁽²⁾⁽⁴⁾	0.61	0.65	16
Dividends	19.2	17.7	9
Dividend to distributable cash flow payout ratio ⁽²⁾⁽⁴⁾	43%	39%	
Key Metrics:			
Fuel volume (millions of litres)	2,272	1,400	62
Return on capital employed (ROCE) ⁽²⁾⁽⁵⁾	18.7%	26.9%	
Employees	1,713	1,167	47
Fuel Key Metrics - Cents per litre:			
Average Retail fuel adjusted gross profit ⁽⁶⁾	4.59	4.53	1
Average Commercial fuel adjusted gross profit ⁽⁶⁾	11.33	11.70	(3)
Operating costs	2.87	3.04	6
Marketing, general and administrative	1.60	1.78	10
Depreciation and amortization expense	0.83	0.94	12
Liquidity and bank ratios:			
Net debt:adjusted EBITDA ⁽²⁾⁽⁷⁾	2.21	1.41	
Senior debt:adjusted EBITDA ⁽²⁾⁽⁷⁾	1.59	0.83	
Interest coverage ⁽²⁾⁽⁶⁾	7.96	8.84	

⁽¹⁾ Diluted earnings (loss) per share can be impacted by an anti-dilutive impact of conversion of the debentures. Quarterly diluted earnings (loss) per share may therefore not accumulate to the same per share value as the year-to-date calculation.

⁽²⁾ Please refer to the Non-GAAP Measures section in the MD&A for definitions.

⁽³⁾ Please see Adjusted EBITDA discussion in the MD&A.

⁽⁴⁾ Please see Distributable Cash Flow reconciliation table in the MD&A.

⁽⁵⁾ Please see ROCE discussion in the MD&A.

⁽⁶⁾ Please see Segmented Results discussion in the MD&A.

⁽⁷⁾ Please refer to the Non-GAAP Measures section in the MD&A for reconciliations.

Who We Are

Parkland Fuel Corporation is an independent marketer of petroleum products in North America, empowered by a supply platform which ensures customers can obtain quality petroleum products when and where they need. We deliver gasoline, diesel, propane, lubricants, heating oil and other products to motorists, businesses, consumers and wholesale customers through a network of community-based operators that are committed to providing outstanding customer service.

Parkland endeavours to be North America's most effective and efficient marketer and distributor of refined petroleum products in the regions we serve by:

- Fuelling communities through local operators who make it their priority to build lasting relationships with their customers; and
- Delivering measurably superior customer service by being responsive, accurate and accountable to customers every day.

Parkland delivers value to refiners by assisting them in managing their downstream marketing channels, simplifying their billing and collections through a consolidated customer base, growing their business and saving them money while protecting and promoting their brands. Parkland is the bridge that connects refiners to communities, with a local focus that grows their business.

Parkland Retail Fuels

Parkland Retail Fuels supplies and supports a network of approximately 850 retail gas stations in Canada and the United States.

Parkland owns two proprietary brands in Canada: Fas Gas Plus and Race Trac. Parkland is also a retail branded distributor for Esso in British Columbia, Alberta, Saskatchewan, Ontario and the Northwest Territories and a retail branded distributor for Chevron in British Columbia. In addition, SPF Energy Inc. maintains the Superpumper brand in the Northern United States.

Parkland Commercial Fuels

Parkland Commercial Fuels delivers bulk fuel, propane, heating oil, lubricants, agricultural inputs, oilfield fluids and other related products and services to commercial, industrial and residential customers in Canada and the United States through an extensive delivery network.

The family of successful brands in this division includes: Bluewave Energy, Columbia Fuels, Sparlings Propane Co. Ltd., Island Petroleum and Farstad Oil Inc. within SPF Energy Inc. in the United States. SPF Energy Inc.'s commercial products are also included in the Parkland Commercial Fuels segmented results.

Wholesale, Supply and Distribution

Wholesale, Supply and Distribution is responsible for managing Parkland's fuel supply contracts, purchasing fuel from suppliers, providing distribution through third party rail and highway carriers as well as serving wholesale and reseller customers.

Fuel supply contracts are maintained with multiple oil refiners as well as wholesale and trading suppliers allowing Parkland to obtain fuel at competitive prices while enhancing the overall security of the Corporation's fuel supply.

The supply team is focused on enhancing profits through management of the supply portfolio. This area includes negotiating and enhancing supply contracts, management of the supply portfolio to take advantage of long-term and short-term opportunities, and achieving operational excellence in logistics and supply processes.

In 2012 Parkland completed the conversion of its Bowden, Alberta refinery into a flexible, finished products terminal with 220,000 barrels of storage capacity. In addition to enhancing Parkland's internal supply options, the terminal provides industry participants with a flexible Central Alberta fuel terminal which can reduce transportation costs and wait times for Southern Alberta operations compared to supply points in Edmonton.

In 2013, Parkland added additional product terminal capacity in the Eastern Canadian supply orbit by contracting 120,000 barrels of storage capacity in Montreal and 165,000 barrels of terminal storage capacity in Quebec City. The acquisition of SPF Energy Inc. added another 40,000 barrels of terminal storage capacity in Minot, North Dakota.

Wholesale, Supply and Distribution manages the storage infrastructure portfolio to enhance Parkland's supply security and, by extension, the supply security of Parkland's customers.

Investing in Parkland

Clear growth strategy Parkland is a growth-oriented organization in a highly fragmented industry poised for continued consolidation. It is well capitalized to assist independent fuel marketers looking at succession planning, as well as major refiners pursuing a partner to steward and grow their downstream marketing channels. During and after the acquisition process, Parkland works to serve customers, care for employees, and grow the underlying business. Parkland has developed a strong track record of delivering both value to its partners and investors through its measured acquisition strategy and prudent approach to leverage.

Dividend yield Parkland's Board of Directors remains committed to distributing Parkland's profit to shareholders while retaining enough funds to drive growth. Parkland offers investors an annual dividend of \$1.06 per share.

Focus Parkland has evolved over more than fifty years to become a major Canadian independent marketer operating in Canada and the United States. The Parkland team is continually striving to learn, improve and evolve in its relentless pursuit of being the premier downstream fuel marketer in North America.

History of success	As at the period ended March 31, 2014	Trailing	Trailing	Trailing
		1 year	3 years	5 years
	Total shareholder return ⁽¹⁾	36%	121%	390%
	Compound annual total shareholder return ⁽¹⁾	36%	30%	37%
	Trailing twelve months growth in fuel volumes	62%		
	Dividend yield at March 31, 2014	4.9%		
	Price to earnings multiple at March 31, 2014	18.4		

⁽¹⁾ Please refer to the Non-GAAP Measures section in the MD&A for definitions.

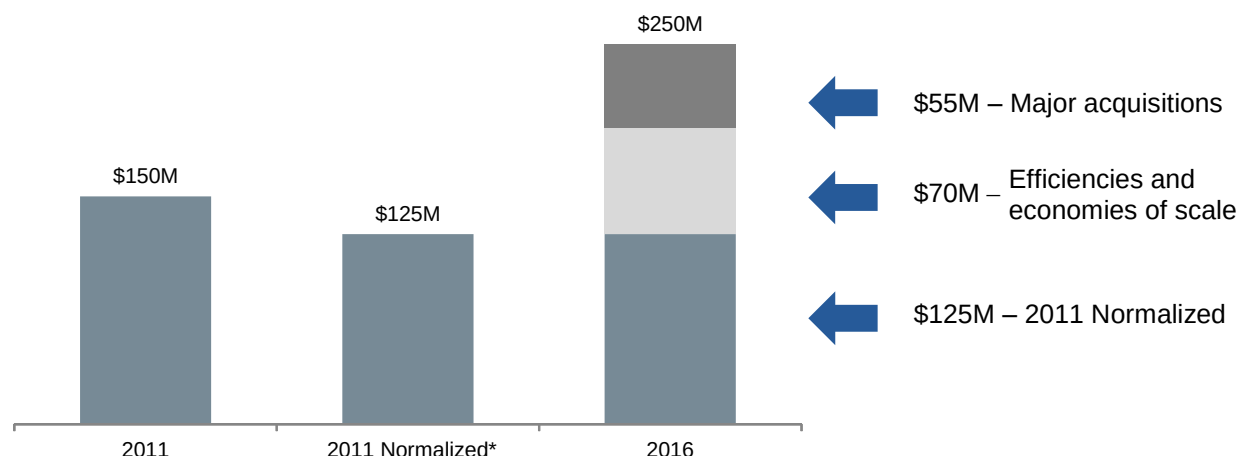
Parkland's Strategy – The Parkland Penny Plan

Doubling 2011 Normalized Adjusted EBITDA through the Penny Plan

Parkland aspires to double 2011 normalized Adjusted EBITDA of \$125 million through acquisitions and efficiencies by the end of 2016. (2011 normalized Adjusted EBITDA ignores one-time costs and irregular profits to reflect the economics that are anticipated for Parkland in 2014). By the end of 2016, the Penny Plan targets one cent per litre in savings, efficiencies and economies of scale over seven billion litres of fuel for an incremental gain

of \$70 million in Adjusted EBITDA. Acquisitions are targeted to contribute an additional \$55 million in Adjusted EBITDA for a total targeted increase of \$125 million in Adjusted EBITDA.

5-Year Adjusted EBITDA Plan



* Normalized for Congo, one-time costs and the average annualized benefit under the refiner's margin contract excluding performance from outlier years.

Grow – 1/3 of a cent

Consolidating Canada's Fragmented Fuel Distribution Market

Canada's market for diesel, gasoline and heating oil consumed 77 billion litres in 2013 through a fragmented mix of sales channels that include both large and small independent fuel marketers as well as the major refiners.

Parkland has aspirations to grow from 4.2 billion litres in annual fuel sales in 2011 to more than 7 billion litres by 2016 through a combination of organic growth and acquisitions. Based on Parkland's 2012 business mix, this growth in volume equates to approximately \$55 million in additional Adjusted EBITDA.

Organic growth is targeted to deliver average fuel volume increases of 100 million litres annually for a total of 0.5 billion litres by 2016. Acquisitions are targeted to deliver approximately 2.5 billion litres in fuel volume growth over the course of the five year plan. However, acquisitions are contingent on reasonable pricing and Parkland will not over-pay. Based on market research, it is anticipated that more than 7 billion litres in fuel marketing business will change hands before the end of 2016.

Parkland's ability to integrate newly acquired companies is also a part of how the Corporation achieves new efficiencies. The acquisition process allows Parkland to identify and realize value. Parkland achieves efficiencies by leveraging its supply portfolio, executing on customer revenue growth opportunities, and reducing back office costs.

There are three primary sources of potential growth for Parkland:

- 1) **Acquisition of independent fuel marketers** – Independent fuel marketers are defined as those that do not have refining capacity of their own. Parkland's 2010 acquisition of Bluewave Energy, 2011 acquisition of Congo, 2013 acquisitions of Elbow River Marketing, TMCI and Sparlings Propane and 2014 acquisition of SPF Energy fall into this category.

- 2) **Acquisition of business from major Canadian refiners** – Major Canadian petroleum refiners are, in some cases, actively divesting parts of their downstream marketing business. The 2014 agreement with Chevron Canada to purchase eleven Chevron-branded service stations in northern British Columbia falls into this category.
- 3) **Organic growth** – This includes retail gas station upgrades, acquiring new retail dealers, and building new retail and commercial outlets. Organic growth is typically between 2% and 3% annually.

As a large independent fuel marketer in North America with a successful track record of acquisitive growth, Parkland is well positioned to provide an exit strategy for independent fuel marketers. Additionally, Parkland partners with major refiners to help steward and grow their downstream marketing businesses. When independent fuel marketers or refiners look to divest their fuel marketing assets, Parkland strives to be their partner of choice by working with these vendors to serve their customers, care for their employees and grow their businesses. Parkland intends to continue to be proactive, focused and disciplined in its approach to such acquisitions.

Supply – 1/3 of a cent

Maintaining a Material Supply Advantage

At the end of 2013, a supply contract that allowed Parkland to economically benefit when refiner's margins are strong and which made a significant contribution to the Corporation's earnings, came to an end. Parkland has actively executed a plan to replace the supply volume and the normalized economic benefit of this contract.

In addition to replacing the normalized economic benefit, Parkland believes an additional third of a cent per litre in improved supply and distribution costs is achievable through effective management of the supply and wholesale portfolio.

Parkland's dedicated Wholesale, Supply and Distribution team is working to achieve these and other goals through effective supply management which includes:

- 1) Negotiating supply contracts that reflect Parkland's total sales portfolio, scope of operations, and ability to sell an equal mix of diesel and gasoline;
- 2) Maintaining a portfolio of contracts and other supply options to ensure Parkland's customers have a secure and reliable source of supply even when supply disruptions occur;
- 3) Achieving the lowest overall purchase price across all of Parkland's markets on a daily and hourly basis; and
- 4) Investing in supply infrastructure that enhances supply security and optionality, such as the Bowden terminal, which is now operational.

Operate – 1/3 of a cent

Superior Customer Service Delivered Cost Effectively

The final third of a cent per litre will be found in greater operational efficiencies and savings through programs like "Give Me Five!" Give Me Five! is a strategic cost initiative that trains employees on how to identify savings opportunities, and provides them with the resources and tools to extract value from those identified opportunities. This employee-led initiative identified \$11.0 million in potential savings, with approximately \$3.0 million realized in 2012 and the balance realized in 2013.

Operating effectively in the fuel marketing industry also means operating in a safe, prudent and responsible manner. In 2014, Parkland has continued to drive towards a culture of safety across all its operations.

By operating effectively through a robust integration process and reducing waste, Parkland plans to achieve exceptional service and efficiency in the downstream fuel marketing industry.

2014 – 2016 Forecast Guidance

Parkland provided detailed forecast guidance at an investor day held in Toronto on April 15, 2013. As a result of the acquisition of SPF Energy Inc. which closed on January 8, 2014, Parkland revised the Adjusted EBITDA forecast on November 8, 2013 by increasing the range in each of 2014, 2015 and 2016 by \$10 million. The new Adjusted EBITDA forecast amounts are as follows:

Adjusted EBITDA⁽¹⁾ Forecast (\$ millions)	2014	2015	2016	Acquisition assumptions: (Adjusted EBITDA acquired per year)
<i>Expected Case</i>	200	226	252	12
<i>Low Case</i>	185	210	228	7
<i>High Case</i>	209	239	269	15

⁽¹⁾ Please see the Non-GAAP Measures section in the MD&A for a complete definition of Adjusted EBITDA.

These forecast amounts assume that Parkland maintains its current business mix, is able to achieve 2-4% organic growth annually including tuck-in acquisitions and acquires the annual Adjusted EBITDA as outlined in the table above. All other major assumptions in the previously announced guidance have not changed.

Core Capabilities

Parkland Fuel Corporation is an independent marketer of petroleum products in North America, empowered by a continent-wide logistics, supply and trading platform. While the Corporation's reach is continent-wide, the service is local. Parkland has evolved over more than fifty years to become a corporation focussed solely on downstream fuel marketing. Through constant learning, improvement and evolution, Parkland is continually striving to be the best downstream fuel marketing business in Canada and the United States.

Parkland's core capabilities include:

- A reach and scope that encompasses North America which allows it to see opportunities between markets that other independents can't see;
- A diverse portfolio of regional markets and products that protect it against the risk of competitive, operational and environmental disruptions in any one market;
- The scale to have a dedicated supply team that allows Parkland to secure economic benefit from its supply portfolio;
- Strategic storage and rail infrastructure combined with logistical expertise in moving fuel and other commodities between markets in North America;
- Supply security through a portfolio of contracts with multiple refiners as well as wholesale and trading suppliers; and
- Distribution channels with a balanced sales portfolio of gasoline and diesel which provide a competitive supply advantage.

Parkland is the bridge that connects refiners to communities, with a local focus that grows the business.

Key Performance Drivers

Volumes

Volumes, not revenues, are the "top line" number to watch in Parkland's results. Costs and margins are driven on a per litre basis. Fuel revenues, assuming volumes are static, are driven by the price of crude and, by extension, the wholesale price for fuel charged by suppliers.

It is possible for fuel volumes to grow, and profits to increase, even as revenues diminish.

Profit margins on a cents per litre basis

Margins in the fuel marketing divisions are provided on a cents per litre or "cpl" basis. Margins expand and contract based on competitive conditions, seasonality, demand, and supply availability. Margins on a per litre basis determine the profitability of Parkland's business.

Supply costs

Supply cost is managed by the Wholesale, Supply and Distribution division. Achieving lower cost of supply results in increased profit in this division as Parkland charges its marketing divisions a standard transfer price.

Operating costs on a cents per litre basis

Parkland manages two types of costs: Marketing, General and Administrative (“MG&A”) and Operating Costs (“Opex”). Monitoring these costs on a cents per litre basis provides investors with information about the progress Parkland is making on achieving transactional efficiency. However, investors should be aware that as Parkland’s business mix changes, both as a result of acquisitions and through regular seasonal fluctuations, the Corporation’s MG&A and Opex on a cents per litre basis will also fluctuate.



Parkland Penny Plan Scorecard

Area	Commitment	Analysis	2016 Target	Q1 2014	2013
Grow	Organic growth	Upturn in Organic Growth Driven by a 5.5% increase in base commercial volumes due to cold weather; 3.0% same store fuel sales growth in Parkland’s retailer gas station network; stronger wholesale volumes; partially offset by planned retail site closures.	100 million litres per year	30.5 million litres YTD	11.2 million litres YTD
	Major acquisitions	SPF Energy Inc. Delivers Additional Volumes The acquisition SPF Energy Inc. drove increased volumes this quarter and is performing ahead of plan. The mergers and acquisitions environment remains very active.	4.6 billion litres by 2016	1.2 billion litres (annual volume)	2.7 billion litres (annual volume)
Supply	Supply Margins	Progress Revealed this Quarter The Q1 2014 results did not benefit from refiner’s margins and demonstrate the health of Parkland’s supply operation in the absence of the refiner’s margin contract which ended December 2013.	100% Normalized profit plus 1/3 cent	On Track	On Track
Operate	Operating costs	Opex Costs Down Per Litre Increased Activity in Elbow River Marketing offset by overall increase in volume.	2.48 cpl	2.87 cpl YTD	3.04 cpl YTD
	Marketing, General and Administration (“MG&A”) costs	MG&A Increases Less than Volume MG&A costs decrease on a per litre basis as volumes increase.	1.52 cpl	1.60 cpl YTD	1.78 cpl YTD
	Total Recordable Injury Frequency	TRIF Improves Despite Cold Winter Total Recordable Injury Frequency improved from 3.95 (TTM) in Q4 2013 to 2.98 (TTM) this quarter. Commercial launched its safety leadership training program for 200 managers to further improve.	Less than 2.00	2.98 TTM	3.95 TTM

Note: 2016 cost targets will be updated in the event of a significant change to Parkland’s business mix.

Abbreviations: CPL = Cents per litre
YTD = Year-to-date
TTM = Trailing twelve months

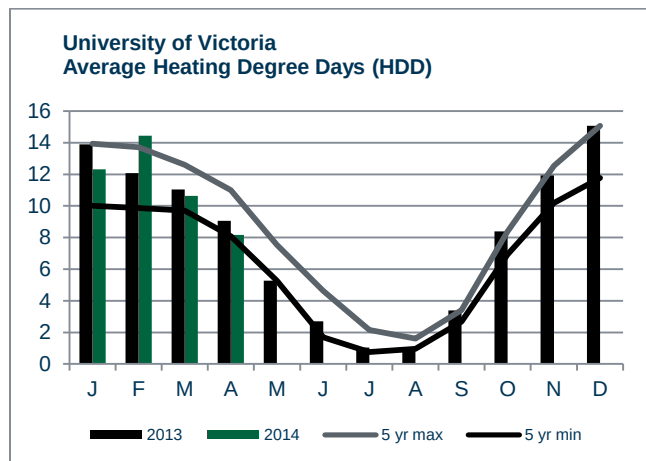
Economic Developments and Outlook

World Economy:

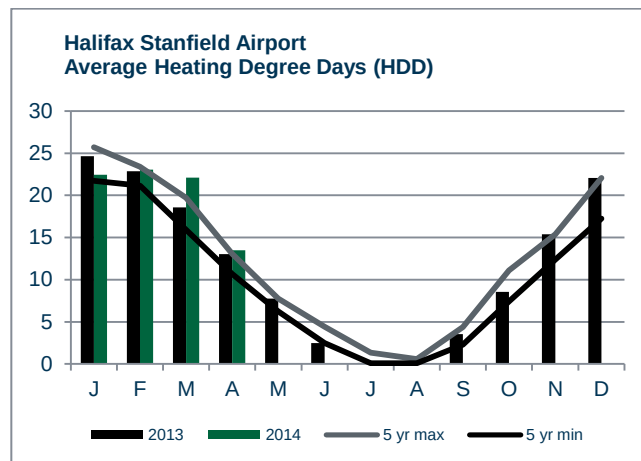
The Canadian fuel marketing industry is relatively unaffected by the world economy, and is driven primarily by population, weather and Canada's resource extraction industries.

Weather:

During the winter, cold weather drives the sale of heating oil and drives greater consumption of fuel in Parkland's other lines of business. Heating degree days (HDD), which are a measure of heating requirements, have generally been higher in 2014 than in 2013 on the east coast. On the west coast, with the exception of February, HDDs have been lower in 2014 than during the previous year. Data is current as of April 16, 2014.



Victoria, BC - Heating Degree Days



Halifax, NS - Heating Degree Days

Heating Degree Days - Definition

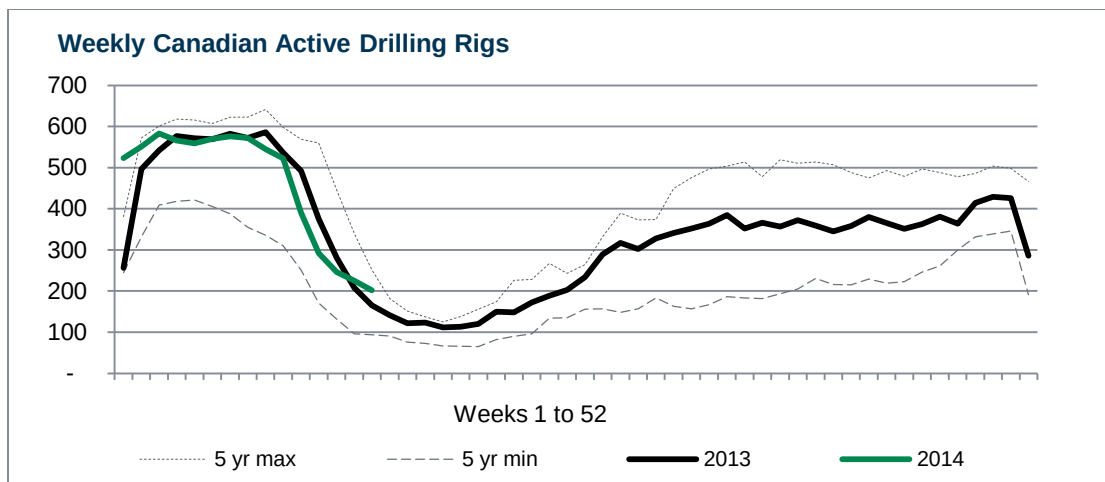
Heating degree days (HDD) correlate to the demand for energy needed to heat homes or businesses. The heating requirements for a given structure at a specific location are considered to be directly proportional to the number of HDD at that location. Heating degree-days for a given day are the number of Celsius degrees that the mean temperature is below 18°C. If the temperature is equal to or greater than 18°C, then the number will be zero. For example, a day with a mean temperature of 15.5°C has 2.5 heating degree-days; a day with a mean temperature of 20.5°C has zero degree-days. Heating degree-days are used primarily to estimate the heating requirements of buildings.

Heating degree day data for Victoria and Halifax is shown in the graphs above. Heating Degree Day data is available for all Canadian markets at: http://www.climate.weatheroffice.gc.ca/climateData/canada_e.html. Please note that the Halifax station has now moved to Environment Canada's new NAV system, and that information from this station for the month of January 2013 appears to be incomplete. Monthly and seasonal forecasts are available through Environment Canada at: http://www.weatheroffice.gc.ca/saisons/index_e.html

Resource Industry:

Year-to-date the Canadian Association of Oilwell Drilling Contractors ("CAODC") reported an average of 461 active drilling rigs during the first 15 weeks of 2014, a 1.5% increase compared with an average of 454 active rigs for the same period in 2013. The CAODC average weekly rig count data is current as of April 14, 2014.

Parkland's Commercial activity is geared towards natural gas well drilling, which is currently much less active than oil well drilling. Year-to-date, 16% of rigs across Canada targeted natural gas as of the end of February compared with 74% that targeted crude.



Refiner's Margins:

December 31, 2013 marked the end of Parkland's legacy contract with Suncor. Refiner's margins no longer significantly impact Parkland's business and will not be provided going forward.

Crude Pricing:

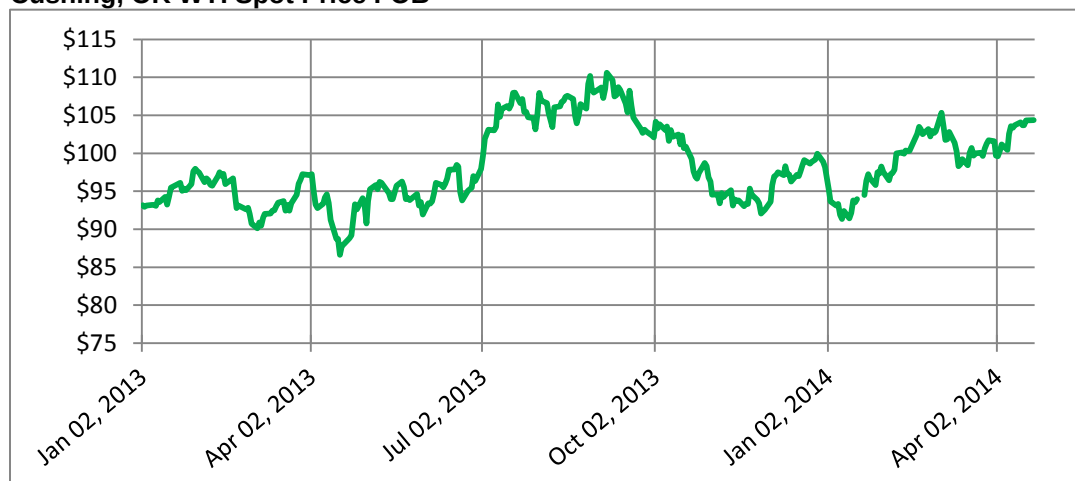
Crude pricing impacts Parkland's working capital requirements including the value of its accounts receivable, inventories and accounts payable. Additionally, net earnings can be impacted by gains or losses on inventories held. Generally, crude and refined product inventories realize a gain in a rising crude pricing environment, or a loss in a falling crude pricing environment.

As demonstrated later, fuel product pricing is directly correlated with crude pricing. Therefore, as crude prices increase or decrease, so too does Parkland's working capital requirement. This, in turn, impacts Parkland's Return on Capital Employed ("ROCE").

In Parkland's Retail Division, a rising crude price increases fuel product pricing which puts increased pressure on the wholesale to retail marketing margin, as increases in the price "on the street" usually lag increases in wholesale price. Therefore, Parkland's Retail Division benefits from stable or declining crude pricing.

Parkland's Commercial Division, on the other hand, benefits from rising crude prices which tend to encourage oil and gas exploration and production activity, an important industry to Parkland's Western Canadian Commercial operations.

Cushing, OK WTI Spot Price FOB



Crude Pricing – West Texas Intermediate (USD/bbl)

Movements in crude pricing impact Parkland's Commercial and Retail divisions in different and often opposing ways. (EIA website: http://www.eia.gov/dnav/pet/pet_pri_spt_s1_d.htm)

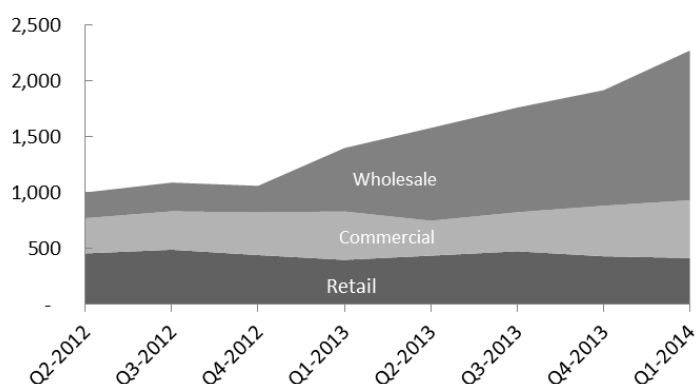
Consolidated Financial Review

Fuel and Petroleum Products Volumes

Q1 2014 vs. Q1 2013

Fuel and petroleum products ("Fuel") volumes increased by 872 million litres or 62% to 2.3 billion litres in the first quarter of 2014 from 1.4 billion litres in the same period of 2013. This increase was primarily due to an additional 335 million litres from Elbow River Marketing (Elbow River Marketing was acquired February 15, 2013), 277 million litres from the acquisition of SPF Energy Inc., 177 million litres from TMCI, and 60 million litres from the acquisition of Sparlings Propane.

Fuel and Petroleum Products Volumes
(millions of litres)



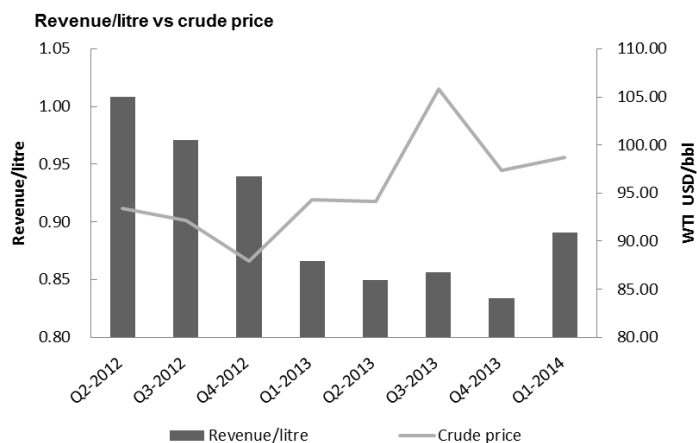
Fuel Volumes

Parkland Wholesale volumes increased due to the acquisitions of Elbow River Marketing, SPF Energy Inc. and TransMontaigne. Parkland Commercial Fuels experiences higher volumes throughout the winter months during quarters one and four, due to higher demand for heating oil and liquid petroleum gases. Retail Fuels experiences higher volumes in the second and third quarters, during the summer driving season.

Revenue

Q1 2014 vs. Q1 2013

Sales and operating revenue for the three month period ended March 31, 2014 increased by 67% to \$2.0 billion compared with \$1.2 billion for the same period of 2013. This is mainly due to the inclusion of an additional \$225.5 million in revenue from Elbow River Marketing (Elbow River Marketing was acquired February 15, 2013), revenue of \$276.9 million from SPF Energy Inc., \$191.7 million in TMCI revenue, and \$45.3 million in revenue from Sparlings Propane.



There is a strong correlation between revenue and the price of crude. Revenue fluctuates with changing commodity prices. Changes in volume have a more direct impact on profitability, whereas changes in revenue impact working capital and Return on Capital Employed ("ROCE").

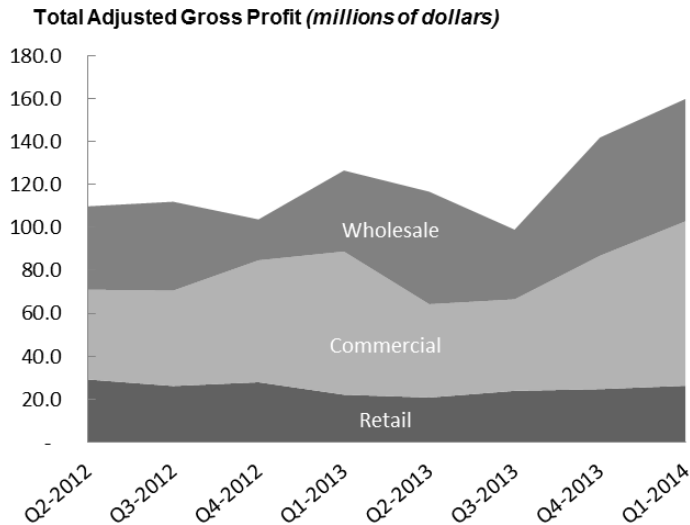
Adjusted Gross Profit⁽¹⁾

Q1 2014 vs. Q1 2013

Adjusted gross profit for the three months ended March 31, 2014 increased by 27% or \$33.6 million to \$160.0 million compared with \$126.4 million for the same period in 2013. On a product basis:

- Fuel and petroleum products adjusted gross profit increased by 20% or \$21.6 million to \$127.1 million in the first quarter of 2014 compared with \$105.6 million in the first quarter of 2013 due to the inclusion of an additional \$25.0 million adjusted gross profit from Elbow River Marketing, \$6.6 million from SPF Energy Inc. and \$8.9 million from Sparlings Propane partially offset by the elimination of refiner's margins with the end of the contract with Suncor in December, 2013. Elbow River Marketing experienced higher than normal sales of liquid petroleum gases and adjusted gross profits in the first quarter of 2014.
- Non-fuel adjusted gross profit increased by 58% or \$12.0 million to \$32.8 million in the first quarter of 2014 compared with \$20.8 million in the first quarter of 2013 mainly due to the addition of \$8.8 million from the acquisition of SPF Energy Inc.

⁽¹⁾ Please see Segmented Results discussion in the MD&A.



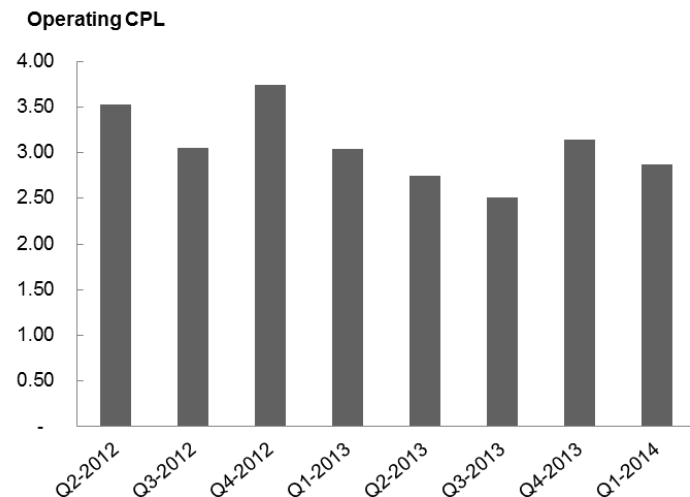
Quarterly Adjusted Gross Profit Changes

Parkland's gross profit is driven by the type of fuel product sold, as gross margins vary by product significantly. During the first quarter 2014, adjusted gross profit increased due to the acquisitions of Elbow River Marketing, SPF Energy Inc., TMCI and Sparlings Propane along with the elimination of refiner's margins with the end of the contract with Suncor in December, 2013. Commercial Fuels adjusted gross profit is at the highest during the first and fourth quarter of each year where as Retail Fuels is at the highest during the second and third quarters of the year.

Operating Expenses

Q1 2014 vs. Q1 2013

Operating and direct costs increased by 53% to \$65.2 million (2.9 cpl) for the three months ended March 31, 2014, compared with \$42.5 million (3.0 cpl) in the three months ended March 31, 2013, primarily due to the inclusion of a full quarter of Elbow River Marketing adding \$7.2 million additional cost, SPF Energy Inc. adding \$8.7 million and Sparlings Propane adding \$4.1 million.



Quarterly Operating Expenses on a CPL basis:

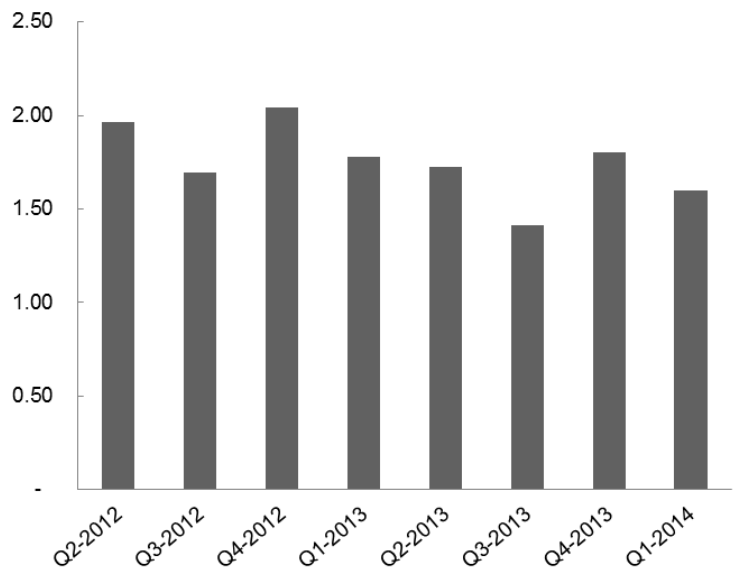
Prior to the first quarter of 2014 operating expense on a cpl basis did not include a full quarter of operations of Elbow River Marketing, TMCI, Sparlings Propane and SPF Energy Inc.

Marketing, General and Administrative Expenses

Q1 2014 vs. Q1 2013

Marketing, general and administrative expenses (“MG&A”) increased by 46% to \$36.4 million (1.6 cpl) in the first quarter of 2014 compared with \$24.9 million (1.8 cpl) in the first quarter of 2013. MG&A costs in the first quarter of 2014 increased by \$11.5 million primarily due to a full quarter of expenses incurred at Elbow River Marketing which contributed an additional \$7.9 million and SPF Energy Inc. which contributed an additional \$2.0 million compared with the same period in 2013.

Marketing, General & Administrative CPL



Quarterly Marketing General and Administrative Expenses on a CPL basis:

In the first quarter of 2014 compared to the fourth quarter of 2013 MG&A expenses on a cpl basis decreased due to improved acquisition costs and an increase in Parkland’s volumes as a result of acquisitions.

Adjusted Earnings Before Interest, Tax, Depreciation and Amortization (“Adjusted EBITDA”)

	Three Months Ended March 31,	
(in thousands of Canadian dollars)	2014	2013
Net earnings	22,309	30,525
Finance costs ⁽¹⁾	5,432	5,276
Loss on disposal of property, plant and equipment	1,150	275
Income tax expense	9,678	8,984
Unrealized loss from the change in fair value commodities forward contracts, future contracts and US dollar forward exchange contracts	2,556	1,537
Unrealized gain on foreign exchange	(1,016)	(333)
Acquisition related costs	2,212	1,525
Amortization and depreciation	18,893	13,211
Adjusted EBITDA ⁽²⁾⁽³⁾	61,214	61,000

⁽¹⁾ Includes realized and unrealized (gain) loss on the interest rate swap.

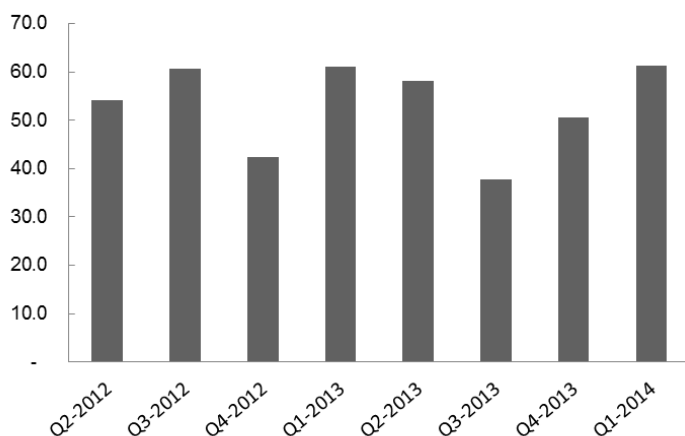
⁽²⁾ Includes realized and unrealized (gain) loss on call options.

⁽³⁾ Please refer to the Non-GAAP Measures section in the MD&A for definitions.

Q1 2014 vs. Q1 2013

Adjusted EBITDA for the first quarter of 2014 was \$61.2 million, an increase of \$0.2 million compared with \$61.0 million in the first quarter of 2013 as acquisition related earnings offset the elimination of refiner's margins with the end of the Suncor contract in December, 2013. Elbow River Marketing experienced higher than normal sales of liquid petroleum gases and contributed \$15.6 million of Adjusted EBITDA in the first quarter of 2014, compared to \$4.9 million reported in the first quarter of 2013, commencing from the acquisition date of February 15, 2013.

Adjusted EBITDA (millions of dollars)



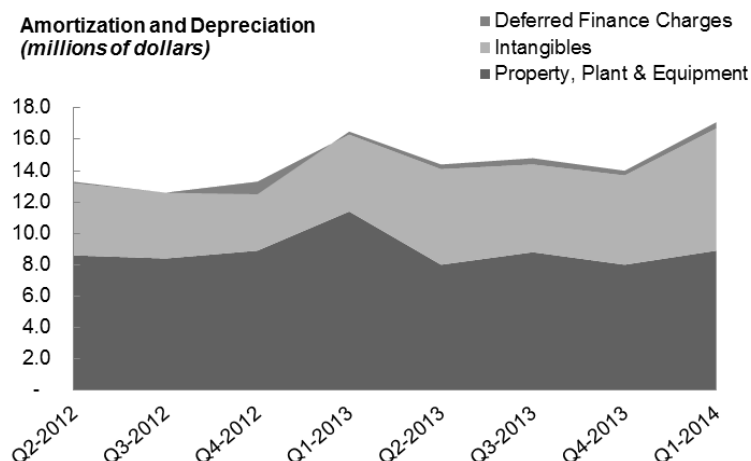
Adjusted EBITDA:

Acquisition related earnings in the first quarter of 2014 offset the elimination of refiner's margins with the end of the contract with Suncor in December, 2013.

Depreciation and Amortization

Q1 2014 vs. Q1 2013

Depreciation and amortization expenses in the first quarter of 2014 increased by 43% or \$5.7 million to \$18.9 million compared with \$13.2 million in the first quarter of 2013. This increase was driven by the acquisition of SPF Energy Inc. which added \$3.8 million and a full quarter of operations of Elbow River Marketing with an additional \$1.3 million of depreciation and amortization year over year.



Amortization and Depreciation:

The amortization and depreciation expenses attributable to intangible assets are significant due to acquisitions made by Parkland. Depreciation of property, plant and equipment has remained fairly constant over the last eight quarters with the exception of Q4 2012 which included significant adjustments relating to asset retirement obligations.

Finance Costs

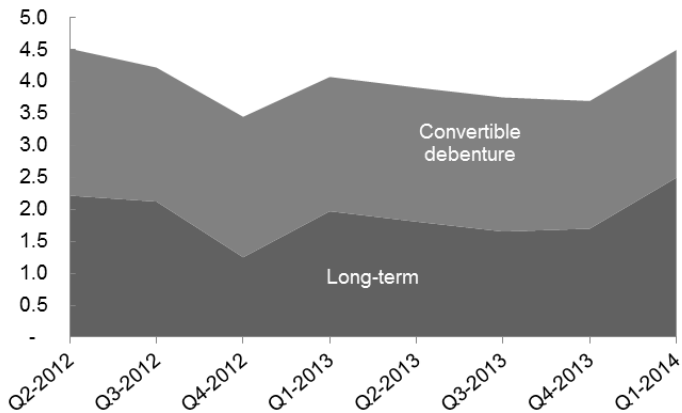
Q1 2014 vs. Q1 2013

Finance costs were \$5.4 million in the first quarter of 2014 compared with \$5.3 million for the same period in 2013, an increase of 2%. Finance costs are comprised of interest on long-term debt, interest and accretion on convertible debentures, accretion on refinery and terminal remediation, accretion on asset retirement obligations and loss (gain) on interest rate swaps.

Interest on long-term debt in the first quarter of 2014 increased by \$0.5 million to \$2.5 million compared with \$2.0 million in the first quarter of 2013 due to increased interest rates and increased average debt levels throughout the first quarter 2014 compared with the same period 2013 due to recent acquisitions. Long-term debt including the current portion increased to \$310.7 million as at March 31, 2014, an increase of \$86.4 million from \$224.3 million as at December 31, 2013.

Interest and accretion on convertible debentures for the first quarter of 2014 decreased by \$0.1 million to \$2.6 million compared with \$2.7 million in the first quarter of 2013.

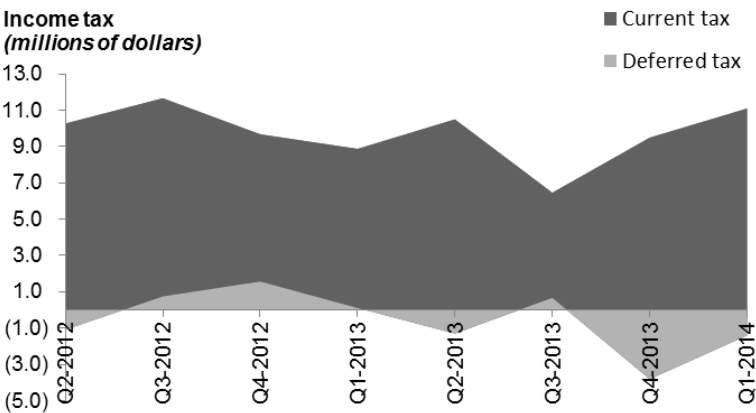
Interest costs (millions of dollars)



Interest Costs:
 During the first quarter of 2014 interest costs increased compared to the fourth quarter of 2013 due to the acquisition of SPF Energy Inc. This was partially offset by the conversion of convertible debentures to common shares and improved capital management which resulted in Parkland negotiating reduced interest terms on its long term debt in the past two years. Long-term interest includes credit facility interest, capital lease interest and mortgage interest.

Income Tax
 Q1 2014 vs. Q1 2013

Income tax expense was \$9.7 million in the first quarter compared with \$9.0 million for the same period in 2013. The increased income tax expense and income tax expense as a percentage of earnings before income taxes is attributable to changes in permanent tax differences, adjustments with respect to prior years and changes to income allocations between North American tax jurisdictions.

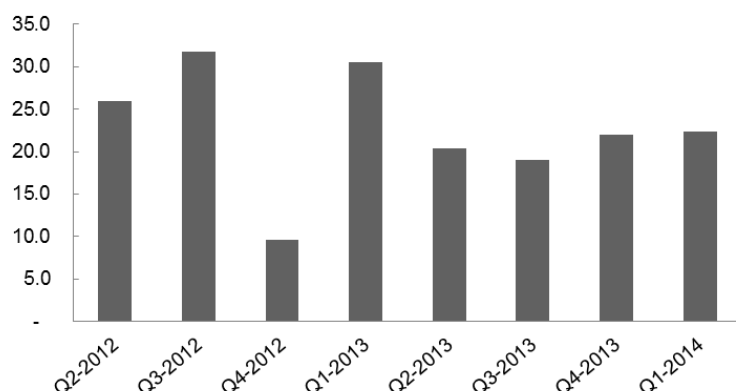


Net Earnings

Q1 2014 vs. Q1 2013

Parkland's net earnings in the first quarter of 2014 were \$22.3 million, a decrease of \$8.2 million compared with net earnings of \$30.5 million in the first quarter of 2013. The decrease in net earnings in the first quarter of 2014 compared with the prior year was primarily due to a \$5.7 million increase in amortization and depreciation and a \$1.0 million increase in unrealized loss from the change in fair value of forward contracts, future contracts and US dollar forward exchange contracts.

Earnings (millions of dollars)



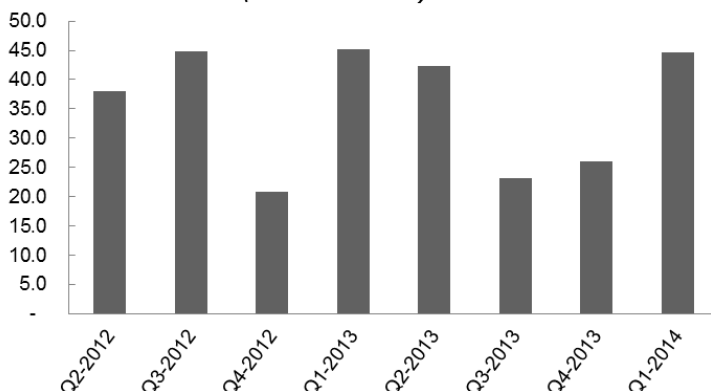
Earnings:

Net earnings during the most recent quarters have been impacted by refiner's margins. These margins decreased during the third quarter of 2013 and increased again during the fourth quarter of 2013. Parkland no longer benefits from refiner's margins with the end of the Suncor contract in December, 2013. Recent acquisitions have contributed earnings including: Elbow River Marketing on February 15, 2013; Sparlings Propane and TMCI on April 2, 2013; and SPF Energy Inc. on January 8, 2014.

Reconciliation of Distributable Cash Flow

Distributable Cash Flow

Distributable Cash Flow (millions of dollars)



Q1 2014 vs. Q1 2013

Distributable cash flow exceeded dividends in the first quarter by \$25.4 million compared with \$27.2 million in the first quarter of 2013. The dividend payout ratio for the first quarter of 2014 was 43% compared with 39% in the first quarter of 2013. Distributable cash flow decreased by \$0.3 million to \$44.6 million in the first quarter of 2014

compared with \$44.9 million in the first quarter of 2013. The decrease in distributable cash flow is primarily due to the \$2.2 million increase in current income tax expense partially offset by \$1.8 million in lower maintenance capital expenditures and a \$0.2 million increase in Adjusted EBITDA. The increase in the dividend payout ratio is also impacted by an increase of 4.3 million common shares outstanding.

Three months ended March 31,		
(in thousands of Canadian dollars except per share amounts)	2014	2013
Cash flow from operating activities	(6,676)	56,373
Less: Total capital expenditures and intangibles	(7,300)	(7,777)
Standardized distributable cash flow	(13,976)	48,596
Add back (deduct):		
Growth capital expenditures and intangibles	5,393	4,067
Proceeds on disposal of capital items	256	138
Change in other long-term liabilities	(1,224)	-
Change in non-cash working capital	54,200	(7,884)
Distributable cash flow ⁽¹⁾	44,649	44,917
Shares outstanding	73,759	69,445
Distributable cash flow per share ⁽¹⁾	0.61	0.65
Dividends	19,233	17,702
Dividend payout ratio ⁽¹⁾	43%	39%

⁽¹⁾ Please refer to the Non-GAAP Measures section in the MD&A for definitions.

Dividends

The following table sets forth the record date, payment date, amount per share, and total dividends paid during the year:

Record Date	Payment Date	Amount Per Share	Total Dividends (\$000's)
January 22, 2014	February 14, 2014	0.087	6,349
February 24, 2014	March 14, 2014	0.087	6,371
March 21, 2014	April 15, 2014	0.088	6,513
April 23, 2014	May 15, 2014	0.088	6,533
Total dividends declared to Shareholders in 2014		0.350	25,766

2014 Dividend Plan

Parkland intends to continue to pay dividends on a monthly basis of \$0.0883 per share, equivalent to \$1.06 per share annually. Parkland's business has grown significantly over the past several years and a similar growth trajectory is anticipated as the fuel industry continues to consolidate. This dividend level has been set to allow Parkland to continue to execute growth plans through a combination of internally generated funds, external debt and equity capital. At the discretion of Parkland's Board of Directors, Parkland will determine the amount of any future dividends payable. From time to time this amount may vary depending on a number of factors.

Premium Dividend™ and Discount Dividend Reinvestment Plan

In January 2011, Parkland launched the Premium Dividend and discount Dividend Reinvestment Plan ("DRIP") as a means to incrementally raise equity capital for growth and other corporate purposes at a low cost.

In addition to the option of receiving a monthly cash dividend of \$0.0883 per share, the Premium Dividend™ and enhanced Dividend Reinvestment Plan provide Canadian shareholders with the following options:

- The Premium Dividend™ – this provides eligible shareholders with a 2% cash premium in addition to their regular cash dividend. Participants in this option will receive \$0.0901 per share on the dividend payment date.
- Dividend Reinvestment – this allows shareholders to purchase shares with their dividend at a 5% discount to the volume weighted average price as defined by the plan.

Those shareholders who do not elect to participate in the Premium Dividend™ or Dividend Reinvestment Plans will still receive their regular monthly dividend of \$0.0883 per share.

Dividends Analysis

A comparison of dividends with cash flow from operating activities, net earnings and Adjusted EBITDA

Net earnings include significant non-cash charges including depreciation and amortization and accretion. These non-cash charges do not impact Parkland's distributable cash flow.

<i>(in thousands of Canadian dollars except per share amounts)</i>	Three Months Ended March 31,	
	2014	2013
Cash flow from operating activities	(6,676)	56,373
Net earnings	22,309	30,525
Adjusted EBITDA ⁽¹⁾	61,214	61,000
Dividends	19,233	17,702
(Shortage) excess of cash flow from operating activities relative to dividends	(25,909)	38,671
Excess of cash flow from net earnings relative to dividends	3,076	12,823
Excess of cash flow from Adjusted EBITDA relative to dividends	41,981	43,298

⁽¹⁾ Please refer to the Non-GAAP Measures section in the MD&A for definitions.

Q1 2014 vs. Q1 2013

Cash flow from operating activities for the three months ended March 31, 2014 was \$25.9 million lower than dividends compared to \$38.7 million higher in 2013. The decreased cash flow is primarily due to a net year over year increase in non-cash working capital of \$62.1 million as a result of an \$86.3 decrease in cash flow generated from lower accounts payable and accrued liabilities partially offset by \$10.4 million increase in cash flow generated from lower accounts receivable, \$10.1 million increase in cash flow generated from movements in income tax receivable and payable and \$7.2 million in cash flow generated from lower inventories in the first quarter 2014 compared to the first quarter of 2013.

Return on Capital Employed (“ROCE”)

<i>(In thousands of Canadian dollars)</i>	March 31, 2014	March 31, 2013
Four quarter average		
Bank indebtedness	11,615	-
Long-term debt (including current portion)	206,526	167,486
Convertible debentures	127,139	134,161
Shareholders' equity	434,631	352,115
	779,911	653,762
Less:		
Cash and cash equivalents	(7,120)	(45,937)
Restricted cash	(917)	-
Capital Employed	771,874	607,825
Net earnings (trailing twelve months, or "TTM")	83,743	97,874
Add/(Deduct)		
Finance costs ⁽¹⁾	18,641	19,997
Loss (gain) on disposal of property, plant and equipment	3,315	(3)
Unrealized gain on Foreign Exchange	(91)	(325)
Unrealized (gain) loss from the change in fair value of commodities forward contracts and US dollar forward exchange contracts	(277)	1,537
Acquisition costs	7,539	2,885
Income tax expense	31,703	41,833
TTM Adjusted EBIT ⁽²⁾⁽³⁾	144,573	163,798
Return on Capital Employed ⁽¹⁾	18.7%	26.9%

⁽¹⁾ Includes realized and unrealized (gain) loss on the interest rate swap.

⁽²⁾ Includes the realized and unrealized (gain) loss on call options.

⁽³⁾ Please refer to the Non-GAAP Measures section in the MD&A for definitions.

Average capital employed has increased by \$164.1 million from \$607.8 million as at March 31, 2013 to \$771.9 million as at March 31, 2014 primarily due to the acquisitions of Elbow River Marketing, TMCI, SPF Energy Inc. and Sparlings Propane. In the consolidated balance sheet, the increase is primarily in accounts receivable of \$123.0 million, an increase in goodwill and intangibles of \$69.0 million, an increase in inventory \$41.0 million and an increase in property, plant and equipment of \$54.0 million, partially offset by an increase in accounts payable of \$103.2 million. Adjusted earnings before interest and taxes (“Adjusted EBIT”) decreased by \$19.2 million from 2013 as a result of a decrease in Adjusted EBITDA of \$10.5 million and the increase in depreciation and amortization of \$8.7 million. Return on capital employed (“ROCE”), as measured by trailing twelve months Adjusted EBIT divided by average capital employed, decreased from 26.9% at March 31, 2013 to 18.7% at March 31, 2014.

Capability to Deliver Results

Liquidity

Cash Balances and Cash Flow Activity

Q1 2014 vs. Q1 2013

Parkland's cash position decreased by \$29.1 million in the first quarter of 2014 compared with an increase of \$7.8 million in the first quarter of 2013. For the three month period ended March 31, 2014, operating activities used

\$6.6 million of cash compared with \$56.4 million of cash flow generated in the first quarter of 2013. The net change in non-cash working capital used \$54.2 million of cash flow in the first quarter 2014, compared with \$7.9 million of cash flow generated in the first quarter of 2013. The \$54.2 million of cash flow in non-cash working capital used in the first quarter of 2014 was principally due to cash flow used of \$39.8 million from an increase in accounts receivable, \$15.8 decrease in accounts payable, \$6.4 million increase in prepaid expense and other and \$6.4 million increase in income taxes receivable partially offset by a \$10.7 million decrease in inventory. The \$7.9 million of cash flow generated in the first quarter of 2013 resulted primarily from cash used of \$16.5 million from a decrease in income tax payable and \$50.3 million increase from accounts receivable partially offset by cash generated resulting from an increase in accounts payable of \$70.5 million and a \$3.5 million decrease in inventory.

Financing activities in the first quarter of 2014 generated \$69.6 million in cash, of which \$292.7 million was generated from long-term debt net proceeds less \$5.6 million in dividends paid to shareholders and \$217.7 million repayment of long term debt. Financing activities generated \$43.8 million in cash flow in the first quarter of 2013, of which \$143.5 million was generated from long-term debt proceeds less \$5.4 million in dividends paid to shareholders and \$94.3 million used for repayment of long term debt.

Cash used in investing activities decreased \$0.6 million quarter-over-quarter as the first quarter of 2014 used \$91.8 million in cash, compared with \$92.4 million of cash used in the first quarter of 2013.

Tangible and Intangible Assets

A Review of Property, Plant and Equipment and Intangible Assets

For accounting purposes, amounts expended on both maintenance and growth capital are treated as purchases of capital assets. The classification of capital as growth or maintenance is subject to judgment, as many of the Corporation's capital projects have components of both. It is the Corporation's policy to classify all capital assets related to service station upgrades or the replacement and upgrading of its trucking fleet as maintenance capital. The construction of a new building on an existing site or the addition of new trucks and trailers to increase the size of the fleet is considered growth capital.

Q1 2014 vs. Q1 2013

During the first quarter of 2014, the Corporation's total additions of property, plant and equipment and intangibles (excluding acquisitions), consisting of maintenance capital and growth capital, were \$7.3 million compared with \$7.8 million for the same period in 2013. Maintenance capital in the quarter ended March 31, 2014 was \$1.9 million compared with maintenance capital of \$3.7 million in the first quarter of 2013. Growth capital in the first quarter of 2014 was \$5.4 million, compared with \$4.1 million in growth capital in the first quarter of 2013.

Capital Resources

A revolving extendible credit facility (the "Credit Facility") agreement was executed on June 30, 2011 initially for a period of four years. The Credit Facility was last amended on November 14, 2013 to extend the maturity date to June 30, 2017. The facility is extendible each year for a rolling four-year period at the option of Parkland. The Credit Facility is for a maximum amount of \$450 million with interest only payable at the bank's prime lending rate plus 0.75% to 2.0% per annum. The Credit Facility includes a revolving operating loan to a maximum of \$450 million less the value of letters of credit issued. The letter of credit facility is to a maximum of \$85 million. The Credit Facility also includes a \$100 million accordion feature that could potentially increase the total lending capacity to \$550 million. Security on the Credit Facility is the assignment of insurance and a floating charge demand debenture for \$900 million, thus creating a first floating charge over all of the undertaking, property and assets of Parkland.

At March 31, 2014, Parkland had \$308.7 million in long-term debt (excluding \$2.0 million of the current portion of long-term debt, the \$83.1 million remaining amount of series 1 convertible unsecured subordinated debentures outstanding and the \$44.2 million remaining amount of series 2 convertible unsecured subordinated debentures outstanding), compared with \$223.0 million at December 31, 2013 (excluding \$1.4 million of the current portion of long-term, \$83.2 million remaining amount of series 1 convertible unsecured subordinated debentures outstanding and the \$44.2 million remaining amount of series 2 convertible unsecured subordinated debentures outstanding). At March 31, 2014, Parkland had \$8.7 million of cash on hand and \$31.4 million of bank

indebtedness at various banks compared with a cash balance of \$9.0 million on hand and \$2.5 million of bank indebtedness at December 31, 2013.

Based on the balance of Parkland's seasonal business, management believes that cash flow from operations will be adequate to fund maintenance capital, interest, income taxes and targeted dividends. Growth capital expenditures in the next twelve months will be funded by cash flow from operations, proceeds from the Premium Dividend™ and Dividend Reinvestment Plan, and by the Credit Facility. Any additional debt incurred will be serviced by anticipated increases in cash flow and will only be borrowed within Parkland's debt covenant limits.

Parkland manages its capital structure and makes adjustments according to market conditions to maintain flexibility while achieving the objectives stated above. To manage the capital structure, Parkland may adjust capital spending, adjust dividends paid to shareholders, issue new shares, issue new debt or repay existing debt.

At March 31, 2014, Parkland was in compliance with all debt covenants. Debt covenant ratios are tested on trailing four quarter EBITDA (as defined under the terms of the Credit Facility) including acquisition related costs. The financial covenants under the Credit Facility with the recent amendments are as follows:

1. Ratio of senior funded debt (which excludes the convertible debentures and unsecured subordinated senior debt (if any) but includes issued letters of credit) to EBITDA (as defined under the terms of the Credit Facility) including acquisition related costs shall not exceed 3.00 to 1.00 during the second and third quarters and shall not exceed 3.50 to 1.00 during the first and fourth quarters of Parkland's fiscal year;
2. Ratio of total funded debt (which excludes the convertible debentures but includes issued letters of credit) to EBITDA (as defined under the terms of the Credit Facility) including acquisition related costs shall not exceed 4.00 to 1.00 during the second and third quarters and shall not exceed 4.50 to 1.00 during the first and fourth quarters of Parkland's fiscal year; and
3. Ratio of EBITDA (as defined under the terms of the Credit Facility) including acquisition related costs less maintenance capital expenditures and taxes to the sum of interest, principal and dividends after DRIP proceeds shall not be less than 1.15 to 1.00.

Liquidity risk is the risk that Parkland will encounter difficulties in meeting its financial liability obligations. Parkland manages its liquidity risk through cash and debt management. In managing liquidity risk, Parkland has access to various credit products at competitive rates.

Parkland believes it has sufficient funding through the use of these facilities to meet foreseeable borrowing requirements.

Labour Force

Parkland had approximately 1,713 employees at March 31, 2014, including 165 employees in its Red Deer, Alberta, head office and 103 employees in its Calgary, Alberta offices.

Parkland's employees are also owners of the Corporation, investing in Parkland regularly through Parkland's employee share purchase plan. Employees are also rewarded through an annual incentive plan that is linked to a minimum targeted return on capital employed to drive corporate performance.

Parkland's ability to deliver on its strategy is contingent on retaining and attracting employees with the proper skill sets to drive the key initiatives forward. As such, there is a focus on recruiting and retaining key employees. To date, Parkland has been successful at filling critical positions as needed.

Systems and Processes

Parkland utilizes a number of information technology systems that assist and support the administration and control of its operations. Technology initiatives are primarily implemented using in-house resources with additional assistance from outside consultants when required.

Parkland's technology initiatives include:

- Upgrading Point-of-Sale systems at convenience store and service station sites;
- Implementing technologies to improve back office efficiency through automation; and
- Continued maintenance and security related to overall network administration and emergency response processes.

Safety and Environment

Parkland is committed to ensuring a safe working environment that protects its employees, customers and the environment. As part of this commitment, Parkland has an established Health, Safety & Environment (HSE) program that includes comprehensive policies and procedures designed to manage and mitigate HSE risks. Additionally, employees have the opportunity to actively engage in safety initiatives through numerous HSE committees representing all areas of Parkland's business.

Parkland's primary business of selling and transporting fuel products and other dangerous goods has an inherent degree of risk. As such, Parkland provides training to all staff as required to mitigate these risks and has operations and response procedures to deal with emergency situations.

Parkland maintains a Certificate of Recognition (COR) in three provinces, and is a proud participant in Alberta WCB's "Partnerships in Injury Reduction" program.

Segmented Results

The following table details sales and operating revenue, cost of sales and adjusted gross profit for Parkland's business segments:

	Parkland Retail Fuels		Parkland Commercial Fuels		Parkland Wholesale, Supply and Distribution		Corporate		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Fuel and petroleum products volume (thousands of litres)	416,762	399,826	516,958	432,712	1,338,523	567,428	-	-	2,272,243	1,399,966
Sales and operating revenue - external and inter-segmental										
Fuel and petroleum product revenue	404,154	365,426	526,307	403,382	2,108,662	463,748	-	-	3,039,123	1,232,556
Non-fuel revenue	11,467	3,931	70,843	52,811	20,608	14,139	279	100	103,197	70,981
Total sales and operating revenue - external and intersegmental	415,621	369,357	597,150	456,193	2,129,270	477,887	279	100	3,142,320	1,303,537
Less: Inter-segment revenues			(9,078)	(6,987)	(1,108,978)	(83,726)	-	-	(1,118,056)	(90,713)
Sales and operating revenue	415,621	369,357	588,072	449,206	1,020,292	394,161	279	100	2,024,264	1,212,824
Cost of sales, excluding depreciation										
Fuel and petroleum product cost of sales	385,042	347,328	467,765	352,756	2,054,150	425,625	-	-	2,906,957	1,125,709
Non-fuel costs of sales	4,382	2	52,722	36,632	13,077	13,286	27	71	70,208	49,991
Total cost of sales, excluding depreciation	389,424	347,330	520,487	389,388	2,067,227	438,911	27	71	2,977,165	1,175,700
Less: Inter-segment Cost of sales			(9,078)	(6,987)	(1,108,980)	(83,727)	180	193	(1,117,878)	(90,521)
Net Costs of sales	389,424	347,330	511,409	382,401	958,247	355,184	207	264	1,859,287	1,085,179
Adjusted gross profit										
Fuel and petroleum product adjusted gross profit (before risk management)	19,112	18,098	58,542	50,626	54,512	38,123	-	-	132,166	106,847
Realized gain (loss) on risk management activities	-	-	-	-	(6,876)	(1,175)	-	-	(6,876)	(1,175)
Realized gain (loss) on foreign exchange	-	-	-	-	1,936	(36)	(40)	-	1,896	(36)
Fuel and Petroleum product adjusted gross profit	19,112	18,098	58,542	50,626	49,572	36,912	(40)	-	127,186	105,636
Non-fuel adjusted gross profit	7,085	3,929	18,121	16,179	7,531	853	72	(164)	32,809	20,797
Total Adjusted gross profit	26,197	22,027	76,663	66,805	57,103	37,765	32	(164)	159,995	126,433
Customer finance income			(600)	(420)	42		(71)	(48)	(629)	(468)
Operating costs	9,040	6,165	40,826	34,117	15,559	2,220	(187)	5	65,238	42,507
Marketing, general and administration	3,605	3,426	7,127	6,543	14,004	5,100	11,648	9,850	36,384	24,919
Less: acquisition costs	-	-	(501)	-	-	-	(1,711)	(1,525)	(2,212)	(1,525)
Adjusted EBITDA	13,552	12,436	29,811	26,565	27,498	30,445	(9,647)	(8,446)	61,214	61,000

Parkland Commercial Fuels

Parkland Commercial Fuels delivers bulk fuel, propane, heating oil, lubricants, agricultural inputs, oilfield fluids and other related products and services to commercial, industrial and residential customers in Canada and the United States through an extensive delivery network.

The family of successful brands in this division includes: Bluewave Energy, Columbia Fuels, Sparlings Propane Co. Ltd. and Island Petroleum. SPF Energy Inc.'s commercial products are also included in Commercial's segmented results.

Parkland's commercial brands are committed to locally delivered, premium customer service, supported by a supply platform which ensures customers can obtain quality petroleum products when and where needed.

Parkland commercial's customer base is diverse, operating across a broad cross-section of industries and geographies with no single customer accounting for more than 5% of consolidated revenue. This customer base includes:

- Oil and gas industry participants;
- Mining operators;
- Forestry operators;
- Agricultural operators;
- Construction companies;
- Residential propane and heating fuel customers; and
- Other industrial operators.

Industry and Seasonality

The commercial fuel business is seasonal, reflecting fluctuations in heating requirements and industry activity that are more active in the winter than in the summer. In general, the first and fourth quarters are the busiest periods for Commercial Fuels.

Based on historical trends, commercial Adjusted EBITDA fluctuates seasonally according to the following approximate schedule:

	Q1	Q2	Q3	Q4	Total
Commercial Adjusted EBITDA	39%	16%	11%	34%	100%

Commercial Segment Performance

	For the three months ended March 31,		
	2014	2013	% Variance
Fuel and petroleum products volume (000's of litres)	516,958	432,712	19.5%
Sales and operating revenue (\$ 000's)			
Sales and operating revenue	588,072	449,206	30.9%
Adjusted gross profit			
Fuel and Petroleum product adjusted gross profit	58,542	50,626	15.6%
Non-fuel adjusted gross profit	18,121	16,179	12.0%
Total Adjusted gross profit	76,663	66,805	
Customer finance income	(600)	(420)	43.0%
Operating costs	40,826	34,117	19.7%
Marketing, general and administration	7,127	6,543	8.9%
less: acquisition costs	(501)	-	
Adjusted EBITDA	29,811	26,565	12.2%
Per Litre Analysis:			
Adjusted fuel gross profit (cents per litre)	11.32	11.70	(3.2%)
Operating costs (cents per litre)	7.90	7.88	0.2%
Marketing, general and administration (cents per litre)	1.38	1.51	(8.8%)
Adjusted EBITDA (cents per litre)	5.77	6.14	(6.1%)

Operational Review

Q1 2014 vs. Q1 2013

Volumes

For the three months ended March 31, 2014, Parkland Commercial Fuels' volumes increased 19.5% to 517 million litres compared with 433 million litres in 2013. The 84 million litre increase included 60 million litres in incremental propane sales from Sparlings Propane and 5.5% volume growth in the base business (SPF Energy Inc. currently only contributes lubricant volumes to Commercial Fuel results).

Despite significant weather related operational challenges, fuel volumes in Eastern Canada increased due to colder weather and new accounts. While road closures and an increase in unplanned deliveries disrupted truck routing, the Eastern Canadian operations were successful in delivering propane and heating oil to both residential and commercial customers. Elbow River Marketing played a key role in ensuring the Sparlings operations in Ontario had access to propane while most of the industry struggled to source supply. In general, the Sparlings business is performing ahead of plan from a volume perspective.

Parkland Commercial Fuels sales in Western Canada were down year over year primarily due to the discontinuation of a low margin marketer agreement in northern Alberta. However, when this agreement is factored out, Western commercial fuel volumes are up year over year as the result of increased propane sales and new account signings.

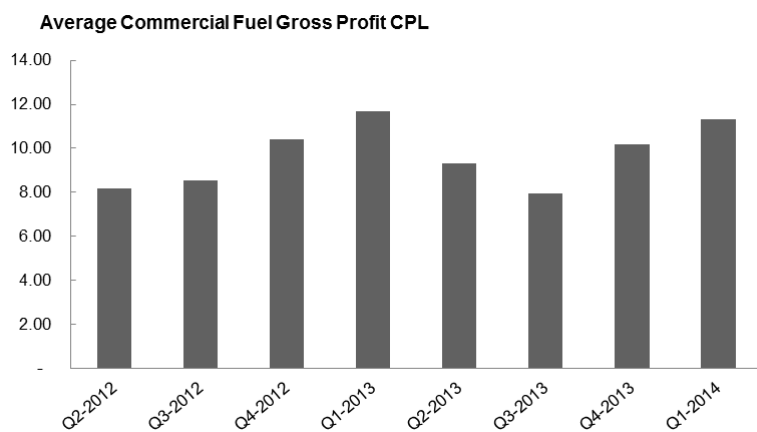
The CAODC reported that the average monthly count of active drilling rigs during the three months ended March 31, 2014 was 521, a five percent increase compared with 496 during the same period in 2013. Despite slightly higher activity levels across the entire oil and gas sector, much of the activity remains focussed on areas rich in crude, whereas a significant softening in natural gas drilling was observed in northern Alberta, an area of significant concentration for Parkland's Western commercial operation. Poor weather also reduced the volume delivered in this region during the quarter.

Adjusted Gross Profit

For the three months ended March 31, 2014, fuel gross profit increased 16% to \$58.5 million compared with \$50.6 million in 2013 due to higher volumes offset by lower margins on a cent per litre (cpl) basis. Sparlings Propane added \$8.2 million in fuel adjusted gross profit in the first quarter of 2014.

Average adjusted fuel gross profit on a cents per litre basis for the first quarter of 2014 was 11.32 cpl, a decrease of 3% compared with 11.70 cpl in the first quarter of 2013 due in large part to an increase in low margin heavy fuel oil sales and several new large contracts that added significant volumes at lower margins across Canada.

Non-fuel gross profit increased 12% in the first quarter of 2014 to \$18.1 million compared with \$16.2 million in the first quarter of 2013 as a result of \$2.5 million in additional lubricant profits from SPF Energy Inc., slightly better Canadian lubricant margins, offset by lower lubricant volumes in Canada. Sparlings Propane added \$0.7 million in non-fuel adjusted gross profit in the first quarter of 2014.



Commercial Quarterly Margins

Commercial margins traditionally increase in the first and fourth quarters as the product and customer mix change.

Operating Costs

Parkland Commercial Fuels' operating costs for the first quarter of 2014 increased 20% to \$40.8 million (7.9 cpl) compared with \$34.1 million (7.9 cpl) during the same period in 2013 due to the addition of Sparlings Propane, a \$1.6 million increase from SPF Energy Inc. and increased fleet costs due to severe weather, offset by cost savings in the base business.

Marketing General and Administration

Marketing, General and Administration expenses for the first quarter of 2014 increased 9% to \$7.1 million (1.4 cpl) compared with \$6.5 million (1.5 cpl) during the same period in 2013 due to the addition of Sparlings Propane, partially offset by cost savings in the base business that drove lower costs on a cpl basis.

Adjusted EBITDA

For the three months ended March 31, 2014, Parkland Commercial Fuels' EBITDA increased 12% to \$29.8 million (5.8 cpl) compared with \$26.6 million (6.1 cpl) in 2013.

Divisional Outlook

As was seen in the first quarter, Parkland Commercial Fuels is well positioned to capitalize on new opportunities as they emerge. The ability to reliably deliver fuel to commercial customers when they need it, even during supply disruptions, has grown even stronger since the addition of Elbow River Marketing to Parkland's supply platform. Management believes that this dependability, coupled with the outstanding customer service and professionalism of Parkland's field personnel, will continue to drive increased sales for the Commercial Fuels Division.

Management believes the operational changes made to the Commercial Fuels division over the past 24 months have positioned Commercial Fuels for growth in 2014. These changes include the refocusing of the Commercial Fuels Division into a nationwide operation and sales team, changes in branded distribution agreements, the roll out of Parkland's multi-product commercial offering at additional branches and the simplification and standardization of procedures and processes.

Parkland's Commercial Fuels sales team continues to diversify its customer mix, which is helping to offset the impact of the discontinuation of several low margin, high volume accounts in northern Alberta.

Business simplification will also continue to be a source of savings for Parkland, reducing operating costs on a cents per litre basis. The focus will remain on cost management, strong sales activity and superior customer service.

Markets

On March 31, 2014, Parkland Commercial Fuels had 131 locations.

Province	Cardlock	Branch	Branch & Cardlock	Lube Distribution Centre	Grand Total
Alberta	12	7	11	2	32
British Columbia	17	10	11	1	39
Manitoba	-	-	-	1	1
New Brunswick	-	-	1	-	1
Nova Scotia	3	9	4	2	18
Northwest Territories	-	-	2	-	2
Ontario	1	13	7	-	21
Prince Edward Island	12	2	-	-	14
Saskatchewan	-	1	1	-	2
Yukon	-	-	1	-	1
Total	45	42	38	6	131

There are three types of locations in Parkland's commercial network: branches which are manned sales and administration offices; cardlocks which are unmanned fueling stations that are accessed through a card or a code (similar to a retail gas station but unmanned and without a convenience store) and lube distribution centres, which are manned warehouses for receiving, repackaging and re-distributing lubricants.

Parkland Retail Fuels

Parkland Retail Fuels operates and services a network of retail service stations that serve motorists in Canada and the United States.

Parkland owns two proprietary brands in Canada: Fas Gas Plus and Race Trac. Parkland is also a retail branded distributor for Esso in British Columbia, Alberta, Saskatchewan, Ontario and the Northwest Territories and a retail branded distributor for Chevron in British Columbia. In addition, SPF Energy Inc. maintains the Superpumper brand in the northern United States.

Business Models

Canada

In Canada, Parkland operates service stations under the following business models:

Dealer Operated – Dealers own or lease their own sites and enter into a contract with Parkland for fuel supply, the rights to a brand offering and a point-of-sale system. Parkland profits are derived from the fuel sold to these operators. As a wholesale business, margins remain fairly fixed in this segment and the dealer owns the fuel price opportunity or risk. In addition, Parkland does not assume any capital asset investment relating to these sites.

Retailer Operated – Sites that are either owned or leased by Parkland and operated and managed on its behalf by independent entrepreneurs (“retailers”) who provide and manage staff in exchange for a commission on fuel volumes sold and non-fuel (convenience) sales. Retailers pay a contracted rent to Parkland based on a percentage of non-fuel sales revenue from the convenience store.

The retail commission model reduces overhead, operating costs, and inventory shrinkage risk (the retailer owns the convenience store inventory). Through the incentive structure, the model also encourages the entrepreneurial retailer to achieve both their and Parkland’s business objectives.

United States

In the United States, SPF Energy Inc. supplies a number of multi-site dealer chains and approximately 60 direct customers under the dealer operated model.

In addition to these sites, SPF Energy Inc. operates under the following business models:

Company Operated – the 16 Superpumper sites owned by SPF Energy Inc. are operated directly by SPF employees.

In total, SPF Energy Inc. supplies fuel to between 150 and 200 locations at any time.

Industry and Seasonality

The retail fuel business is highly competitive, with margins ultimately dependent on wholesale fuel costs and retail fuel prices.

The retail business is seasonal, reflecting increased travel during the summer months. In general, the second and third quarters are the strongest periods for Retail Fuels.

Based on historical trends, Retail Fuel’s Adjusted EBITDA fluctuates seasonally according to the following approximate schedule:

	Q1	Q2	Q3	Q4	Total
Retail Adjusted EBITDA	19%	27%	32%	22%	100%

Retail Segment Performance

	For the three months ended March 31,		
	2014	2013	% Variance
Fuel and petroleum products volume (000's of litres)	416,762	399,826	4.2%
Sales and operating revenue (\$ 000's)			
Sales and operating revenue	415,621	369,357	12.5%
Adjusted gross profit			
Fuel and Petroleum product adjusted gross profit	19,112	18,098	5.6%
Non-fuel adjusted gross profit	7,085	3,929	80.3%
Total Adjusted gross profit	26,197	22,027	18.9%
Customer finance income			
Operating costs	9,040	6,165	46.6%
Marketing, general and administration	3,605	3,426	5.2%
less: acquisition costs	-	-	
Adjusted EBITDA	13,552	12,436	9.0%
Per Litre Analysis:			
Adjusted fuel gross profit (cents per litre)	4.59	4.53	1.3%
Operating costs (cents per litre)	2.17	1.54	40.7%
Marketing, general and administration (cents per litre)	0.87	0.86	1.2%
Adjusted EBITDA (cents per litre)	3.25	3.11	4.5%

Operational Review

Q1 2014 vs. Q1 2013

Volumes

For the three months ended March 31, 2014, Parkland Retail Fuel volumes increased 4% to 417 million litres compared with 400 million litres in 2013. The 17 million litre increase was the result of the addition of 21.5 million litres from SPF Energy Inc.'s retail operations and 3% same-store fuel sales growth in company owned sites across Canada, offset by planned site closures.

Alberta, at 6.9%, led company owned same store fuel sales growth across the country as the result of a planned increase in advertising. This increased traffic also drove non-fuel margins through convenience store sales.

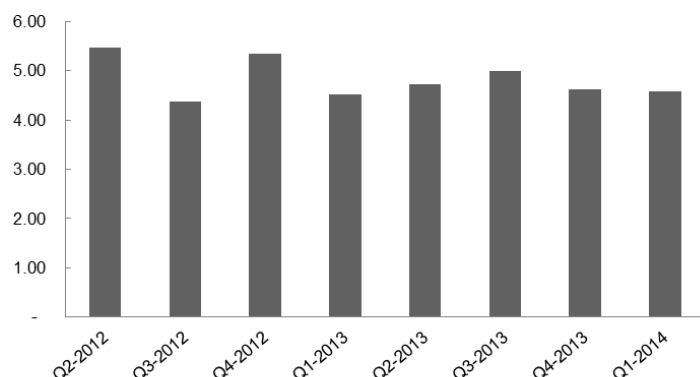
Adjusted Gross Profit

For the three months ended March 31, 2014, fuel and petroleum product adjusted gross profit increased 6% to \$19.1 million compared with \$18.1 million in 2013 due to the addition of \$1.9 million from SPF Energy Inc., slightly offset by lower volumes and lower margins on a cent per litre (cpl) basis in Canada.

Average adjusted fuel gross profit on a cpl basis for the first quarter of 2014 was 4.6 cpl, an increase of 1% compared with 4.5 cpl in the first quarter of 2013.

Non-fuel gross profit increased 80% in the first quarter to \$7.1 million compared with \$3.9 million in 2013 due to the addition of \$2.6 million from SPF Energy Inc. and a 9.4% increase in same store convenience store sales year over year in the company's Canadian owned network which was driven by increased traffic coupled with stronger in-store programs.

Average Retail Fuel Gross Profit CPL



Retail Quarterly Margins

Average gross profit on a cents per litre basis increased by 1.3% year-over-year in the first quarter of 2014. On a sequential basis, average fuel gross profit on a cents per litre basis decreased 1% compared with the fourth quarter of 2013.

Operating Costs

Retail operating costs for the first quarter of 2014 increased 47% to \$9.0 million (2.2 cpl) compared with \$6.2 million (1.5 cpl) during the same period in 2013 due to the addition of \$3.0 million from SPF Energy Inc. partially offset by \$0.1 million in savings within the base business as a result of greater discipline on commissions in renewals with retailers.

Marketing General and Administration

Marketing, General and Administration expenses for the three months ended March 31, 2014 increased 5% to \$3.6 million (0.9 cpl) compared with \$3.4 million (0.9 cpl) during the same period in 2013 due to the addition of \$0.4 million from SPF Energy Inc. and a planned increase in advertising that successfully drove up sales volumes at company operated sites, offset by \$0.3 million in savings within the base business through cost controls.

Adjusted EBITDA

For the three months ended March 31, 2014, Parkland Retail Fuels' EBITDA increased 9% to \$13.6 million (3.3 cpl) compared with \$12.4 million (3.1 cpl) in 2013.

Outlook

Retail growth prospects in 2014 remain strong.

Subsequent to March 31, 2014 Parkland started streaming fuel under the Chevron supply and distribution agreement which is anticipated to help strengthen Parkland's offer in British Columbia. In the month of April 2014 Parkland also completed the purchase of twelve additional Chevron sites and a number of new dealers are expected to sign before the end of June, 2014. In addition, in the second quarter a number of new Esso dealer and retailer sites are expected to open in British Columbia.

Retail margins typically benefit from a drop in crude pricing that ultimately drives lower wholesale fuel pricing. However, the cyclical drop in supply costs that usually follows the first quarter has yet to materialize, leading to higher prices at the pump and slimmer margins for gas station operators.

Canadian Markets

Province	Retailer Operated	Dealer Operated	Total
Alberta	72	196	268
British Columbia	15	87	102
Manitoba	12	11	23
New Brunswick	-	2	2
Nova Scotia	-	3	3
Northwest Territories	-	3	3
Ontario	2	157	159
Prince Edward Island	-	4	4
Saskatchewan	31	95	126
Yukon	-	5	5
Total	132	563	695

Parkland recently added Chevron, a new premium brand, to its retail offering in British Columbia. Parkland's retail branded distribution agreement with Chevron in British Columbia adds an excellent growth opportunity for Parkland retail operations to expand under a second nationally recognised premium brand.

Canadian Brands

Parkland's multi-brand strategy allows the Corporation to provide an offering that targets different segments of the fuel market.

Operating Model	Fas Gas Plus	Race Trac	Esso	Chevron	Cdn Tire	Other	Total
Dealer operated	87	97	346	2	-	31	563
Retailer operated	89	2	24	4	1	12	132
Total	176	99	370	6	1	43	695

Fas Gas Plus – Fas Gas Plus is a community-focused independent brand that brings consumers an urban offering in non-urban markets through a large, well merchandised convenience store, a strong loyalty program and friendly operators. Parkland's strategy is to continue to maximize penetration of its Fas Gas Plus brand throughout its traditional non-urban markets by investing in the Fas Gas Plus station upgrade and conversion program and acquiring new sites.

Esso – The Esso retail branded distributor agreement provides Parkland with the opportunity to offer Esso's nationally recognized brand to independent operators or within the Corporation's owned network in Alberta, Saskatchewan, British Columbia, Ontario and the Northwest Territories.

Chevron – The Chevron retail branded distributor agreement provides Parkland with the opportunity to deliver Chevron's premium brand through independent operators and Parkland's owned network in British Columbia.

Race Trac – Race Trac is designed for the independent dealer that might not be able to meet the brand standards required by Parkland's other brand offerings, but who wants to get into the market. Parkland has focused on increasing the brand value of Race Trac to the operators. The Race Trac brand is positioned for locations or markets where the Fas Gas Plus, Chevron, or Esso brands are not suited and is an important part of Parkland's brand portfolio.

Other – In most cases “Other” represents brands that are being migrated to Parkland’s primary brand offerings over time.

Parkland Wholesale, Supply and Distribution

Wholesale, Supply and Distribution is responsible for managing Parkland's fuel supply contracts, purchasing fuel from suppliers, distribution through third party rail and highway carriers as well as serving wholesale and reseller customers.

This division includes profits from:

- Elbow River Marketing, acquired on February 15, 2013;
- TMCI acquired on April 2, 2013;
- SPF Energy Inc. wholesale volumes, acquired on January 8, 2014;
- Supply management activities; and
- Wholesale fuel sales.

Refinery Contracts - Fuel supply contracts are maintained with multiple oil refiners as well as wholesale and trading suppliers. Multiple supply relationships ensure that Parkland can:

- 1) Dependably deliver fuel to customers even during supply disruptions; and
- 2) Obtain fuel at competitive prices.

Terminals - In 2012 Parkland completed the conversion of its Bowden, Alberta refinery into a flexible, finished products terminal with 220,000 barrels of storage capacity. In addition to enhancing Parkland’s internal supply options, the terminal provides industry participants with a flexible Central Alberta fuel terminal which can reduce transportation costs and wait times for Southern Alberta operations compared to supply points in Edmonton.

In 2013, Parkland added additional product terminal capacity in the eastern Canadian supply orbit by contracting 120,000 barrels of storage capacity in Montreal and 165,000 barrels of terminal storage in Quebec City. The acquisition of SPF Energy Inc. added another 40,000 barrels of terminal storage capacity in Minot, North Dakota.

Wholesale, Supply and Distribution manages the storage infrastructure portfolio to enhance Parkland’s supply security and, by extension, the supply security of Parkland’s customers.

Wholesale, Supply and Distribution Segment Performance

	For the three months ended March 31,		
	2014	2013	% Variance
Fuel and petroleum products volume (000's of litres)	1,338,523	567,428	135.9%
Sales and operating revenue (\$ 000's)			
Sales and operating revenue	1,020,292	394,161	158.9%
Adjusted gross profit			
Fuel and Petroleum product adjusted gross profit	49,572	36,912	34.3%
Non-fuel adjusted gross profit	7,531	853	782.9%
Total Adjusted gross profit	57,103	37,765	51.2%
Customer finance income	42		
Operating costs	15,559	2,220	600.9%
Marketing, general and administration	14,004	5,100	174.6%
less: acquisition costs	-	-	
Adjusted EBITDA	27,498	30,445	(9.7%)
Per Litre Analysis:			
Adjusted fuel gross profit (cents per litre)	3.70	6.51	(43.1%)
Operating costs (cents per litre)	1.16	0.39	197.1%
Marketing, general and administration (cents per litre)	1.05	0.90	16.4%
Adjusted EBITDA (cents per litre)	2.05	5.37	(61.7%)

Operational Review

Q1 2014 vs. Q1 2013

Volumes

For the three months ended March 31, 2014 Parkland Wholesale, Supply and Distribution fuel volumes (factoring out intersegment sales) increased 136% to 1.3 billion litres compared with 567 million litres for the same period in 2013 primarily due to the addition of 355 million litres from Elbow River Marketing, 177 million litres from the purchased assets of TMCI, and the addition of 255 million litres from SPF Energy Inc.

The supply group made full use of Parkland's strategic infrastructure to supply Eastern Canada with propane during a period of critical supply constraints. Parkland's rail capacity, storage infrastructure, import capability and multiple supply relationships helped to ensure that the customers of Parkland's delivered fuel brands had access to propane.

Adjusted Gross Profit

For the three months ended March 31, 2014, fuel and petroleum product adjusted gross profit increased 34% to \$49.6 million compared with \$36.9 million in 2013 due to higher volumes from the acquisition of the assets of TMCI, SPF Energy Inc. and Elbow River Marketing, offset by lower margins on a cent per litre basis.

Average adjusted fuel gross profit on a cents per litre basis for the first quarter of 2014 was 3.7 cpl, a decrease of 43% compared with 6.5 cpl in the first quarter of 2013 due to the absence of refiner's margins compared to the first quarter of 2013 where unusually strong refiner's margins inflated the margin on a cpl basis for that period. This was partially offset in the first quarter of 2014 by the strong performance from Elbow River Marketing and the success of Parkland's supply initiatives.

Non-fuel gross profit increased 783% in the first quarter of 2014 to \$7.5 million compared with \$0.9 million in the first quarter of 2013 as a result of additional non-fuel product gross profits from Elbow River Marketing and SPF Energy Inc.

Operating Costs

Operating costs in the first quarter of 2014 increased to \$15.6 million (1.2 cpl) compared with \$2.2 million (0.4 cpl) during the same period in 2013 due to the addition of Elbow River Marketing and SPF Energy Inc. and the assets of TMCI.

Marketing General and Administration

Marketing, General and Administration expenses for the first quarter of 2014 increased to \$14.0 million (1.1 cpl) compared with \$5.1 million (0.9 cpl) during the same period in 2013 for the same reasons described above.

Adjusted EBITDA

For the three months ended March 31, 2014, Parkland Wholesale, Supply and Distribution's EBITDA decreased 10% to \$27.5 million (2.1 cpl) compared with \$30.4 million (5.4 cpl) in 2013. Acquisition related earnings reflected in Wholesale, Supply and Distribution's EBITDA partially offset the elimination of refiner's margins with the end of the contract with Suncor in December, 2013. Elbow River Marketing experienced higher than normal sales of liquid petroleum gases and contributed \$15.6 million of Adjusted EBITDA in the first quarter of 2014, compared with \$4.9 million reported in the first quarter of 2013, commencing from the acquisition date of February 15, 2013.

Divisional Outlook

A number of planned refinery turnarounds are anticipated for 2014 in western Canada. Parkland continues to proactively plan for shortages utilizing the Corporation's diverse supply capability.

To further secure supply in advance of turnarounds and to offset shortages during unplanned outages, Parkland has begun to store additional product in certain supply orbits to ensure security of supply for customers. This strategy will not result in an increase in inventory risk, as it is offset by the reduction in crude oil inventory associated with the expired Suncor contract.

Parkland will continue to optimize a number of key supply agreements in 2014 that will improve Parkland's supply economics, diversify the supply portfolio, capture arbitrage opportunities and provide further supply security and flexibility for customers.

Parkland will continue to manage towards lower accounts receivable and tighter trade terms in its Wholesale division. The Wholesale division has plans to grow in underserved regions in 2014 and the supply and distribution team will continue to drive for arbitrage opportunities over both the short-term and long-term.

Review of the Eight Most Recent Quarters

A Summary of the Eight Most Recently Completed Consolidated Quarterly Results

(millions of Canadian dollars, except volume and per share amounts)

	2014	2013				2012			
(\$000's except per share amounts)									
For the three months ended,	Mar-31	Dec-31	Sep-30	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30	Mar-31
Sales and operating revenue	2,024,264	1,598,861	1,509,040	1,342,697	1,212,824	998,407	1,059,539	1,011,331	1,064,359
Cost of sales	1,859,287	1,448,141	1,396,280	1,213,840	1,085,179	894,409	947,066	901,765	953,354
Gross profit	164,977	150,720	112,760	128,857	127,645	103,998	112,473	109,566	111,005
Expenses									
Operating costs	65,238	60,274	44,134	43,363	42,507	39,796	33,251	35,358	44,499
Marketing, general and administrative	36,384	34,528	24,917	27,228	24,919	21,682	18,458	19,726	19,763
Depreciation and amortization	18,893	15,003	14,076	15,123	13,211	15,955	12,282	12,971	13,481
	44,462	40,915	29,633	43,143	47,008	26,565	48,482	41,511	33,262
Customer finance income	(629)	(696)	(589)	(732)	(468)	(1,009)	(794)	(1,129)	(530)
Finance cost	5,432	4,464	4,425	4,308	5,276	4,189	4,590	5,942	5,518
Net Finance costs	4,803	3,768	3,836	3,576	4,808	3,180	3,796	4,813	4,988
Loss (gain) on disposal of property, plant and equipment	1,150	823	1,217	125	275	233	(631)	120	560
(Gain) loss on foreign exchange	(2,912)	(151)	879	(1,371)	(297)	18	(36)	46	(115)
Loss (gain) on risk management activities	9,434	8,752	(2,490)	11,268	2,713	2,302	1,123	1,396	4,256
Earnings before income taxes	31,987	27,723	26,191	29,545	39,509	20,832	44,230	35,136	23,573
Income tax expense (recovery)									
Current	11,055	9,493	6,459	10,477	8,874	9,680	11,663	10,274	8,732
Deferred	(1,377)	(3,808)	671	(1,266)	110	1,570	746	(1,084)	(2,664)
	9,678	5,685	7,130	9,211	8,984	11,250	12,409	9,190	6,068
Net earnings	22,309	22,038	19,061	20,334	30,525	9,582	31,821	25,946	17,505
Net earnings per share									
- Basic	0.30	0.31	0.27	0.29	0.44	0.14	0.48	0.39	0.27
- Diluted ⁽¹⁾	0.30	0.30	0.27	0.28	0.42	0.14	0.44	0.37	0.26
Shares outstanding	73,759	71,795	71,020	70,227	69,445	67,973	67,204	66,335	65,390
Non GAAP Financial Measures									
Adjusted EBITDA ⁽²⁾⁽³⁾	61,214	50,562	37,753	58,114	61,000	42,484	60,551	54,182	43,147
Distributable cash flow ⁽²⁾⁽⁴⁾	44,649	26,100	23,157	42,278	44,917	20,755	44,882	38,109	26,016
Distributable cash flow per share ⁽²⁾⁽⁴⁾	0.61	0.36	0.33	0.60	0.65	0.31	0.67	0.57	0.41
Dividends	19,233	18,603	18,396	18,200	17,702	17,268	17,060	16,835	16,588
Dividends to distributable cash flow payout ratio ⁽²⁾⁽⁴⁾	43%	71%	79%	43%	39%	83%	38%	44%	64%
Key Metrics:									
Fuel volume (millions of litres)	2,272	1,917	1,762	1,580	1,400	1,062	1,091	1,003	1,085
Return on capital employed (ROCE) ⁽²⁾⁽⁵⁾	18.7%	21.1%	20.9%	26.2%	26.9%	25.2%	23.9%	20.1%	13.5%
Employees	1,713	1,370	1,323	1,313	1,167	1,179	1,155	1,177	1,226
Key Metrics - Cents per litre:									
Average fuel retail adjusted gross profit ⁽⁷⁾	4.59	4.63	4.99	4.73	4.53	5.35	4.36	5.48	4.46
Average fuel commercial adjusted gross profit ⁽⁷⁾	11.32	10.18	7.94	9.33	11.70	10.43	8.54	8.19	11.23
Operating costs	2.87	3.14	2.50	2.74	3.04	3.75	3.05	3.53	4.10
Marketing, general and administrative	1.60	1.80	1.41	1.72	1.78	2.04	1.69	1.97	1.82
Depreciation and amortization expense	0.83	0.78	0.80	0.96	0.94	1.50	1.13	1.30	1.24

⁽¹⁾ Diluted earnings (loss) per share can be impacted by an anti-dilutive impact of conversion of the debentures. Quarterly diluted earnings (loss) per share may therefore not accumulate to the same per share value as the year-to-date calculation.

⁽²⁾ Please refer to the Non-GAAP Measures section in the MD&A for definitions.

⁽³⁾ Please see Adjusted EBITDA discussion in the MD&A.

⁽⁴⁾ Please see Distributable Cash Flow reconciliation table in the MD&A.

⁽⁵⁾ Please see ROCE discussion in the MD&A.

⁽⁶⁾ Please refer to the Non-GAAP Measures section in the MD&A for reconciliations.

⁽⁷⁾ Please see Segmented Results discussion in the MD&A.

During the last eight quarters, the following items have had a significant impact on the Corporation's financial results:

- Fuel volumes have fluctuated over the last eight quarters due to acquisitions and seasonality of the business. Commercial Fuels generally experiences higher volumes throughout winter months during the first and fourth quarters due to higher demand for heating oil and propane. Retail Fuels generally experiences higher volumes in the second and third quarters, during the summer driving season. Changes in volumes impact Parkland's net earnings, Adjusted EBITDA, distributable cash flow and ROCE.
- On February 15, 2013 Parkland acquired Elbow River Marketing. In 2014, Elbow River Marketing added an additional 355 million litres of fuel volume. On May 2, 2013 Parkland acquired TransMontaigne. In 2014 TransMontaigne added 167 million litres of fuel volumes. On April 2, 2013 Parkland acquired Sparlings Propane. In 2014 Sparlings Propane added an additional 60 million litres of fuel volume. On January 8, 2014 Parkland acquired SPF Energy Inc. In 2014 SPF Energy Inc. added 277 million litres of fuel volume.
- Operating costs over the last eight quarters have increased due to increased volumes from the acquired businesses.
- Marketing, general and administrative expenses over the last eight quarters have increased due to increased volumes from the acquired businesses.
- Fluctuations in crude oil prices have impacted the Corporation's net earnings, Adjusted EBITDA, distributable cash flow and ROCE.
- Parkland participated in refiner's margins for a portion of its supply volumes. During the last eight quarters the Corporation's net earnings, Adjusted EBITDA, distributable cash flow and ROCE have been positively affected by the refiner's margins based contract. These margins contracted over the third quarter of 2013 to below the historical five year average, negatively impacting Parkland's adjusted gross profit compared to prior quarters. During the fourth quarter of 2013, Parkland experienced stronger refiner's margins, therefore positively impacting Parkland's adjusted gross profit. Refiner's margins ended with the termination of the contract with Suncor in December 2013.

Non-GAAP Measures

This MD&A is prepared in accordance with International Financial Reporting Standards (“IFRS”). However, in this document there are references to the following non-GAAP measures which do not have any standardized meaning under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. Readers of this MD&A are cautioned that these non-GAAP measures should not be construed as an alternative to measures of performance prepared in accordance with GAAP.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA)

Adjusted EBITDA represents earnings before finance costs (accretion on refinery remediation, accretion on asset retirement obligations, interest on long-term debt, interest and accretion on convertible debentures and (gain) loss on interest rate swaps), income tax expense (recovery), depreciation and amortization, unrealized loss (gain) on commodities forward contracts, futures and US dollar forward exchange contracts, unrealized foreign exchange loss (gain), acquisition related costs and (gain) or loss on disposal of property, plant and equipment. Acquisition costs include direct and indirect costs related to acquisition targets. Parkland believes the presentation of Adjusted EBITDA provides useful information to investors and shareholders as it provides increased transparency and predictive value. Management uses Adjusted EBITDA to set targets and assess performance of the Corporation. See the Adjusted EBITDA discussion of the MD&A for a reconciliation of Adjusted EBITDA.

Adjusted Gross Profit

Adjusted Gross Profit is provided to assist management and investors in determining gross profit earned after adding or subtracting the realized loss (gain) on the change in fair value of commodities forward contracts, futures and US dollar forward exchange contracts.

Adjusted Earnings Before Interest and Taxes (Adjusted EBIT)

Adjusted EBIT represents earnings before finance costs (accretion on refinery remediation, accretion on asset retirement obligations, interest on long-term debt, interest and accretion on convertible debentures and loss on interest rate swaps), income tax expense (recovery), unrealized loss (gain) on commodities forward contracts, futures and US dollar forward exchange contracts, unrealized foreign exchange loss (gain), acquisition related costs and loss (gain) on disposal of property, plant and equipment. Acquisition costs include direct and indirect costs related to acquisition targets. Parkland believes the presentation of Adjusted EBIT provides useful information to investors and shareholders as it provides increased transparency and predictive value. Management uses Adjusted EBIT to set targets and assess performance of the Corporation.

Adjusted Earnings Before Interest and Taxes (Adjusted EBIT)

	Three Months Ended March 31,	
<i>(in thousands of Canadian dollars)</i>	2014	2013
Net earnings ⁽²⁾	22,309	30,525
Finance costs ⁽¹⁾	5,432	5,276
Loss on disposal of property, plant and equipment	1,150	275
Income tax expense	9,678	8,984
Unrealized loss from the change in fair value commodities forward contracts, future contracts and US dollar forward exchange contracts	2,556	1,537
Unrealized gain on foreign exchange	(1,016)	(333)
Acquisition related costs	2,212	1,525
Adjusted EBIT ⁽²⁾	42,321	47,789

⁽¹⁾ Includes realized and unrealized (gain) loss on the interest rate swap.

⁽²⁾ Includes the realized and unrealized (gain) loss on call options.

Net Debt

Net Debt is defined as Senior Debt, plus capital leases, including current portion, plus the current portion of other long-term liabilities and convertible debentures less cash and cash equivalents, restricted cash and bank indebtedness.

	As at March 31,	
(in thousands of Canadian dollars)		
	2014	2013
Long-term debt (including current portion)	310,707	204,364
Convertible debentures (including current portion)	127,260	126,160
Bank indebtedness	31,364	-
Less:		
Cash and cash equivalents	(8,712)	(22,471)
Restricted cash	(1,833)	-
Net debt	458,786	308,053
Adjusted EBITDA (Trailing twelve months)	207,668	218,217
Net debt: Adjusted EBITDA	2.21	1.41

Senior Debt

	TTM Ended March 31,	
(in thousands of Canadian dollars)		
	2014	2013
Extendible facility (net of deferred financing costs)	302,664	202,740
Collateralized notes and other loans	6,250	274
Bank indebtedness	31,364	-
Less:		
Cash and cash equivalents	(8,712)	(22,471)
Restricted cash	(1,833)	-
Senior debt	329,733	180,543
Adjusted EBITDA	207,668	218,217
Senior debt: Adjusted EBITDA	1.59	0.83

Parkland believes that Net Debt to Adjusted EBITDA and Senior Debt to Adjusted EBITDA ratios provide users with an indication of the Corporation's ability to repay its debt.

Interest Coverage Ratio

	TTM Ended March 31,	
(in thousands of Canadian dollars)		
	2014	2013
Interest expense	18,171	18,533
Adjusted EBIT	144,573	163,798
Interest coverage ratio	7.96	8.84

Interest coverage refers to Adjusted EBIT, divided by total interest expense. Interest expense is the sum of interest on long-term debt plus interest on convertible debentures. The interest coverage ratio provides users with an indication on the Corporation's ability to pay interest on the outstanding debt.

Distributable Cash Flow / Distributable Cash Flow Per Share / Dividend Payout Ratio

Distributable cash flow means cash flows from operating activities that are adjusted for but are not limited to the impact of the seasonality of Parkland's business by removing non-cash working capital items, thereby eliminating the impact of the timing between the recognition and collection/payment of Parkland's revenues and expenses, which can differ significantly from quarter to quarter. Parkland's calculation also distinguishes between capital expenditures that are maintenance related and those that are growth related including expenditures on intangible assets, in addition to allowing for the proceeds received from the sale of capital items. The distributable cash flow measure is provided to assist management and investors in determining the amount of cash available to be distributed to shareholders in the form of the dividends. See the distributable cash flow reconciliation in the Financial Review section of the MD&A.

Distributable cash flow per share consists of the distributable cash flow calculation mentioned above divided by the number of outstanding shares.

Dividend to distributable cash flow payout ratio refers to dividends as a percentage of the distributable cash flow.

Return on Capital Employed ("ROCE")

ROCE is calculated as trailing twelve months Adjusted EBIT divided by capital employed. Capital employed consists of bank indebtedness, long-term debt (including current portion), convertible debentures, and shareholders' equity less cash and cash equivalents and restricted cash. ROCE is provided to assist management and investors in determining the efficiency and profitability of the Corporation's capital investment. See the ROCE reconciliation in the Financial Review section of the MD&A.

Total Shareholder Return ("TSR") / Compound Annual Total Shareholder Return

	1 Year	3 Year	5 Year
Opening market value of one share	17.10	12.49	7.35
Closing value of originally invested share (including dividend reinvestment)	23.26	27.58	36.03
TSR	36%	121%	390%
Compounded annual TSR	36%	30%	37%

TSR combines the change in share price and dividends declared over the given period of time (assuming that dividends are re-invested on the day of payment at the closing price on the day of payment), divided by the share price at the beginning of the period. Parkland believes that TSR is a relevant measure to management and investors as it provides an indication of the total return earned by shareholders on their investment.

Compound annual TSR annualizes the total shareholder return when total shareholder return is calculated for a period longer than one year.

Maintenance Capital

Maintenance capital is the amount of capital required in a period for the Corporation to maintain its future cash flow from operating activities at a constant level of productive capacity. Parkland defines its productive capacity as the volume of fuel and propane sold, volume of convenience store sales, volume of lubricants sales, agricultural inputs as well as delivery capacity. The adjustment for maintenance capital in the calculation of standardized distributable cash flow is capital expenditures during the period, excluding the cost of any growth capital or proceeds of any asset dispositions. Parkland believes that the current capital programs, based on the current view of its assets and opportunities and the outlook for fuel supply and demand and industry conditions, should be sufficient to maintain productive capacity in the medium term. Due to the risks inherent in the industry, particularly the reliance on external parties for supply of fuel and propane and general economic conditions and weather that affects customer demand, there can be no assurance that capital programs, whether limited to the excess of cash flow over dividends or not, will be sufficient to maintain or increase production levels or cash flow from operating activities.

Distributable Cash

Parkland's calculation of distributable cash has no adjustment for long-term unfunded contractual obligations. Parkland believes that the only significant long-term unfunded contractual obligations at this time are asset retirement obligations and refinery and terminal remediation accrual, both of which are expected to be deferred for an extended period of time.

Although it is typical for Parkland's cash flow to have seasonal fluctuations, the current intention of Parkland's Board of Directors is to pay consistent regular monthly dividends throughout the year based on estimated annual cash flow. Parkland's Board of Directors review dividends quarterly giving consideration to current performance, historical and future trends in the business, expected sustainability of those trends, as well as capital betterment requirements to sustain performance.

Distributable cash is not assured, and the actual amount received by shareholders will depend on, among other things, the Corporation's financial performance, debt covenants and obligations, working capital requirements, future capital requirements and the deductibility of items for income tax purposes, all of which are susceptible to a number of risks, as described in Parkland's public filings available on SEDAR at www.sedar.com.

Critical Accounting Estimates

Estimates are used when accounting for items such as: impairment and valuation allowances for accounts receivable and inventory; intangibles and goodwill; amortization of property plant and equipment; asset retirement obligations; refinery and terminal remediation accrual; value in use calculations for impairment; contingent liabilities including matters in litigation, fair value of financial instruments, grants of options and restricted share units and income taxes. These estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material.

Accounts Receivable

Parkland's accounts receivable have been reduced for amounts that have been deemed uncollectible. At March 31, 2014, the provision for credit losses was \$14.4 million (December 31, 2013 - \$12.2 million). This amount is based on management's judgment and assessment of the financial condition of Parkland's customers and the industries in which they operate. The provision for credit losses is subject to change as general economic, industry and customer specific conditions change.

Inventory

Parkland's inventory is comprised mainly of products purchased for resale including crude oil, refined fuels, lubricants, agricultural and convenience store products. The products are valued at the lesser of cost or net realizable value. The determination of the net realizable value includes certain estimates and judgements which could affect the ending inventory valuations.

Amortization and Accretion

The amortization of capital assets and intangibles incorporates the use of estimates for useful lives and residual values. These estimates are subject to change as market conditions change or as operating conditions change. Accretion expense is recognized on the estimated future asset retirement obligations for current sites and for the future estimated cost of the Bowden refinery remediation. These future obligations are estimated and subject to change over time as more experience is obtained or as conditions change.

Asset Retirement Obligations

The estimated future costs to remove fuel storage tanks at locations where Parkland has a legal or constructive obligation to remove these tanks are recorded as asset retirement obligations at the time the tanks are installed. A corresponding increase to the carrying value of the fuel storage tanks is also recorded at installation. The future retirement costs are estimated in consultation with Parkland's environmental technicians and based on industry standards and would be subject to change as more experience is obtained and as conditions change. The costs are expected to be paid by 2046 and the total undiscounted obligation at March 31, 2014 was estimated at \$69.8 million (December 31, 2013 - \$70.9 million) with a net present value of the obligations accrued at March 31, 2014 of \$44.0 million (December 31, 2013 - \$42.6 million).

Intangibles and Goodwill

Intangible assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment is assessed at the Cash Generating Unit ("CGU") level. Intangible assets, other than goodwill, that suffered a previous impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill is tested annually on December 31 for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Income Taxes

The Corporation follows the liability method of accounting for income taxes whereby deferred income taxes are recorded for the effect of differences between the accounting and income tax basis of an asset or liability. Deferred income tax assets and liabilities are measured using enacted or substantively enacted income tax rates at the consolidated balance sheet dates that are anticipated to apply to taxable income in the years in which temporary differences are anticipated to be recovered or settled. Changes to these balances are recognized in net earnings (loss) in the period during which they occur. Changes in the assumptions used to derive the future income tax rate could have a material impact on the future income tax expense or recovery incurred in the period.

Bowden Refinery

During the fourth quarter of 2012, Parkland completed the upgrade of the Bowden facility and placed into service the equipment now used as a railroad terminal for shipping products by rail and use of the tanks on site for storage.

Parkland has estimated the discounted cost of remediation on the basis that remediation would be part of a multi-year management plan. Remediation costs have been estimated using engineering studies conducted in December 2007 and updated by the Corporation's management in 2013. The total undiscounted estimated future cash flows required to settle Parkland's obligation was \$24.0 million at March 31, 2014 (December 31, 2013 - \$31.8 million). The costs are expected to be incurred between 2018 and 2041 (December 31, 2013 - 2018 to 2041). At March 31, 2014, the discount rate used to determine the present value of the future costs was 4.71% (December 31, 2013 - 5.01%).

Impairment of Assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. These calculations require the use of estimates and forecasts of future cash flows. The expected cash flows are derived from budgets and do not include restructuring activities that the Corporation is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. Qualitative factors, including market presence and trends, strength of customer relationships, strength of local management, and degree of variability in cash flows, as well as other factors, are considered when making assumptions with regard to future cash flows and the appropriate discount rate. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. A change in any of the significant assumptions or estimates used to evaluate goodwill and other non-financial assets could result in a material change to the results of operations. The Corporation tests whether goodwill has suffered any impairment at least annually. Other non-financial assets are tested for impairment when indicators of impairment arise.

Other Provisions

The determination of other provisions, including, but not limited to, provisions for legal and litigation obligations, is a complex process that involves judgments about the outcomes of future events, the interpretation of laws and regulations, and estimates on timing and amount of expected future cash flows and discount rates. In the opinion

of management, the ultimate outcome of these matters will not have a material adverse effect on Parkland's financial position, results of operations, or cash flows.

Financial Instruments

Credit and Market Risk

A substantial portion of Parkland's accounts receivable balance is with customers in the oil and gas, mining and forestry industries and is subject to normal industry credit risks. The credit risk is minimized by Parkland's broad customer and geographic base. The Corporation manages its exposure to credit risk through rigorous credit-granting procedures, typically short-payment terms and security interests where applicable. The Corporation attempts to closely monitor the financial conditions of its customers and the industries in which they operate. Parkland performs ongoing credit evaluations of its customers and outstanding debts are regularly monitored.

At March 31, 2014, Parkland's trade accounts receivable balance was \$482.2 million, up \$73.1 million from the December 31, 2013 balance of \$409.1 million. The increase in accounts receivable was primarily due to \$45.7 million from the acquisition of SPF Energy Inc., \$13.0 million from the acquisition of Sparlings Propane and the seasonality of Commercial Fuels.

Accounts receivable outstanding for more than 90 days past terms has increased by \$4.0 million from \$9.0 million at December 31, 2013 to \$13.0 million at March 31, 2014. At March 31, 2014, the provision for credit losses was \$14.4 million, up \$2.2 million from \$12.2 million as at December 31, 2013. Parkland considers the total reserve to be adequate.

Commodity Price Risk

Parkland is exposed to commodity price risk. The Corporation enters into derivative instruments from time to time to mitigate commodity price risk volatility. These financial instruments are subject to financial controls, risk management and monitoring procedures. The Corporation does not use derivative contracts for speculative purposes.

Interest Rate Risk

Parkland is exposed to market risk from changes in the Canadian prime interest rate which can impact its borrowing costs. The \$84.4 million principal amount series 1 convertible unsecured subordinated debentures bear interest at a five year annual fixed rate of 6.5% payable semi-annually in arrears on November 30 and May 31 in each year commencing May 31, 2010. The \$44.9 million principal amount series 2 convertible unsecured subordinated debentures bear interest at a five year annual fixed rate of 5.75% payable semi-annually in arrears on June 30 and December 31 in each year commencing June 30, 2011. The fixed rates of the series 1 and series 2 convertible unsecured subordinated debentures reduce Parkland's exposure to variable rates.

On March 15, 2012, Parkland entered into interest rate swaps covering \$150.0 million of borrowings under its Credit Facility. The swaps require Parkland to pay a fixed interest rate of 1.69% plus 2.00%. The interest rate swaps expire on June 30, 2014 and Parkland will be exposed to variations in the interest rate on its Credit Facility after this date unless Parkland enters into additional hedging agreements in the future.

US Dollar Currency Rate Risk

Parkland's Canadian operations purchase and sell certain products in US dollars. As a result, fluctuations in the value of the Canadian dollar to the US dollar can result in foreign exchange gains and losses. The Corporation enters into US dollar forward exchange contracts to mitigate its currency risk. At March 31, 2014, Parkland had US dollar accounts payable totalling US\$110.0 million, US dollar accounts receivable totalling US\$111.7 million and US dollar bank indebtedness of US\$0.7 million. US dollar accounts receivable are receivable in terms of less than 25 days and US dollar accounts payable are payable in terms of less than 25 days.

The Corporation's net investment in SPF Energy Inc., whose functional currency is US dollars, presents a foreign exchange risk to the Corporation, whose functional currency is Canadian dollars. Parkland is using a net investment hedge to mitigate this risk. The Corporation has designated US\$85.0 million borrowings under the revolving operating loan of the Credit Facility as a hedge of the first US\$85.0 million of net investment in SPF

Energy Inc. This designation has the effect of mitigating volatility on other comprehensive income (loss) by offsetting long-term foreign exchange gains and losses on US dollar denominated long-term debt and gains and losses on the US dollar investment in SPF Energy Inc.

Off-Balance Sheet Arrangements

Parkland has not engaged in any off-balance sheet arrangements.

Business Risks

A detailed discussion of additional risk factors is presented in Parkland's 2013 Annual Information Form on SEDAR.

Risks Related to the Business and the Industry

Retail Pricing and Margin Erosion

Retail pricing for motor fuels is very competitive, with major oil companies and newer entrants such as grocery chains and large retailers active in the marketplace. From time to time, factors such as competitive pricing, seasonal over supply, and lack of responsiveness of retail pricing to changes in crude oil costs can lead to lower margins in Parkland's business. This is normally limited to seasonal time frames or limited market areas but could occur more extensively. Furthermore, difficult fuel market conditions may also adversely affect Parkland's major customers and create increased credit risk. These risks are partially mitigated by Parkland's other sources of revenue, conservative credit policies, geographic diversification and the wholesale business, which typically would only share in a portion of any market erosion. There can be no assurances that such mitigation efforts will be adequate, in whole or in part.

Competition

Parkland competes with major integrated oil companies, other commercial fuel and propane marketers, convenience store chains, independent convenience stores, gas station operators, large and small food retailers, discount stores and mass merchants, many of which are well-established companies. In recent years, several non-traditional retail segments have entered the motor fuel retail business, including supermarkets, club stores and mass merchants. These non-traditional motor fuel retailers have obtained a significant share of the motor fuel market and this could grow. In some of Parkland's markets, competitors have been in existence longer and have greater financial, marketing and other resources than Parkland does. Parkland may not be able to compete successfully against current and future competitors, and competitive pressures faced by Parkland could materially and adversely affect Parkland's business, results of operations and financial condition.

Volatility in Crude Oil Prices and in Wholesale Petroleum Pricing and Supply

Parkland's fuel and petroleum product revenues are a significant component of total revenues. Domestic wholesale petroleum, crude oil, natural gas liquids markets display significant volatility. Parkland is susceptible to interruptions in supply and changes in relative market pricing of crude oil and natural gas liquids that drive customer demand. General political conditions and instability in oil producing regions, particularly in the Middle East, Africa and South America, could significantly and adversely affect crude oil supplies and wholesale production costs. Local supply interruptions may also occur. Volatility in fuel and petroleum product supply and costs could result in significant changes in the retail price of petroleum products and in lower fuel gross margin per litre. Higher supply and product costs can also result in increased working capital and corresponding financing requirements. In addition, changes in the retail price of petroleum products could dampen consumer demand for motor fuel. These factors could materially influence Parkland's fuel and petroleum product volume, adjusted gross profit and overall customer traffic which, in turn, could have a material adverse effect on the Corporation's operating results and financial condition. The development of the oil sands in northern Alberta, together with upgraders producing a distillate stream, has the potential to add significant supply volumes in the diesel market over time. Production at these facilities is subject to production interruptions which can periodically disrupt the availability of refined product in the region. Elbow River Marketing sales and volumes are driven by the opportunity to market variations in pricing of crude oil and natural gas liquids between geographical regions and markets. Changes in pricing and relative pricing of crude oil and natural gas liquids impact the net earnings of

Elbow River Marketing. Pipeline availability in various markets will impact the ability of Elbow River Marketing to profitably serve customers in those markets.

Credit

Parkland grants credit to customers ranging from small independent service station operators to large reseller and commercial/industrial accounts. These accounts may default on their obligations. Parkland manages this exposure through rigorous credit granting procedures, typically short payment terms and security interests where applicable. Parkland attempts to closely monitor the financial conditions of its customers.

Safety and Environmental

The operation of service stations, storage terminals and petroleum, propane and anhydrous ammonia transport trucks and rail cars and commercial facilities carry an element of safety and environmental risk. To prevent environmental incidents from occurring, Parkland has extensive safety and environmental procedures and monitoring programs at all of its facilities. To mitigate the impact of a major accident, Parkland has emergency response programs in place and provides its employees with extensive training in operational responsibilities in the event of an environmental incident. Parkland is insured for all major environmental risk areas. There can be no assurance that such insurance will be adequate to cover all potential losses or that Parkland's mitigation efforts will be effective, in whole or in part.

Dependence on Key Suppliers

Parkland's business depends to a large extent on a small number of fuel suppliers, a number of which are parties to long-term supply agreements with Parkland. An interruption or reduction in the supply of products and services by such suppliers could adversely affect Parkland's revenue and dividends in the future. Furthermore, if any of the long-term supply agreements are terminated or end in accordance with their terms, Parkland may experience disruptions in its ability to supply customers with products until a new source of supply can be secured, if at all. Such a disruption may have a material negative impact on Parkland's revenues, dividends and its reputation. Additionally, Parkland cannot ensure that it will be able to renegotiate such agreements or negotiate new agreements on terms favourable to Parkland.

Parkland attempts to mitigate this risk by maintaining a diverse supply portfolio to include substantial volumes from each of its major suppliers and growing to a level of annual sales volumes that will offer potential suppliers a compelling share of the fuel supply business in the Corporation's regional market. However, there can be no assurances that such mitigation efforts will be adequate, in whole or in part.

Refiner's Margin Contract

Parkland's supply contract with Suncor, a major Canadian refiner, wherein the Corporation participated in refiner's margins, terminated on December 31, 2013 and as a result, Parkland faces the following of risks associated with that Contract:

- (a) **Volume Risk:** This supply contract represented one billion litres in annual fuel volume which is less than one quarter of Parkland's fuel supply. Parkland does not presently anticipate any issues with replacing this fuel volume in 2014. However, there can be no assurance that Parkland will be able to negotiate agreements to replace such fuel volume, or that Parkland will be able to negotiate such agreements on favourable terms, which, in either case, could negatively impact Parkland's operations.
- (b) **Economic Benefit:** Refiner's margins are volatile and are not assured. A drop in refiner's margins has historically had a negative impact Parkland's profitability. Refiner's margins in the first half of 2013 were very high compared to historic levels, in the third quarter of 2013 refiner's margins decreased to below the five year average and improved in the fourth quarter of 2013. As disclosed in the Parkland Penny Plan which was released on May 15, 2012, the current level of refiner's margins are not anticipated to be entirely replaced in 2014. While Parkland has disclosed normalized 2011 Adjusted EBITDA of \$125 million (compared to reported Adjusted EBITDA of \$151 million for the same period), which ignores one-time costs and irregular profits to reflect the economics that are presently anticipated for Parkland by 2014, there can be no assurance that such expectations will be met or will be sustainable in 2014 or beyond.

Economic Conditions

Demand for fuel and petroleum products fluctuates to a certain extent with economic conditions. In a general economic slowdown there is less recreational and industrial travel and, consequently, less demand for fuel products, which may adversely affect Parkland's revenue, profitability and ability to pay dividends.

The oil and gas exploration sector is subject to changes in commodity prices and access to capital which impacts the drilling budgets of Parkland's customers. This largely affects oilfield fluids, propane and bulk fuel sales directly as well as impacts communities in primary exploration regions in Alberta and northern British Columbia.

The oil production sector is more stable but is impacted by long-term trends in exploration activity. Parkland provides propane and related product sales to this sector.

Mining is susceptible to variations in commodity prices. Parkland's fuel customers include several mines producing different metals and their demand for fuel may decline.

Forestry has seen reduced activity over the past several years and future activity is dependent upon trends in construction activity.

Parkland serves the farm trade. This sector is subject to weather variation and commodity price fluctuation.

Weather

Parkland's sales volume and profitability are subject to weather influences, especially winter temperatures. Parkland's heating oil and propane sales are greatest in the winter months but can be lower than normal if winter temperatures are warmer. Parkland has propane and heating oil operations in Atlantic Canada, Ontario, Alberta, British Columbia and the Yukon Territory which all experience different weather patterns which can mitigate the impacts of regional winter temperature differences. In the spring and fall seasons, weather can negatively influence agricultural product sales in the Parkland Commercial Fuels Division.

Dependence on Key Personnel

Parkland's success is substantially dependent on the continued services of senior management, many of whom are relatively new to their positions at Parkland. The loss of the services of one or more members of senior management could adversely affect Parkland's operating results. In addition, Parkland's continued growth depends on the ability of Parkland and its subsidiaries to attract and retain skilled operating managers and employees and the ability of its key personnel to manage Parkland's growth and consolidate and integrate its operations. There can be no assurance that Parkland will be successful in attracting and retaining such managers, employees and other personnel.

Alternate Fuels & Hybrid Vehicles

The auto industry continues to develop technologies to improve the efficiency of internal combustion engines and produce economically viable alternate fuels.

Although hybrid vehicles, and to a lesser extent electric vehicles, have entered the market, the non-urban nature of Parkland's market niche is expected to provide some insulation from the impact of these vehicles on fuel sales volumes. Non-urban markets are expected to be late adopters of these technologies due to the realities of driving outside of Canada's large urban centres.

The federal government and certain provinces have developed or are developing legislation requiring the inclusion of ethanol in gasoline and use of biodiesel which may negatively affect the overall demand for fossil fuel products. Parkland has already adopted biodiesel and ethanol blended gasoline in certain markets to align with these emerging policies.

To date no economically viable alternative to the transportation fuels Parkland markets is widely available. Should such an alternative become widely available, it may negatively affect the demand for Parkland's products.

Climate Change

Parkland does not operate any industrial sites and is not a major emitter of greenhouse gases. The federal and provincial governments in Canada are formulating laws and regulations designed to limit greenhouse gas emissions which would be expected to result in a decline of consumption of petroleum products over time.

Technology

At the operational level, Parkland relies on electronic systems for recording of sales and accumulation of financial data. A major breakdown of computer systems would disrupt the flow of information and could cause a loss of records. This is mitigated by redundancies, emergency response plans and back-up procedures. However, there can be no assurances that such mitigation efforts will be successful in any circumstance and the conversion and upgrade of electronic systems could result in lost or corrupt data which could impact the accuracy of financial reporting and management information.

Parkland is continuing to enhance and mature business processes and technology to support growth with the following objectives:

- Introduce best business practices, consistency and uniformity to its core business operations, controls and accounting processes including for example inventory management; and
- Complete the integration of the acquired companies by merging systems, processes, controls and operations.

Insurance

Although Parkland has a comprehensive insurance program in effect, there can be no assurance that potential liabilities will not exceed the applicable coverage limits under Parkland's insurance policies. Consistent with industry practice, not all risk factors are covered by insurance and no assurance can be given that insurance will be consistently available or will be consistently available on an economically feasible basis. The Corporation maintains insurance coverage for most environmental risk areas, excluding underground tanks at service stations. Although not insured, these risks are managed through ongoing monitoring, inventory reconciliations and tank replacement programs.

Interest Rates

Most of Parkland's loans have floating rates and may be negatively impacted by increases in interest rates, the effect of such increases would be to reduce the amount of cash available for dividends. In addition, the market price of the shares at any given time may be affected by the level of interest rates prevailing at such time. Parkland entered into interest rate swap contracts on March 15, 2012, covering \$150.0 million of borrowings under the Credit Facility in order to manage a significant portion of Parkland's exposure to interest rate risk. The interest rate swap contracts were arranged with the two lead banks on Parkland's revolving extendible credit facility and included \$75.0 million with RBC and another \$75.0 million with Scotiabank. Both contracts have identical terms and require Parkland to pay a fixed interest rate of 1.69% plus 2.00%. In return the banks noted are responsible to cover the floating interest rate based on one month bankers' acceptances. The interest rate swaps expire on June 30, 2014 and Parkland would be exposed to variations in the interest rate on its long term debt after this date unless Parkland enters into additional agreements in the future.

Government Legislation

Transportation fuel sales are taxed by the federal, provincial, state and, in some cases, municipal governments. Increases in taxes or changes in tax legislation are possible and could negatively affect profitability of the Corporation. Parkland operates in highly regulated jurisdictions with complex taxation environments. Failure to appropriately operate within each regulatory jurisdiction could lead to fines, penalties and unfavourable tax assessments.

Refinery Operating Permit

The Bowden refinery has operated as a toll-based petrochemical processing site and fuel storage site. Parkland obtained a new permit in 2007 to allow for continued use or for alternative uses of the facility. The new permit expires in 2017.

Parkland continues to operate the Bowden tank farm and terminal. If operations at the tank farm and terminal are not continued, Parkland may incur significant remediation costs. An estimate of the potential future remediation cost has been accrued and provided for in Parkland's financial statements.

Regional Economic Conditions

Parkland's revenues may be negatively influenced by changes in regional or local economic variables and consumer confidence. External factors that affect economic variables and consumer confidence, over which Parkland exercises no influence, include unemployment rates, levels of personal disposable income, and regional or economic conditions. Changes in economic conditions could adversely affect consumer spending patterns, travel and tourism in certain of Parkland's market areas. Some of Parkland's sites are located in markets which are more severely affected by weak economic conditions. With the acquisition of Bluewave Energy, Parkland added the risk of economic exposure to Atlantic Canada while at the same time Parkland diversified overall Canadian exposure that was previously heavily weighted to Western Canadian variables. Parkland, through Elbow River Marketing and SPF Energy Inc., is actively involved in US markets. Elbow River Marketing and SPF Energy Inc.'s significant reliance on these markets means that they are subject to downturns in the US economy, weather patterns in the US, actions by US legislators and other political developments, all of which could have an adverse impact on Parkland's financial results.

Cash Dividends Are Not Guaranteed and Will Fluctuate with Performance of the Business

Although Parkland intends to distribute a significant portion of the income earned by the Corporation, less expenses, capital additions, income taxes and amounts, if any, paid by the Corporation in connection with the redemption of shares, there can be no assurance regarding the amount of income generated by the business. Parkland's Board of Directors will, at their discretion, determine the amount of any future dividends payable. The actual dividend will depend upon numerous factors, including profitability, fluctuations in working capital, the sustainability of margins and capital expenditure programs.

Capital Investment

The timing and amount of expenditures for business acquisitions, additions of property, plant and equipment and intangibles will directly affect the amount of cash available for distribution to shareholders. Dividends may be substantially reduced at times when significant capital or other expenditures are made.

Integration of Businesses into Parkland's Operations

A substantial part of Parkland's growth has been through acquisitions. The integration of businesses acquired may result in significant challenges and depend, in part, upon timely, efficient and successful execution of post-acquisition strategies. Parkland may be unable to accomplish integrations smoothly or successfully or without significant expenditures. There can be no assurance that Parkland will be able to integrate the operations of each of the acquired businesses successfully. Any limitation of Parkland to successfully integrate the operations of the acquisitions, including, but not limited to, information technology and financial reporting systems, could have a material adverse effect on Parkland's business and financial condition and/or interfere with operations and reduce operating margins.

Restrictions on Potential Growth

The payout by Parkland of substantially all of its operating cash flow will make additional capital and operating expenditures dependent on increased cash flow or additional financing in the future. A lack of those funds could limit the future growth of Parkland and its cash flow.

Legal Proceedings

The Corporation is subject to various legal proceedings and claims that arise in the ordinary course of business operations. The Corporation believes that the amount of liability, if any, from these actions would not have a material effect on the Corporation's financial position or results of operations.

Controls Environment

Management is responsible for the preparation and fair presentation of the consolidated financial statements. Parkland has established disclosure controls and procedures ("DC&P"), internal controls over financial reporting ("ICFR"), and corporate-wide policies to provide that Parkland's consolidated financial condition, financial results and cash flows are presented fairly. Parkland's DC&P are designed to ensure timely disclosure and communication of all material information required by regulators.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, these systems provide reasonable, but not absolute assurance, that financial information is accurate and complete. Due to the inherent limitations in all control systems, ICFR can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect all misstatements.

Parkland, under the supervision and participation of management, including the Chief Executive Officer and Chief Financial Officer, has designed DC&P and ICFR to provide reasonable assurance that information required is recorded, processed, summarized and reported within the time periods specified by the applicable Canadian securities regulators and include controls and procedures designed to provide reasonable assurances that information required to be disclosed in reports filed or submitted under applicable Canadian securities regulations is accumulated and communicated to Parkland's management, including Parkland's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In addition, these controls have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

Parkland has a Disclosure Committee, consisting of four senior management members, that approves all items for public disclosure and also considers whether all items required to be made public are disclosed.

Management, including the Chief Executive Officer and Senior Vice President and Chief Financial Officer, has evaluated the design of the Corporation's DC&P and ICFR. Based on their evaluation, the CEO and Senior Vice President and CFO concluded that both ICFR and DC&P were effective as at March 31, 2014.

As a result of the Corporation's acquisition of SPF Energy Inc. on January 8, 2014, our ICFR, subsequent to the date of acquisition, includes certain additional internal controls relating to SPF Energy Inc. Aside from the acquisition of SPF Energy Inc., there have been no other changes to ICFR during the quarter ended March 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

Changes in Accounting Policies:

Except as described below, the accounting policies adopted by Parkland in these unaudited condensed interim consolidated financial statements are the same as those applied by Parkland in its audited consolidated financial statements for the year ended December 31, 2013. Parkland had adopted these new standards effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

(a) Amendments to IAS 32 – *Financial Instruments: Presentation* ("IAS 32") - Offsetting Financial Assets and Financial Liabilities

Effective January 1, 2014, Parkland adopted retrospectively the amendment to IAS 32. The amendment provides clarification for offsetting financial assets and financial liabilities. The amendment clarifies that the right to offset must be available on the current date and cannot be contingent on the future events. The adoption of this amendment has no impact on Parkland.

(b) Amendments to IAS 36 – *Impairment of Assets* ("IAS 36") - Recoverable Amount Disclosures for Non-Financial Assets

Effective January 1, 2014, Parkland adopted retrospectively the amendment to IAS 36. These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the

assets or cash-generating units (CGUs) for which an impairment loss has been recognized or reversed during the period. The adoption of this amendment has no impact on Parkland.

(c) IFRIC 21 – Levies (“IFRIC 21”)

Effective January 1, 2014, Parkland adopted retrospectively IFRIC 21. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 - *Income Taxes*) and fines or other penalties for breaches of legislation.

The interpretation clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements. The adoption of IFRIC 21 has no impact on Parkland.

(d) Amendments to IAS 39 – Financial Instrument: Recognition and Measurement (“IAS 39”) - Novation of Derivatives and Continuation of Hedge Accounting

Effective January 1, 2014, Parkland adopted retrospectively the amendment to IAS 39. The amendment relates to hedge accounting and novation of derivatives. It provides relief from discontinuing hedge accounting when novation of a derivative designated as a hedge instrument meets certain criteria. The adoption of this standard has no impact on Parkland.

(e) Amendments to IFRS 10 – Consolidated Financial Statements (“IFRS 10”), IFRS 12 – Disclosure of interests in other entities (“IFRS 12”), and IAS 27 - Separate Financial Statements (“IAS 27”) – Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 - *Consolidated Financial Statements*. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on Parkland.

Parkland has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Recently Announced Accounting Pronouncements

The Corporation is in the process of evaluating the impact of the following new requirements:

(a) IFRS 9 – Financial Instruments (“IFRS 9”)

In November 2009, as part of the International Accounting Standards Board's ("IASB") project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 *Financial Instruments*, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities and is applicable for annual periods starting on or after January 1, 2015. In November 2013 additional amendments to IFRS 9 were added relating to hedge accounting, the fair value of an entity's own debt and the removal of the mandatory date of IFRS 9. The IASB has not finalized a revised mandatory effective date. The full impact of the changes in accounting for financial instruments will not be known until the IASB's project has been completed. Parkland has not decided whether to early adopt this standard.

(b) Amendments to IFRS 3 – *Business Combinations* (“IFRS 3”) - Accounting for contingent consideration in a business combination

The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity. In addition, the standard clarifies that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, which changes in fair value recognized in profit and loss. This is effective for business combinations where the acquisition date is on or after July 1, 2014.

(c) Amendments to IFRS 8 – *Operating Segments* (“IFRS 8”) – Aggregation of operating segments and reconciliation of total of the reportable segments’ assets to the entity’s assets

Amendments to IFRS 8 requires 1) disclosure of the economic characteristics used to assess whether the segments are similar, where operating segments are combined or aggregated, and 2) disclosure of reconciliation of segment assets to total assets of the reconciliation is reported to the chief operating decision maker. The amendment is applicable for annual periods beginning on or after July 1, 2014.

(d) Amendments to IFRS 13 – *Fair value measurements* (“IFRS 13”) – Short-term receivables and payables

The IASB clarified in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is applicable for annual periods beginning on or after July 1, 2014.

Based on Parkland’s preliminary assessment, items (b) to (d) are not expected to have a significant effect on the consolidated financial statements of the Corporation.

Related Party Transactions

Parkland receives legal services from Bennett Jones LLP where a director of the Corporation is a partner. The fees paid during the three months ended March 31, 2014 amounted to \$0.2 million (March 31, 2013 - \$0.8 million) including \$0.1 million (March 31, 2013 - \$0.1 million) in amounts payable at March 31, 2014.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Contractual Obligations and Commitments

Parkland has contracted obligations under various debt agreements as well as under operating and capital leases for land, building and equipment. Undiscounted cash outflows (\$000’s) relating to financial liabilities are as follows:

As at March 31, 2014	2014	2015	2016	2017	2018	Thereafter	Total
Bank indebtedness	31,364	-	-	-	-	-	31,364
Accounts payable	391,711	-	-	-	-	-	391,711
Dividends declared and payable	6,513	-	-	-	-	-	6,513
Long-term debt, including capital lease obligations ⁽¹⁾	8,257	7,717	8,847	307,531	1,500	1,052	334,904
Convertible debentures ⁽¹⁾	89,977	47,452	-	-	-	-	137,429

(1) Principal and interest, including current portion

As at December 31, 2013	2014	2015	2016	2017	2018	Thereafter	Total
Bank indebtedness	2,539	-	-	-	-	-	2,539
Accounts payable	375,799	-	-	-	-	-	375,799
Dividends declared and payable	6,225	-	-	-	-	-	6,225
Long-term debt, including capital lease obligations ⁽¹⁾	8,437	7,144	7,095	227,680	66	450	250,872
Convertible debentures ⁽¹⁾	92,630	47,553	-	-	-	-	140,183

(1) Principal and interest, including current portion

The series 1 convertible unsecured subordinated debentures are convertible into common shares at the option of the holder at any time up to the maturity on November 30, 2014 at a conversion price of \$14.60 per share. The series 2 convertible unsecured subordinated debentures are convertible into shares at the option of the holder at any time up to the maturity on December 31, 2015 at a conversion price of \$18.00 per share.

Parkland has operating leases primarily for buildings, offices, rail tank cars, warehouses, equipment and land. These operating leases expire at various dates over the next 32 years. The minimum payments required under these commitments are as follows:

As at March 31, 2014	2014	2015	2016	2017	2018	Thereafter	Total
Obligations under operating leases	24,652	25,793	22,781	17,190	12,644	15,684	118,744

Shares Outstanding

As at May 5, 2014, Parkland had approximately 73.8 million shares outstanding and 1.7 million share options outstanding consisting of 0.5 million share options that are currently exercisable into shares. In addition, Parkland also had 0.5 million restricted share units outstanding.

Investor Services and Resources

Parkland provides a number of services for investors, including e-mail news alerts as well as the Business Driver newsletter, a monthly publication that aggregates publicly available data about what drives Parkland's results.

To subscribe to information services go to:

<http://bit.ly/PKI-Info>



To review Parkland's investor dashboard go to:

<http://bit.ly/PKI-IR>



For investor inquiries please contact Tom McMillan, Director, Corporate Communications at Tom.McMillan@parkland.ca or 1-800-662-7177 ext. 2534.