

A man wearing a yellow hard hat and a blue jumpsuit with reflective yellow stripes stands with his arms crossed in an industrial setting. The background is blurred, showing other workers and machinery. The overall image has a professional, industrial feel.

INTEGRATED MIDSTREAM SOLUTIONS

GIBSON ENERGY ANNUAL REPORT 2011

1950

YEAR FOUNDED

2011

WENT PUBLIC

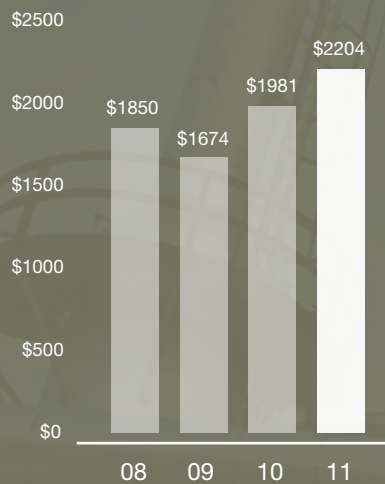
1,037

NUMBER OF EMPLOYEES

ADJUSTED EBITDA (millions)



TOTAL ASSETS (millions)



NET DEBT (millions)

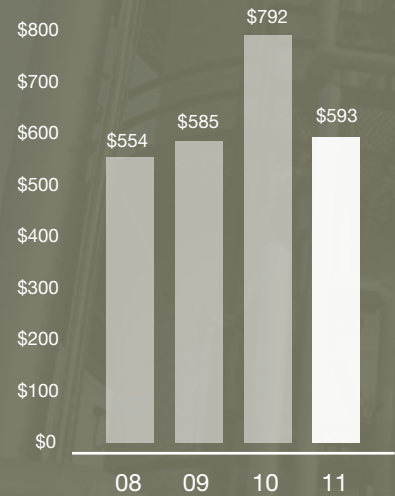


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ANNUAL GENERAL MEETING INFORMATION

Wednesday, May 9, 2012 at 9 a.m. (Mountain time)

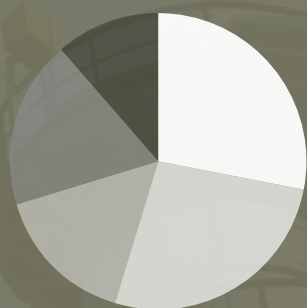
Metropolitan Conference Centre - Lecture Theatre

333 – 4th Avenue S.W. Calgary, Alberta

58

YEARS IN BUSINESS

2011 SEGMENT PROFIT



- Terminals & Pipelines - 28.1%
- Truck Transportation - 26.7%
- Propane & NGL Marketing & Distribution - 15.7%
- Processing & Wellsite Fluids - 18.3%
- Marketing - 11.2%

Gibson Energy is an innovative, solutions based service provider that has been in business for over 58 years. As a vertically integrated North American midstream company, Gibson is a provider of essential midstream services and engaged in the transportation, storage, blending, marketing and distribution of crude oil, NGLs and refined products.

Gibson captures margins along the entire crude oil value chain from wellhead to end user.

Gibson has an extensive network of integrated infrastructure assets divided into five business segments including Terminals and Pipelines, Truck Transportation, Propane and NGL Marketing and Distribution, Processing and Wellsite Fluids, and Marketing.

Gibson trades on the Toronto Stock Exchange under the symbol GEI.

HISTORY

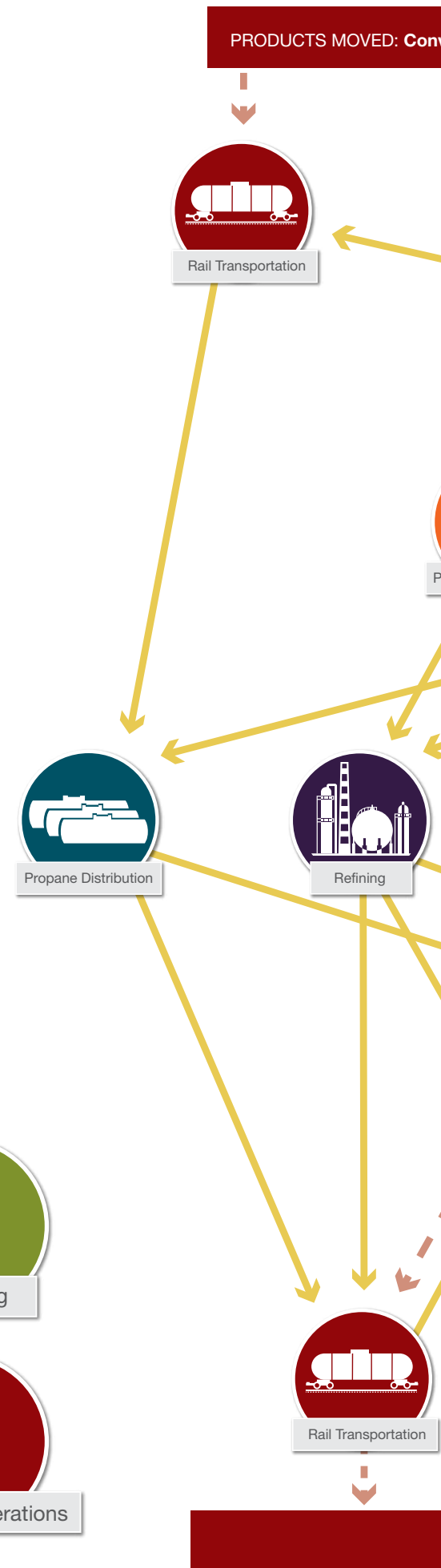
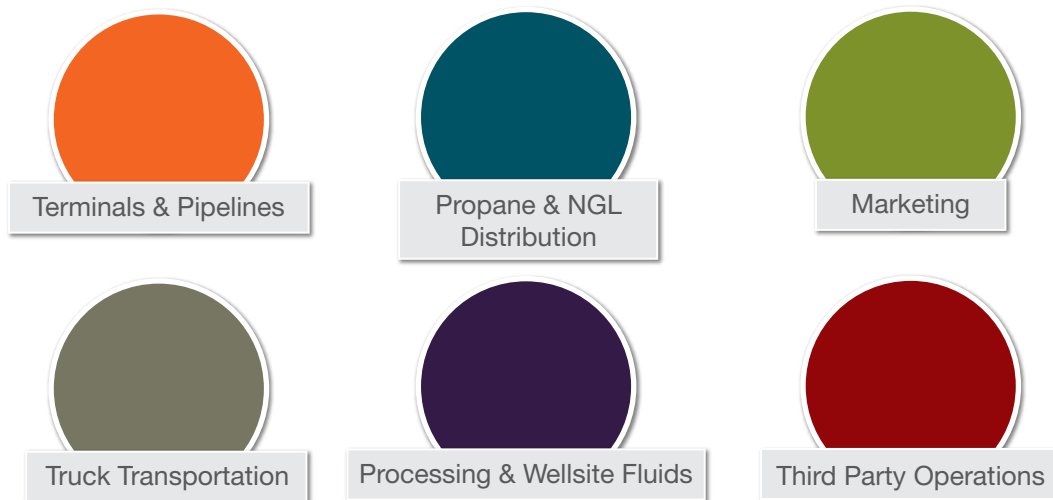
- The origins of Gibson date back to 1950 with the incorporation of Gibson Petroleum Marketing Co. Ltd., which started marketing petroleum products in 1953.
- Over the next five decades, Gibson expanded its service offerings through the construction or acquisition of terminal, pipeline, trucking, propane, and refining assets.
- On December 12, 2008, all of the issued and outstanding shares of Gibson Energy Holdings Inc. were purchased by R/C Guitar Coöperatief U.A. (Riverstone LLC) from Hunting PLC. This acquisition provided Gibson with financial strength and capital to invest in growth opportunities.
- In 2010, Gibson completed two of the largest acquisitions in its history, Taylor Companies in the U.S., and the remaining 75 percent equity interest in the Battle River Terminal. These acquisitions expanded Gibson's service offerings in key hydrocarbon producing regions throughout the United States and significantly expanded the terminal operations at the Hardisty Terminal.
- Gibson is a mature company who completed its initial public offering on June 15, 2011 – raising \$500 million of gross proceeds.
- In 2011, Gibson completed the acquisition of all of the issued and outstanding common shares of Palko Environmental Ltd. not already owned by Gibson. This acquisition, together with Gibson's investment in the Plato partnership in Saskatchewan and development plans for Gibson's Rimbey custom terminal, expanded Gibson's Canadian custom terminal operations to include emulsion treating, water disposal and oilfield waste management.
- During the three years ended December 31, 2011, Gibson focused its strategic initiatives towards growth, having invested approximately \$468 million in organic capital projects and acquisition activity.
- Gibson completed three secondary offerings, two in the fourth quarter of 2011 and one on March 27, 2012 of Gibson common shares held by Riverstone LLC. Following the March 27, 2012 offering Riverstone LLC no longer hold any Gibson common shares.

INTEGRATED MIDSTREAM VALUE CHAIN

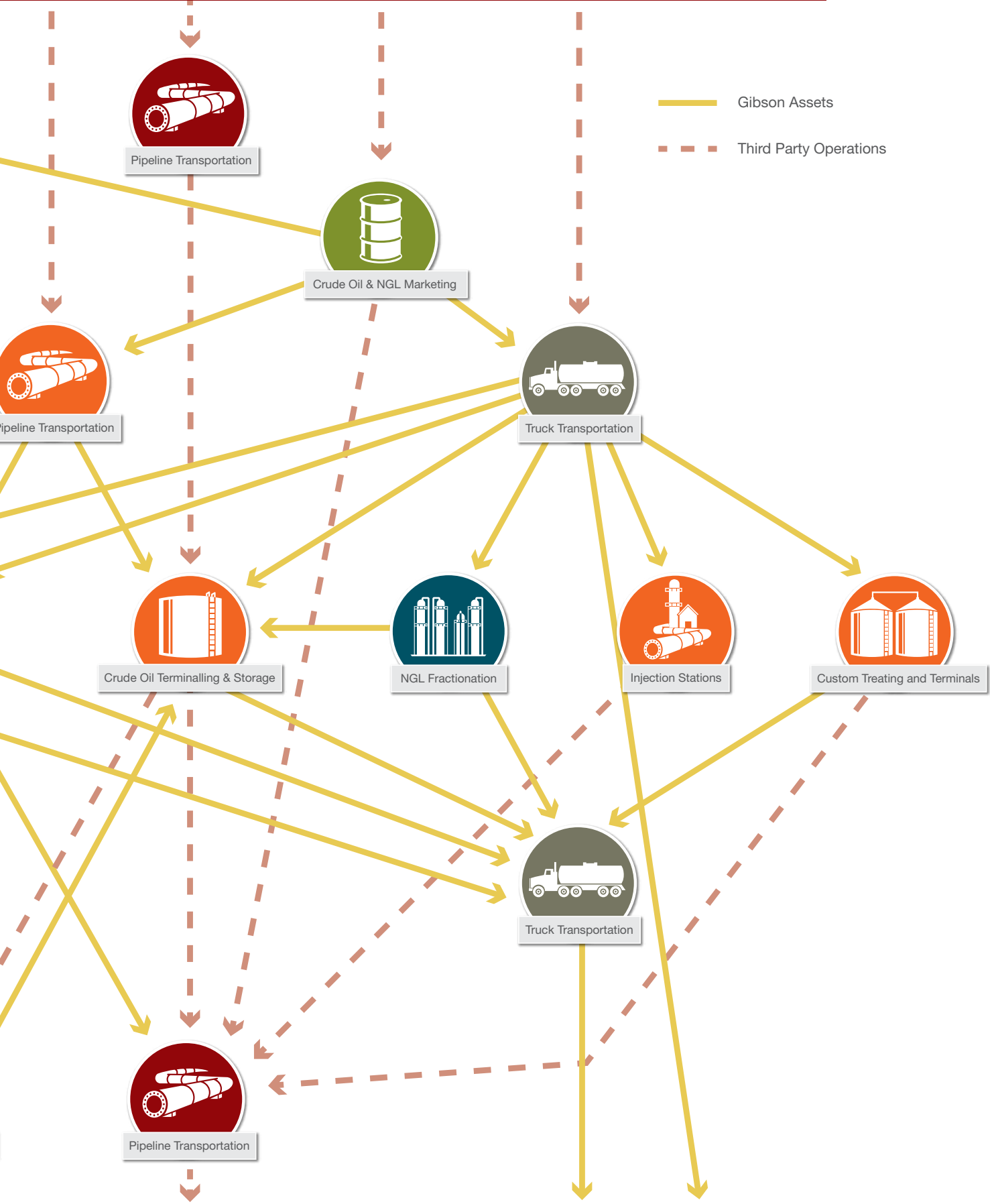
Gibson's role in the midstream industry:

- Positioned to capture value throughout the midstream energy sector.
- Gibson's integrated operations allow it to participate across the full midstream energy value chain, from the hydrocarbon producing regions in Canada and the United States, through Gibson's strategically located terminals in Hardisty and Edmonton, Alberta and injection stations in the United States, to the refineries of North America via major pipelines.
- Engaged in the movement, storage, blending, processing, marketing and distribution of crude oil, condensate, natural gas liquids, and refined products.
- Gibson has grown its business by diversifying its service offerings to meet customers' needs and by expanding geographically.
- One of the largest independent midstream energy companies in Canada.

AS AN INTEGRATED MIDSTREAM COMPANY, GIBSON CAPTURES MARGIN ALONG THE ENTIRE CRUDE OIL VALUE CHAIN FROM THE WELLHEAD TO THE END USER.

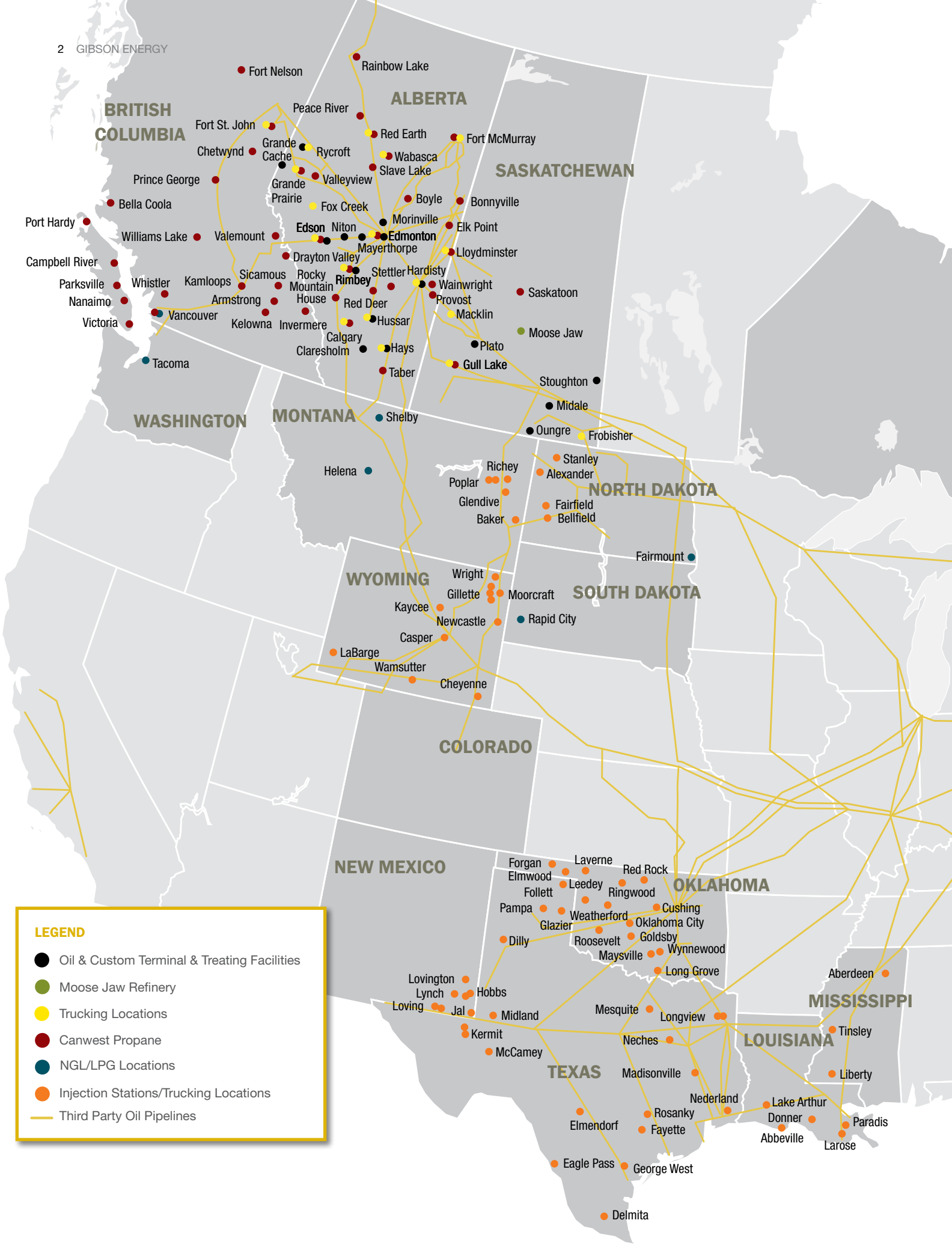


Conventional - Oil, Propane, Butane, LPG/NGL, Diesel, Gypsum **Oil Sands** - Bitumen, Dilbit, Diesel, Petroleum Coke, Sulphur



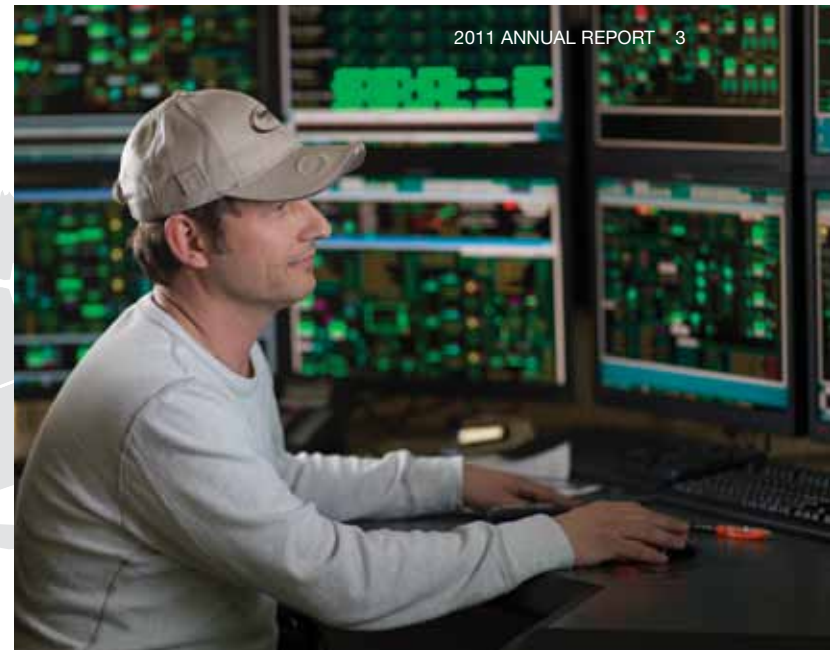
END USER: Refiners, Producers, Drillers, Retail/Wholesale Customers, Disposal Wells





LEGEND

- Oil & Custom Terminal & Treating Facilities
- Moose Jaw Refinery
- Trucking Locations
- Canwest Propane
- NGL/LPG Locations
- Injection Stations/Trucking Locations
- Third Party Oil Pipelines



ONTARIO

Ernstown

GIBSON'S NORTH AMERICAN FOOTPRINT

- Strategically located in growing North American basins
- Gibson's infrastructure assets provide many essential services as oil progresses from the wellhead to the refinery
 - By "touching" the barrel multiple times, Gibson earns revenues for each service along the value chain
- Gibson's assets are located in the WCSB and key oil producing regions in the U.S. where production growth is expected
 - Oil sands, Bakken, Viking, Duvernay and Cardium growth in Canada
 - Bakken, Niobrara, Granite Wash and Eagle Ford growth in the U.S.
- Strategic asset foothold, including Hardisty and Edmonton terminal locations at the hub of the energy industry in Canada, provides stable, fee-based cash flow and unique insight into the operations and service needs of Gibson's customers

“SINCE 1953, WE HAVE PLAYED A SIGNIFICANT ROLE IN THE OIL AND GAS INDUSTRY BY LINKING UPSTREAM PRODUCERS WITH DOWNSTREAM REFINERS.”



In June 2011, after 58 years in business, Gibson successfully completed a \$500 million initial public offering and began trading on the Toronto Stock Exchange under the symbol GEI. Our entry into the public markets was a natural evolution of our business strategy and has created a sustainable energy infrastructure yield product, which fills an important niche in the North American investment landscape.

LETTER TO SHAREHOLDERS

Stewart Hanlon,
President and CEO

Gibson's pipeline of growth opportunities continues to expand. Access to public capital has afforded us the opportunity to take advantage of multiple synergistic growth strategies. During 2011, we also successfully replaced approximately \$800 million in high interest bonds with a more favourable term loan. This has significantly improved our balance sheet and affords us the financial flexibility to aggressively grow our business both in Canada and the United States. We have demonstrated our commitment to being a premier North American midstream solutions provider that adheres to the objective of generating attractive returns for shareholders through a stable dividend and a growing asset base. As a company, we are able to do this because of our unique mix of integrated assets and services and, more importantly, because of our employees who provide exceptional service to our customers due to an unparalleled understanding of the markets in which they operate.

Since 1953, we have played a significant role in the oil and gas industry by linking upstream producers with

downstream refiners. Gibson's midstream infrastructure assets are located in some of the most prolific oil basins in North America; making the replication of our asset footprint almost impossible in certain cases. We offer our customers superior integrated midstream solutions, which provides our shareholders a stable, oil leveraged cash flow stream through various commodity cycles.

Each year, Gibson safely moves millions of barrels of energy products to market through our facilities and infrastructure, which includes terminals, pipelines, tank storage, injection stations and a fleet of over 2,000 truck transportation units. Gibson's inter-related business divisions provide complimentary services, which include marketing, transportation, distribution and processing of energy products.

Gibson delivers various services through a number of its wholly owned subsidiaries. For instance, Canwest Propane is the second largest retail propane distributor in Canada; while our wholesale propane business has earned



ADJUSTED
EBITDA
INCREASED
52%
2010 to 2011

a reputation as a leader in the field of supply throughout North America. Moose Jaw Refinery is a major producer of road asphalt, roofing flux, wellsite fluids and light crude tops which are distributed across Canada and the United States; and Taylor Companies, our U.S. based subsidiary, is the largest independent, for hire, crude oil transportation and logistics business in the United States.

On a financial front, Gibson had a very strong year, exceeding market expectations. We generated adjusted EBITDA of \$231 million, an increase of 52 percent over 2010, increased segment profits by 50 percent to \$257 million, paid out competitive dividends for the third and fourth quarters and exited the year with a net debt to pro forma adjusted EBITDA ratio of approximately 2.5 times, below our target range of less than 3.5 times. A large part of our financial success in 2011 can be attributed to increasing customer activity levels, stronger commodity prices and hard work and execution on the part of the entire Gibson team.

EXPANDING OUR MIDSTREAM SOLUTIONS PLATFORM

During 2011, we continued to grow. We completed two major pipeline connections and one 300,000 barrel tank at Hardisty Terminal; we are also well on our way to completing the 1.2 million barrel Hardisty West Terminal in late 2012. Located near and connected to all major pipelines in Alberta, the Hardisty West Terminal is uniquely situated to benefit from the synergies provided by Gibson's Hardisty Terminal and provides one of our major customers with the ability to grow its business and manage the quality of its proprietary commodity streams. The Hardisty West Terminal increases Gibson's presence in the Hardisty area and is reflective of the innovative ways we provide tailor made midstream services for our customers. In 2011, we also connected with Enbridge's Southern Lights condensate pipeline at Edmonton, providing the opportunity for a major expansion in throughput capacity at our Edmonton Terminal. Moving forward we continue to invest heavily in our business in the U.S. and are seeing good results from that investment.

In October 2011, Gibson announced the acquisition of Palko Environmental Ltd., expanding Gibson's Canadian custom terminal operations to include water disposal and oilfield waste management services. When combined with our recent

ADJUSTED CASH
FLOW FROM
OPERATIONS
INCREASED
284%
2010 to 2011

GIBSON'S 2012 CAPITAL EXPENDITURE PROGRAM IS STRONGLY ALIGNED WITH OUR LONG-TERM OBJECTIVE OF RESPONSIBLY GENERATING STABLE AND GROWING CASH FLOW FOR OUR SHAREHOLDERS.

investment in the Plato pipeline and planned developments at our Rimbey custom terminal, we have an exceptionally strong platform for Gibson to become a significant player in the emulsion treating, water disposal and oilfield waste management services space. These exciting transactions are key steps in forming a significant platform to meet the ever increasing water disposal and oilfield waste management needs of the North American petroleum industry. Over time, we expect to expand these same services across emerging oil plays in both Canada and the United States.

ADDING GROWTH IN 2012

Gibson's 2012 capital expenditure program is strongly aligned with our long-term objective of responsibly generating stable and growing cash flow for our shareholders. Planned spending is well balanced between business segments, which should enable our integrated oil levered assets to provide diversified cash flow and stability through various commodity cycles.

For 2012, the Board of Directors has approved a capital budget of \$173 million for internal growth investments, strategic investments and for the upgrade and replacement of existing assets. The majority of our planned spending will be allocated towards directly advancing our growth opportunities across our five business segments. About 56 percent of our 2012 growth investment is earmarked for the Terminals and Pipelines segment, which includes the completion of the Hardisty West Terminal, the development of treating facilities, disposal wells, landfills and expansion opportunities at the Edmonton Terminal.

For both the Propane and NGL Marketing and Distribution, and Truck Transportation segments, we are focused on executing growth initiatives that take advantage of our cross border platform in Canada and the U.S. At our Moose Jaw Refinery, our

plan is to complete construction of a finished product tank and to increase the Stony Beach pipeline capacity in order to better realize transportation and supply benefits.

In order to deliver on our plans, we'll fund capital initiatives from cash on hand, cash flow from operations and, if necessary, with our existing credit facility; while preserving our balance sheet to maintain financial flexibility.

MOVING AHEAD

We have already accomplished a lot since our IPO last June. Many people, including our Board of Directors and our employees have contributed to the continuing evolution and strengthening of our business and I would like to offer my personal thanks for their effort and support. A never tiring focus on the needs of our customers led to Gibson's successful public launch, and it is the integrated solutions based thinking behind our business model that will drive successful delivery of our vision for years to come. As a company, we have worked hard to develop a positive, distinctive culture that is evident at every level, in every location and is reflective of how our corporate values permeate through to the great customer service we provide on a daily basis.



Stewart Hanlon,
President and CEO

GIBSON SENIOR LEADERSHIP TEAM

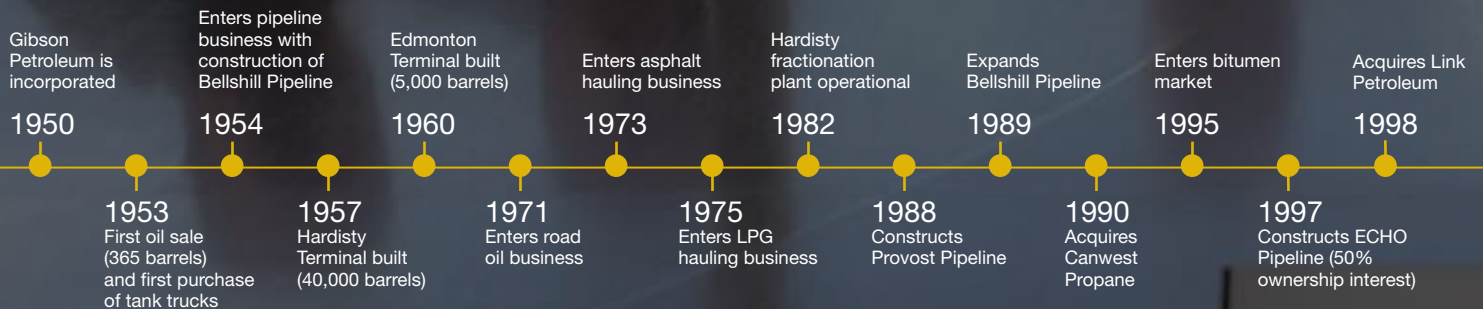
RICHARD G. TAYLOR
Executive Vice President
Finance and CFO

DOUGLAS P. WILKINS
Senior Vice President Marketing,
Supply & Trading

SAMUEL VAN AKEN
Senior Vice President Propane
Marketing & Distribution



Missing from photo: **H. LESLIE CARMICHAEL**
Senior Vice President Taylor Companies



RICHARD M. WISE

Senior Vice President Operations

DONALD A. FOWLIS

Senior Vice President Finance

RODNEY J. BANTLESenior Vice President
Truck TransportationSells ownership
interest in
ECHO Pipeline

2001

Sells Pouce
Coupe and
Rainbow Lake
gas plants

2003

Edmonton
North Terminal
construction

2005

Acquires Del's
Propane, REV Fluid,
Boychuk Transport,
MP Energy,
Western Propane
& Gas Services;
constructs Moose
Jaw Tops Pipeline

2007

Acquires Bridge
Creek and Turner
Gas, investment in
Deepwell Energy
Services (Palko)

2009

Closes IPO for \$500
million (gross proceeds);
restructures balance
sheet, acquires Palko
Environmental Ltd.,
sells Edmonton
North Terminal

2011

1999
Acquires
Pouce Coupe &
Rainbow Lake
gas plants2002
Acquires Moose
Jaw Asphalt Inc.,
Tulsa Oilfield
Services Ltd.
and Wells Cargo
Oilfield Services2004
Moose Jaw
winterization; opens
propane rail terminal
in Surrey, BC; begins
marketing frac fluid
and solvent2006
Edmonton North
Terminal operational.
Construction/
expansion of
Edmonton South
Terminal rail loading
facilities; acquires
L & V Petroleum2008
Riverstone
purchases
Gibson from
Hunting; Gibson
acquires Chief2010
Acquires Johnstone,
Aarcam, Taylor and
remaining 75% of BRT;
signs agreement to
construct an additional
1.2 million barrels of
tankage at Hardisty

BUSINESS STRATEGY

Gibson's objective is to generate stable and growing cash flows for shareholders by:

1. Leveraging and expanding our integrated asset base to capture inter-division synergies within the hydrocarbon value chain.

- Location of assets combined with integration of business segments enables participation across the full hydrocarbon value chain.
 - This generates profits on the commodities Gibson touches all the way from the wellhead to the ultimate market.
- By spanning the entire value chain, Gibson is able to provide efficient, reliable service to both producers and end-users while deriving revenue and cost synergies through Gibson's integrated network of terminals, pipelines, processing facilities, truck transportation and distribution network.
- Gibson is well positioned to capitalize on the numerous organic growth opportunities that are evolving in North America.
 - This is due to a significant increase of expected production in WCSB and the emerging liquids rich basins in the US.

2. Partnering with high quality customers, including major oil companies, to provide Gibson with long-term stable revenue streams.

- Historically Gibson has entered into long-term contracts that provide stable returns on the asset base; particularly for terminal operations.
- In 2010 and 2011, Gibson entered into long-term service agreements with major investment grade oil companies that provide fixed fee based storage and terminalling revenues along with the ability to earn additional fees above certain volumes.
- With increased tankage at Hardisty Terminal, as a result of the acquisition of the remaining 75 percent equity interest in BRT and Gibson's undeveloped land holdings at Hardisty and Edmonton Terminals, Gibson will continue to focus on developing and maintaining long-term strategic relationships that provide both stable revenues and maximum throughput at our facilities.
- Gibson will continue to focus on maintaining and increasing long-term arrangements throughout its suite of services.

3. Maintaining discipline when investing and sound risk management policies.

- Plan to continue historical practice of deploying capital in a disciplined manner to grow business and improve existing operations.
- Make capital investment decisions principally by analyzing metrics.
- Aim to minimize exposure to commodity prices by continually hedging physical commodity inventory, using physical and financial contracts.
- Board-approved policy is to have no more than \$7.0 million of value at risk.

4. Pursuing strategic acquisition opportunities consistent with past practices.

- Long track record of pursuing strategic acquisitions that will benefit business either by expanding reach in existing markets or by providing platforms with which to enter new markets.
- Gibson has completed a total of 19 business acquisitions over the past ten years for total consideration of approximately \$418.2 million.
- Gibson continues to seek acquisitions it feels will allow successful expansion of the business in existing and new markets.
- Continues to seek to identify bolt-on opportunities in existing segments where it can drive higher volumes or greater operating efficiencies.

5. Focusing on award-winning health, safety, security and environmental programs.

- Proactively managing health, safety, security and environmental risks is critical to complying with government regulations and maintaining high standards expected by customers and employees.
- Continue to uphold and be recognized for maintaining high standards and for leading health, safety, security and environmental practices.

GOALS AND ACCOMPLISHMENTS

GOALS

Gibson is committed to be a growth-oriented, profitable North American leader of integrated midstream solutions with a balanced portfolio of businesses. To accomplish this vision, Gibson seeks to:

- Continue to engage our customer base and workforce, to ensure the highest quality of customer service while upholding the highest standards of health, safety, security and environmental performance;
- Build on our existing track record of successful execution of internal growth projects to maximize shareholder value;
- Create long-term profitability for our stakeholders and our business partners by pursuing strategic acquisitions and partnerships; and
- Strengthen our existing relationships, built through decades of being in the business of aggregating and marketing physical crude oil, and continue seeking and building new relationships and partnerships through our proven experience, strong service focus and dedication to developing and honouring commitments.

ACCOMPLISHMENTS

With Gibson's integrated midstream services platform we have consistently delivered:

- Over half a century of profitable operations led by experienced and reputable management teams;
- Innovative midstream transportation solutions for upstream and downstream business partners; and
- High-quality, consistent service to our customers while maintaining industry leading health, safety and environmental practices.

Since 2008, Gibson has:

- Delivered a 94 percent increase in storage at the Hardisty Terminal; with an additional 1.2 million barrels of storage to be completed by the end of 2012;
- Added 75 pipeline injection stations in the U.S.;
- Added water disposal and waste management services with the addition of seven new custom treating and terminal facilities; with two more to be completed in the first half of 2012;
- Provided a 47 percent increase in trailers and added access to 61 percent more tractors and doubled the number of lease operators and owner operators;
- Expanded operations, beyond the WCSB, to span all crude-producing regions of the U.S.; and
- Tripled sales volumes in NGL marketing business while adding two propane storage facilities.

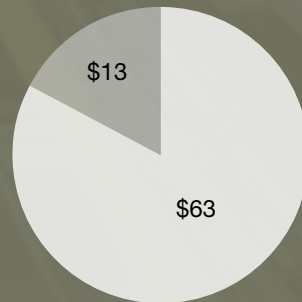
David Russell
Hardisty Terminal

David has been with Gibson for 6 years and is currently a lab technician working at the Hardisty Terminal. "My experience with Gibson has been amazing", says David, "The culture at Gibson combined with an attractive compensation package and advancement opportunities provides employees with a truly great experience. Each employee brings his/her own unique experiences and skill sets, working together to achieve company objectives as "One Gibson". It is an exciting time to be a member of the Gibson team, as the company continues to grow, innovate and evolve in the fast paced and ever changing oil and gas industry. I look forward to my future with Gibson Energy."



TERMINALS AND PIPELINES

2012 CAPITAL EXPENDITURE PLAN (millions)



■ Growth
■ Maintenance

SEGMENT PROFIT (millions)



Gibson's Terminals and Pipelines segment includes the Hardisty and Edmonton terminals, approximately 495 km of pipeline, 14 custom treating and terminal facilities in Alberta and Saskatchewan and 75 pipeline injection stations throughout the United States, primarily in Louisiana, Texas, Oklahoma, Wyoming, Montana and North Dakota. Terminals and Pipelines has an aggregate 3.6 million barrels of storage capacity and 2011 throughput averaging 290,000 bbl/d. The capacity of the pipeline facilities, which provide tariff-based services, feeding the storage and terminalling facilities, is over 94,000 bbl/d.

The business segment provides fee-based storage and terminalling services and tariff-based pipeline services for crude oil, condensate and refined products. The Hardisty and Edmonton Terminals are located at principal hubs for aggregating and exporting oil and refined products out of the WCSB. Nine of the 14 Canadian custom treating terminals provide emulsion treating, water disposal and oilfield waste management on a fee for service basis.

2

**MAJOR STORAGE
TERMINALS**

14

**CUSTOM TREATING AND
TERMINAL FACILITIES**

75

INJECTION STATIONS

495

KILOMETRES OF PIPELINE

OVERVIEW OF PERFORMANCE

- Gibson's Terminals and Pipelines segment contributed approximately 28 percent, 24 percent and 29 percent of segment profit for years ended December 31, 2011, 2010 and 2009, respectively.
- In 2011, approximately 87 percent of the segment's revenue (excluding custom terminals revenue) was from fee based revenue, of which 44 percent was long-term fixed fee revenue.
- Improved results year-over-year from the impact of a full year of ownership of the four Battle River Terminal tanks at Hardisty and of the 75 injection stations acquired in the Taylor acquisition in the U.S. as well as from new connections at Edmonton and Hardisty.

CUSTOMERS

- In 2011, three customers together accounted for approximately 33 percent of revenue from Gibson's Terminals and Pipelines segment.
- The largest customer accounted for 15 percent of segment revenue and the second and third largest customers accounted for 11 percent and seven percent of segment revenue, respectively.
- Approximately 70 percent of the revenues earned by Gibson from these three investment grade customers is subject to long-term contracts.

COMPETITION

- Certain major pipeline companies have existing competitive storage facilities connected to their systems.
- Competition among terminals is based on location, connectivity of assets and the range of services provided. Competition among pipelines is based primarily on transportation charges, availability of service to producing areas and access to specific crude oil blend streams by the owners of the crude oil.
- Gibson believes that the maturity of producing oilfields, capital requirements, environmental considerations and the difficulty in acquiring rights-of-way make it unlikely that competing pipeline systems will be built in the foreseeable future.

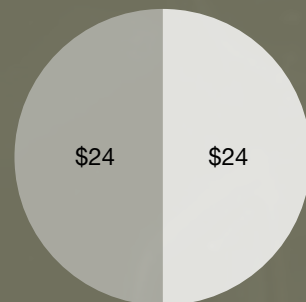
GROWTH OPPORTUNITIES

- At Hardisty and Edmonton, there are approximately 229 aggregate acres of strategic undeveloped centrally located land available for future expansion opportunities. Gibson is uniquely positioned to participate in the expected infrastructure build-out necessary to support oil and gas industry growth in the WCSB.
- Explore expansion of terminal, pipeline and infrastructure business into the U.S.
- Leverage growth platform created with addition of custom treating and terminals business.
- Increase rail transload capacity and capability.

GIBSONSONS

TRUCK TRANSPORTATION

2012 CAPITAL
EXPENDITURE PLAN (millions)



■ Growth
■ Maintenance

SEGMENT PROFIT (millions)



Gibson's Truck Transportation segment is one of the largest truck haulers of crude, condensate, propane, butane, asphalt, methanol, sulfur, petroleum coke, gypsum and drilling fluids in North America, servicing many of North America's leading oil and gas producers. On a daily basis, a significant percentage of the crude oil produced in Canada requires transport by truck. As a result, trucking is considered to be a critical component for the movement of crude oil in North America. Gibson has developed a reputation for reliable, safe and on-time service delivery enabling maintenance of long-term customer relationships with many oil and gas companies. These relationships allow Gibson to grow alongside these companies as demand for crude oil hauling services should increase as overall production grows. In addition, our large flexible fleet makes Gibson a "first-call" supplier when pipeline disruptions occur.

The Truck Transportation segment conducts its business using a combination of term contracts, master service agreements, tenders and short-term evergreen contracts.

146

**MILLION BOE VOLUMES
HAULED IN 2011**

1,100+

TRACTORS ACCESSIBLE TO GIBSON

2,000+

TRAILERS

OVERVIEW OF PERFORMANCE

- In 2011, Gibson transported over 146 million boe throughout Canada and the United States.
- Of the revenue generated by this segment in 2011, term contracts, and tender related agreements accounted for 30 percent and 20 percent of the segment's revenue, respectively.
- This segment contributed approximately 27 percent, 31 percent and 20 percent of our segment profit for the years ended December 31, 2011, 2010 and 2009, respectively.
- Improved results year-over-year from the impact of the Taylor acquisition and also due to increases in hauling rates and accessorial charges.

CUSTOMERS

- Customers in the Truck Transportation segment include oil and gas exploration and production companies, refiners, oilfield drilling contractors, road construction companies and LPG and refined product marketing companies.
- The three largest external customers, each investment grade, together accounted for approximately 35 percent of segment revenue in 2011, with the largest customer accounting for 25 percent.

COMPETITION

- Gibson faces competition which varies by both product and geography with no company having the same service offering across the geographic areas Gibson services.
- Price competition increases in periods of lower activity across all products and all geographies, and the inverse is true when activity levels peak.
- Gibson believes it has a competitive advantage over some of its competitors as its health, safety, security and environmental management systems and policies exceed the stringent requirements of our largest customers.

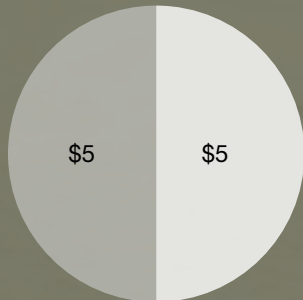
GROWTH OPPORTUNITIES

- Optimize trucking opportunities, growing demand, systems and processes between Canadian and U.S. trucking operations.
- Complete small, easy to integrate acquisitions.
- Expand into additional product lines.



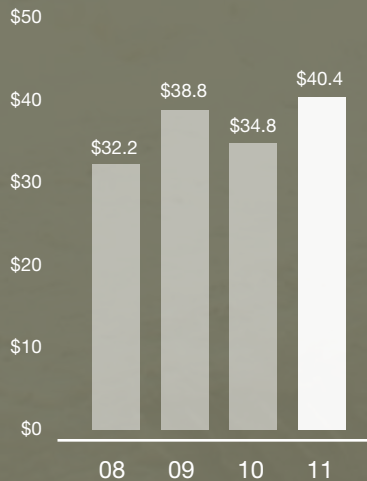
PROPANE & NGL MARKETING & DISTRIBUTION

2012 CAPITAL EXPENDITURE PLAN (millions)

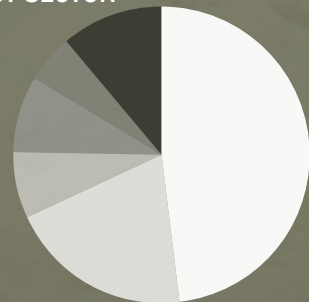


- Growth
- Maintenance

SEGMENT PROFIT (millions)



PROPANE SALES VOLUMES BY SECTOR



- Oil and Gas
- Commercial/Industrial
- Automotive
- Residential
- Cylinder
- Wholesale

Gibson's Propane and NGL Marketing and Distribution segment includes a retail and wholesale propane business, and an NGL marketing business. Gibson distributes propane to retail customers through its wholly owned and operated Canwest Propane brand, while wholesale propane distribution is conducted through Gibson Gas Liquids Partnership (formerly known as MP Energy Partnership).

Canwest is the second largest retail propane distribution company in Canada, has established a reputation as a dependable and customer-oriented propane supplier and is viewed as an industry leader in customer service and HSS&E. Its large market presence allows Canwest to compete for and service large, geographically diverse accounts and volumes. Over 78 percent of these volumes were derived from oil and gas related and commercial/industrial customers. Gibson also provides NGL marketing services to its customers in Canada and the United States. Gibson earns a margin through the purchase and subsequent sale of NGL products such as butane and condensate.

6

**PROPANE STORAGE
TERMINALS**

302

**MILLION LITRES OF RETAIL
PROPANE DISTRIBUTED IN
2011 THROUGH CANWEST**

727+

**MILLION LITRES OF WHOLESALE
PROPANE DISTRIBUTED IN 2011**

78%

**OF RETAIL PROPANE SOLD
TO COMMERCIAL USERS**

OVERVIEW OF PERFORMANCE

- Our retail propane distribution company sold 302 million litres of propane in 2011.
- Gibson's wholesale propane distribution business sold over 727 million litres of propane in 2011, and the NGL marketing business sold approximately 6.3 million barrels in 2011.
- Our Propane and NGL Marketing and Distribution segment contributed 16 percent, 20 percent and 24 percent of segment profit for the years ended December 31, 2011, 2010 and 2009, respectively.

CUSTOMERS

- Canwest Propane distributes propane to a diverse retail customer base which includes over 34,000 customers across western Canada. Gibson's top five external customers accounted for approximately 20 percent of total retail revenue with no customer accounting for more than eight percent. Typical contract terms are from one to five years with automatic renewal provisions.
- Gibson also leases most of its tanks to its customers, providing a steady source of cash flow and income.
- The top five external wholesale propane distribution customers accounted for approximately 66 percent of total wholesale propane distribution revenue in 2011.
- NGL marketing is diversified and includes refining customers, independent retailers and other end users. The top five external customers accounted for approximately 37 percent of total NGL marketing revenue in 2011.

COMPETITION

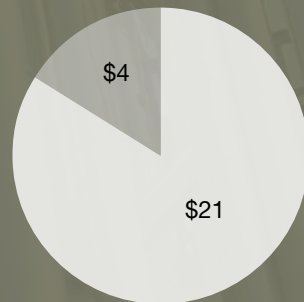
- In the retail propane marketplace, Gibson faces competition from large, mid-sized and small players throughout western Canada. Approximately 50 retailers compete for market share across western Canada.
- Competition in the wholesale propane distribution market and NGL marketing business is also strong; however, there are significant barriers to entry such as high capital requirements. Gibson has focused on geographical areas that do not have major NGL pipeline infrastructure. The wholesale business is focused around long-term strategic supply contracts with key players.

GROWTH OPPORTUNITIES

- Grow with increase in oil and gas production across North America.
- Future opportunities for growth exist in continuing to consolidate retail and wholesale propane businesses.
- Pursue small, easy to integrate acquisition opportunities.

PROCESSING AND WELLSITE FLUIDS

2012 CAPITAL
EXPENDITURE PLAN (millions)



■ Growth
■ Maintenance

SEGMENT PROFIT (millions)



Gibson's Processing and Wellsite Fluids segment utilizes Gibson's 16,000 barrel per day refinery, located in Moose Jaw, Saskatchewan, to process heavy crude oil into asphaltic and lighter distillate products to be sold into niche markets. Products include several grades of road asphalt, wellsite fluids, tops and roofing flux. Gibson's refined products are shipped by truck, rail and pipeline from Saskatchewan to high demand markets in the United States and western Canada. The refinery has approximately one million barrels of storage capacity, approximately 52 kilometres of pipelines, truck and rail loading facilities and approximately 679 leased rail cars.

With respect to production from the bottom 40 percent to 50 percent of the heavy crude barrel, Gibson differentiates itself by producing asphalt products that are of a very high and consistent quality. In 2011, Gibson introduced a straight run roofing flux into the market. From the top 50 to 60 percent of a barrel of feedstock, Gibson produces approximately half of the volume as lighter distillates, which are sold as wellsite fluid products, and approximately half of the volume as tops. It is these products that typically provide the highest margin to Gibson.

Gibson also has a frac fluid reprocessing service business, located in Edson, Alberta, where Gibson recycles used frac fluids and turns the used fluids to a new reusable product.

16

THOUSAND BARRELS PER
DAY REFINERY CAPACITY
AT MOOSE JAW

1.0

MILLION BARRELS OF
PLANT STORAGE CAPACITY

679

LEASED RAIL CARS

52

KILOMETRES
OF PIPELINE

OVERVIEW OF PERFORMANCE

- In 2011, the refinery processed an average of approximately 13,900 barrels per day of heavy crude oil into an average of approximately 5,800 barrels per day of asphalt products and approximately 8,100 barrels per day of wellsite fluids or tops.
- Additionally during 2011, the Moose Jaw refinery was awarded 44 percent of the road paving jobs tendered by the Government of Saskatchewan.
- Gibson's Processing and Wellsite Fluids segment contributed 18 percent, 20 percent and 18 percent of our segment profit for the years ended December 31, 2011, 2010 and 2009, respectively.

CUSTOMERS

- Our customers in the Processing and Wellsite Fluids segment include road construction companies, governments, roofing shingle manufacturers, oilfield drilling contractors, refiners, and oil and gas exploration and production companies.
- Wellsite fluids sales are on a job-by-job basis, with prices based on market prices at the time of sale.
- Road asphalt is shipped primarily to customers located in Saskatchewan, Alberta and Manitoba and roofing flux is shipped primarily to the U.S. Midwest, U.S. West Coast and U.S. Mid-Atlantic areas.

- Gibson's top five external customers accounted for approximately 29 percent of segment revenue in 2011, with the largest customer accounting for eight percent. The two largest customers, to whom Gibson sells roofing asphalt, comprised 14 percent of our segment revenue.

COMPETITION

- Many of our competitors in this business segment are fully integrated national or multinational oil companies engaged in various segments of the petroleum business. However, most of Gibson's competitors typically produce asphalt as a by-product of their gasoline production and do not focus on quality and consistency.
- Gibson differentiates itself by producing high quality asphalt products and has developed a niche market for its wellsite fluid products.

GROWTH OPPORTUNITIES

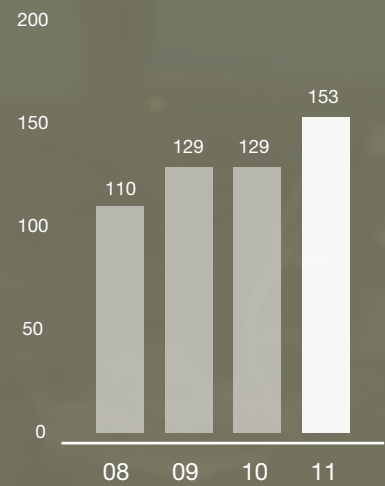
- Continue attracting and retaining roofing and paving clients by producing a consistent, high quality product.
- Continue to expand the customer base for our new SRRF product tied to execution of term contracts with volume commitments.
- Complete design engineering to evaluate the feasibility of expanding the refinery by 50 percent to 24,000 barrels per day of processing capacity.

MARKETING

SEGMENT PROFIT
(millions)



AVERAGE VOLUMES SOLD PER DAY
(barrels in thousands)



The Marketing segment provides valuable marketing services to Gibson's customers and also focuses on increasing volumes through the Terminals and Pipelines and the Truck Transportation segments. The Marketing segment takes advantage of specific location, quality or time-based arbitrage opportunities, when they are available. Location-based arbitrages arise when value differentials between crude oil prices at two locations are greater than the transportation cost between the two locations. In these circumstances, Gibson can use its own transportation assets, or its access to rail transportation, to physically move the product and capture the value differential. Quality-based arbitrage opportunities are dependent on the prevailing price differentials between various grades of crude oil and diluent that can be combined to create a specific crude oil grade.

At its Hardisty Terminal, Gibson has access to many different crude oil types which enables Gibson to capture quality arbitrage opportunities when they exist. Because Gibson is not a production company, it is seen by producers as a business partner, not as a competitor, and has, therefore, developed strong relationships over decades of being in the business of aggregating and marketing physical crude oil.

153

**THOUSAND PHYSICAL BARRELS
PER DAY SOLD IN 2011**

200

**APPROXIMATE
CUSTOMERS**

15

**YEARS OF CONSECUTIVE
ANNUAL PROFITABILITY**

OVERVIEW OF PERFORMANCE

- Purchases, sells, stores and blends crude oil and condensate, selling an average of approximately 153,000 physical barrels per day in 2011, and is responsible for helping to manage our physical commodity positions, based on the needs of each operating segment.
- Gibson's Marketing segment contributed approximately 11 percent, five percent and eight percent of our segment profit for the years ended December 31, 2011, 2010 and 2009, respectively.

CUSTOMERS

- Marketing segment buys and sells crude oil, condensate and natural gas. The largest component of its revenues is the sale of crude oil. In the crude oil business, Gibson's customer base is diversified and includes major integrated oil companies, producers and refineries.
- Gibson's top five external customers, each investment grade, accounted for approximately 32 percent of segment revenue in 2011, and other Gibson segments accounted for approximately 13 percent of segment revenue.

COMPETITION

- Gibson's competitors in this segment include other crude oil pipeline companies with an oil marketing focus, the major integrated oil companies, their marketing affiliates and independent gatherers, investment banks that have established a trading platform, brokers and marketers of widely varying sizes, financial resources and experience.

GROWTH OPPORTUNITIES

- Build out crude oil marketing business in the U.S.
- Optimize newly purchased rail transload equipment for crude oil sales in Canada and the U.S.

SUSTAINABILITY

Throughout Gibson's long history, it has continually focused on having "best in class" operations with respect to health, safety, security and environmental compliance. Gibson has been recognized by the Province of Alberta in these areas, which we believe gives us a competitive advantage.

HEALTH, SAFETY AND SECURITY

- Business unit and/or facility inspections are completed regularly, depending on the assessment of risk.
- Gibson complies with the requirements of all applicable federal, provincial, state and municipal health, safety and regulations in the communities where Gibson operates.
- Gibson has a well-established Hazard and Risk Identification, Assessment and Control program to ensure potential hazards, which may impact workers or the public, are proactively mitigated.
- Incident investigations are performed to determine root causes and findings are shared with all Gibson-operated facilities.
- Health, safety, security and environmental training are provided to all employees to ensure that they can perform their work in a manner reflective of our values.
- Our corporate and field emergency response plans meet all federal, provincial and state regulations and are properly maintained.
- Gibson holds a current Alberta Health & Safety Certificate of Recognition.
- Policies and procedures are continuously monitored and updated to ensure regulatory compliance and reflect technical developments and improved industry standards related to facilities.
- Gibson endeavours to be a leader in pipeline and system integrity by:
 - Implementing rigorous inspection and preventative maintenance programs;
 - Pursuing technology advances;
 - Participating in industry forums to share and exchange knowledge; and
 - Supporting provincial excavation one-call efforts to reduce the risk of third-party damage to pipelines.

ENVIRONMENT

- Gibson has made significant investments in infrastructure to improve efficiencies and enhance environmental performance.
- Our environmental programs focus on preventing adverse environmental impact and adopting appropriate remediation strategies.
- Gibson utilizes a risk-based approach to environmental management.
- Compliant with the requirements of all applicable federal, provincial, state and municipal environmental laws and regulations in the communities where Gibson operates.
- We are committed to being good stewards of the environment and work diligently to protect and support the communities in which we live and operate.

“WE SUPPORT MANY NON-PROFIT CAUSES IN CITIES AND TOWNS WHERE GIBSON HAS A PRESENCE - THIS HELPS OUR COMPANY BUILD LASTING RELATIONSHIPS.”

COMMUNITY INVESTMENT

- Gibson supports many non-profit causes, including health, education, youth, culture, community and environmental sectors.
- Gibson has donated in excess of \$3 million to charitable and non-profit causes over the past 10 years.
- Outside of corporate donations, Gibson has donated approximately \$100,000 annually for a Scholarship Program providing assistance to children of employees.
- Gibson also provided funding to environmental stewardship initiatives at the University of Saskatchewan.
- Active employee participation in supporting and promoting various charitable organizations.

Selected recipient organizations include:

- United Way
- Alberta Theatre Projects
- MS Society
- Alberta Children's Hospital
- Moose Jaw Cultural Centre
- STARS Air Ambulance
- Red Deer Ronald McDonald House
- Keyano College
- Slave Lake Fire Relief
- The Banff Centre for the Arts
- Canadian Avalanche Foundation

VALUES

INTEGRITY

INNOVATION

TEAMWORK

EXCELLENCE

RESPECT

ACCOUNTABILITY

COMPASSION

TRANSPARENCY



Leslie Giebelhaus

Marketing

Leslie has been with Gibson for 25 years with the majority of time spent in the Marketing group. As a self-described “work nerd” Leslie has experienced many titles and many bosses but values the one main constant, “the people I get to work with, in and outside of Gibson”.

“Great assets and the continuously changing nature of our industry have kept it all very interesting.” says Leslie. “Crude oil marketing was a new industry when I first started at Gibson. We learned how to move and trade Canadian crude through pipelines and markets all across North America and grew along with many of our customers. Today, we do business with many of the same companies and people in facilities that are larger and more complex than we ever could have imagined. Tomorrow, markets and customers will require or inspire something new that we will be happy to be a part of. Time flies when you’re having fun!”

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

- Gibson believes good corporate governance and ethical conduct in all its business practices is critical to the continuing development and maintenance of its reputation. We will ensure that we operate in a safe, compliant and environmentally responsible manner whenever and wherever we conduct our business.
- We want our directors, officers, employees and contractors to conduct our business in accordance with the highest ethical standards, and we have in place our Code of Conduct and Ethics and Whistleblower Policies to clearly set out our expectations.
- We are also committed to adopting effective, meaningful, governance practices for all our stakeholders. To that end, we have created an Audit Committee, a Corporate Governance, Compensation and Nomination Committee, and a Health, Safety, Security and Environment Committee of the Board, each chaired by an independent director.
- Charters have been created for the Board of Directors and each Committee of the Board; and position descriptions have been developed for our Chairman of the Board, CEO, each Board Committee Chair and our Lead Director.
- Disclosure and Insider Trading Policies applicable to our directors, officers, employees and contractors have also been created. We have adopted specific guidelines to set out these requirements and facilitate compliance.

ABBREVIATIONS/DEFINITIONS

Adjusted EBITDA: is EBITDA before other non-cash expenses and charges deducted in determining consolidated net income (loss), including movement in the unrealized gains and losses on financial instruments, stock based compensation, impairment of goodwill and intangible assets and non-cash inventory or asset writedowns.

asphalt: Liquid asphalt cement is a dark brown to black cementitious material that is primarily produced by petroleum distillation. When crude oil is separated in distillation towers in a refinery, the heaviest hydrocarbons with the highest boiling points settle at the bottom. These tar-like fractions, called residuum, require relatively little additional processing to become products such as asphalt cement or residual fuel oil. Liquid asphalt cement is primarily used in the road construction and maintenance industry and for shingle manufacturing and roofing purposes. Residual fuel oil is primarily used as burner fuel in numerous industrial and commercial business applications. As used herein, the term refers to both liquid asphalt cement and residual fuel oils.

bbl(s): barrel(s)

bitumen: petroleum in semi-solid or solid forms

boe: barrels of oil equivalent

bpd: barrels per day

BRT: Battle River Terminal ULC

condensate: a petroleum mixture composed primarily of pentane and heavier hydrocarbons, usually produced with or extracted from natural gas, which is liquid at normal pressure and temperature. The component of NGLs that remains after the propane and butane have generally been removed, comprised of a pentane and higher hydrocarbon composition.

diesel: combustible petroleum distillate used as a fuel for diesel engines

diluent: a lower density fluid used to blend with heavy oil or bitumen to reduce viscosity and density

distillate: a liquid condensed from vapor in refinery distillation, including diesel and jet fuel

EBITDA: net income (loss) before interest expense, income taxes, depreciation and amortization

frac fluids: a fluid, either water or hydrocarbon, used to transport propane in a hydraulic fracture well completion

LPG: liquefied petroleum gas

LSB: Light Sour Blend

mmbbl: one million barrels

NGL: natural gas liquids. This term refers to the mixture of the hydrocarbons ethane, propane, butane and condensate

propane: a common LPG, C₃H₈, that is colorless and flammable as a gas. Used industrially in the petrochemical industry and commercially as a heating or engine fuel.

roofing flux: processed asphalt product used in manufacture of shingles and other roofing products

segment profit: revenue minus cost of sales and operating costs, excluding depreciation and amortization

SRRF: straight run roofing flux

tops: a bottomless light sour crude oil, a residual from the asphalt refining process, which is a premium feedstock for refiners

WCSB: Western Canadian Sedimentary Basin

Wellsite fluids: includes frac-oil based drilling and frac fluids used in the drilling and completion of oil and natural gas wells

WTI: West Texas Intermediate

CORPORATE INFORMATION

MANAGEMENT

A. Stewart Hanlon

President and Chief Executive Officer

Richard G. Taylor

Executive Vice President Finance
and Chief Financial Officer

Rodney J. Bantle

Senior Vice President
Truck Transportation

Donald A. Fowlis

Senior Vice President Finance

Samuel van Aken

Senior Vice President Propane
Marketing and Distribution

Douglas P. Wilkins

Senior Vice President Marketing,
Supply and Trading

Richard M. Wise

Senior Vice President Operations

H. Leslie Carmichael

Senior Vice President Taylor Companies

DIRECTORS

A. Stewart Hanlon

Robert M. Tichio

Andrew W. Ward

James M. Estey

Donald R. Ingram

Marshall L. McRae

Clayton H. Weitars

AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants
Calgary, Alberta

BANKERS

Royal Bank of Canada
JP Morgan

LEGAL COUNSEL

Bennett Jones LLP

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company
Calgary, Alberta

STOCK EXCHANGE LISTING

Toronto Stock Exchange
Trading Symbol "GEI"

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T2P 5E9

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Ken Hall

Vice President Investor Relations and
Communications

Phone: (403) 781-2899

Email: ken.hall@gibsons.com

FORWARD LOOKING STATEMENTS

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

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

- future growth in world-wide demand for crude oil and petroleum products;
- crude oil prices supporting increased production and services in North America, including the Canadian oil sands;
- no material defaults by the counterparties to agreements with the Company;
- the Company's ability to obtain qualified personnel, owner-operators, lease operators and equipment in a timely and cost-efficient manner;
- the regulatory framework governing taxes and environmental matters in the jurisdictions in which the Company conducts and will conduct its business;
- operating costs;
- future capital expenditures to be made by the Company;
- the Company's ability to obtain financing for its capital programs on acceptable terms;
- the Company's future debt levels; and
- the impact of increasing competition on the Company.

Actual results could differ materially from those anticipated in these forward-looking statements as a result of numerous risks and uncertainties including, but not limited to, the risks described in "Risk Factors" and "Forward-Looking Statements" included in the Company's AIF dated March 6, 2012 as filed on SEDAR at www.sedar.com.

