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First Quarter Report May 7, 2013

2013 First Quarter Report

For the period ended March 31, 2013

HIGHLIGHTS

- Keyera delivered strong results in the first quarter of 2013 and announced a number of new growth initiatives.
- Earnings before interest, taxes, depreciation and amortization[1,2] ("EBITDA") were $97.8 million in the first quarter of 2013, 67% higher than the $58.5 million posted in the same quarter of 2012.
- Net earnings for the first quarter of 2013 were $23.4 million ($0.30 per share), compared to $33.9 million ($0.46 per share) in the same period in 2012.
- Distributable cash flow[1,2] was $83.3 million ($1.07 per share) in first quarter 2013, 76% higher than the $47.2 million ($0.64 per share) recorded in the same period last year.
- Keyera's Gathering and Processing business delivered stable operating margin[3] of $39.9 million in the first quarter of 2013 compared to $39.0 million in the same quarter last year. In the NGL Infrastructure segment, operating margin[3] was $29.0 compared to $26.0 in the same quarter of 2012. Marketing operating margin[3] was $23.9 million in first quarter of 2013, or 89% higher than the $12.7 million posted in first quarter of last year.
- Work on a number of growth projects continued in the quarter, including the South Cheecham rail and truck terminal, the Hull, Texas rail and truck terminal, a raw gas gathering pipeline, the de-ethanizer at Fort Saskatchewan and the new turbo expander at the Rimbey gas plant.
- Subsequent to the quarter, Keyera announced $210 million of growth initiatives at the Simonette gas plant, including a new 90-kilometre sour gas pipeline into the Wapiti area of Alberta and plant modifications that will enhance processing capability and add 100 million cubic feet per day of processing capacity.
- In April, Keyera, in conjunction with Plains Midstream Canada ULC, began soliciting producer interest in the construction of a jointly owned liquids pipeline system in northwest Alberta.
- Total growth capital investment was $59.0 million in the first quarter 2013, of which $3.9 million was acquisitions. Keyera has reviewed its spending profile for 2013 and now expects its 2013 growth capital investment, excluding acquisitions, will be between $400 million and $450 million.[4]

[1] See "Non-GAAP Financial Measures" on page 36 of the MD&A.
[2] See page 30 and 31 of the MD&A for a reconciliation of distributable cash flow to cash flow from operating activities and EBITDA to net earnings.
[3] See note 18 to the accompanying financial statements.
[4] See "Capital Expenditures and Acquisitions" on page 28 of the MD&A for further discussion of Keyera's capital investment program.

Summary of Key Measures (Thousands of Canadian dollars, except where noted)	**Three Months Ended March 31,** **2013**	 2012
Net earnings	**23,445**	33,870
Per share ($/share) – basic	**0.30**	0.46
Cash flow from operating activities	**136,688**	105,413
Distributable cash flow[1]	**83,285**	47,189
Per share ($/share)	**1.07**	0.64
Dividends declared	**42,074**	37,421
Per share ($/share)	**0.54**	0.51
Payout ratio %[1]	**50%**	79%
EBITDA[2]	**97,848**	58,468
Gathering and Processing:		
Gross processing throughput (MMcf/d)	**1,237**	1,227
Net processing throughput (MMcf/d)	**980**	966
NGL Infrastructure:		
Gross processing throughput (Mbbl/d)	**115**	107
Net processing throughput (Mbbl/d)	**40**	39
Marketing:		
Inventory value	**144,263**	164,010
Sales volumes (bbl/d)	**116,800**	99,000
Acquisitions (including business combination)	**3,907**	247,079
Growth capital expenditures	**53,116**	23,653
Maintenance capital expenditures	**2,007**	1,671
Total capital expenditures	**59,030**	272,403

	As at March 31, **2013**	 2012
Long-term debt [4]	**625,966**	475,310
Credit facilities	**80,000**	235,000
Working capital surplus[3, 4]	**(93,851)**	(178,382)
Net debt	**612,115**	531,928
Convertible debentures [4]	—	14,219
Net debt (including debentures)	**612,115**	546,147
Common shares outstanding – end of period	**78,013**	76,620
Weighted average number of shares outstanding – basic	**77,862**	73,276
Weighted average number of shares outstanding – diluted	**78,381**	74,069

Notes:

1 Payout ratio is defined as dividends declared to shareholders divided by distributable cash flow. Payout ratio and distributable cash flow are not standard measures under GAAP. See page 30 for a reconciliation of distributable cash flow to its most closely related GAAP measure.

2 Beginning in the first quarter of 2013, Keyera excludes unrealized gains/losses from commodity related risk management contracts in the calculation of EBITDA. These non-cash gains/losses have been excluded because management believes it provides a better reflection of the financial performance of the business in the current period. The comparative amount has been adjusted to reflect this change. EBITDA is defined as earnings (excluding unrealized gains/losses) before interest, taxes, depreciation, amortization, accretion, impairment expenses and any other non-cash items such as gains/losses on the disposal of property, plant and equipment. EBITDA is not a standard measure under GAAP. See section titled "EBITDA" on page 31 of the MD&A for a reconciliation of EBITDA to its most closely related GAAP measure.

3 Working capital is defined as current assets less current liabilities.

4 Included in the calculation of working capital for Q1 2013 are current liabilities related to the $52,500 of unsecured senior notes due on August 26, 2013 and $9,212 of convertible debentures due on December 31, 2013.

Message to Shareholders

Keyera had a successful start to 2013, delivering solid results in the first quarter and continuing to advance a number of new growth initiatives. Continued drilling in those areas of the Western Canada Sedimentary Basin where the gas is rich in NGLs has contributed to Keyera's high level of activity in all business segments. Increasing liquids-rich gas production is resulting in new business opportunities at Keyera's gas processing facilities, as well as generating increasing demand for fractionation, storage and marketing services for the NGLs removed from the raw gas stream. In this current business environment, the value of our integrated facilities and the extensive complement of services we offer provides us with opportunities to grow our business and deliver value to shareholders.

Keyera's fee-for service businesses delivered solid results again this quarter, as did the Marketing segment. EBITDA was $97.8 million in the first quarter of 2013, an increase of 67% from the same quarter last year. Distributable cash flow increased 76% to $83.3 million ($1.07 per share) compared to the same quarter last year. Dividends to shareholders totaled $42.1 million ($0.54 per share), resulting in a payout ratio of 50%.

In the first quarter, Gathering and Processing operating margin was $39.9 million, a slight increase compared to the same period in 2012, and the second highest result in Keyera's history. Producer activity resulted in growing throughput at certain Keyera gas plants in the quarter. Repairs completed at the Simonette and Strachan gas plants in the quarter reduced operating margin somewhat.

In the Liquids Business Unit, operating margin in the NGL Infrastructure segment was $29.0 million, a 12% increase compared to the first quarter last year. Increased demand for offloading and handling services at ADT, as well as incremental fees from our diluent handling agreement with Imperial Oil, were the main contributors to the increase.

The Marketing segment generated strong operating margin of $23.9 million in the first quarter, an increase of 89% compared to same quarter last year. A return to more normal winter weather contributed to solid propane results this quarter compared to the same quarter last year. Iso-octane sales volumes and margins were also higher than last year.

Producers continued to focus on liquids-rich drilling in the first quarter of 2013, often within the capture area of Keyera plants. Most of their focus is on production from the Glauconite, Cardium, Montney and Duvernay geological horizons. Gross throughput at our gas plants increased 3% in the first quarter, to 1,237 million cubic feet per day, compared to the fourth quarter of 2012. Throughput was higher at the Minnehik Buck Lake, Strachan, Caribou, Nordegg River and Brazeau River gas plants. This higher throughput was offset somewhat by lower throughput at the Simonette gas plant, due to curtailment of volumes and maintenance work on the sulphur facilities.

In December and May, we purchased newly constructed gathering pipelines which deliver gas to the Strachan and Minnehik Buck Lake gas plants. Producers in these areas had gas waiting to be processed, which resulted in an immediate increase in throughput at both facilities. In January, we commissioned a new turbo expander at the Strachan gas plant to increase plant reliability and sustain high liquids recovery levels. Detailed engineering and procurement of long lead items is underway at the Rimbey gas plant, where we are expanding the plant's capability by installing a turbo expander.

In April, we announced plans to build a 90-kilometre pipeline from our Simonette gas plant to the Wapiti area of Alberta. NuVista Energy Ltd. has entered into a long-term processing agreement to underpin construction of the

pipeline and we are currently talking with other producers in the area who might be interested in securing capacity on the line. We are also planning to enhance Simonette's processing capability by adding 100 million cubic feet per day of capacity and adding condensate stabilization facilities.

Also in April, we announced we had entered into an arrangement with Plains Midstream Canada to solicit producer interest in the construction of the Western Reach Pipeline System in northwestern Alberta. The proposed pipeline is anticipated to be 570 kilometres in length and would consist of two pipelines dedicated to NGL mix and condensate service. The proposed pipeline route would travel through some of the most prospective geological areas being developed in western Canada today, including the Montney and Duvernay zones.

With increasing liquids production in western Canada, many producers are interested in securing NGL fractionation capacity in the Edmonton/Fort Saskatchewan hub. In connection with the long-term processing agreement at Simonette, NuVista also signed long-term agreements for fractionation and NGL marketing services. In addition, demand for diluent in Alberta drove increased storage activity at Fort Saskatchewan and higher rail traffic at our Alberta Diluent Terminal in the first quarter.

Construction of the South Cheecham rail and truck terminal is well underway. Pipelines have been installed, tanks constructed and track for the rail laid. Completion of the terminal is still expected in the second half of 2013. There continues to be significant interest in the terminal by other oil sands producers and refiners.

Iso-octane was delivered to customers in the Gulf Coast via rail throughout the first quarter and we continue to be pleased with customer interest. Some potential new customers will need to make modifications to their facilities in order to receive iso-octane by rail. However, based on our initial success in moving volumes by rail into new markets, we are optimistic about our ability to increase the utilization level of Alberta EnviroFuels throughout the remainder of 2013.

At Fort Saskatchewan, our twelfth cavern is complete and is awaiting regulatory approval before being put into service. Work on the brine pond will continue through the summer and is scheduled to be put into service later this year, and our thirteenth cavern is currently under development. Detailed engineering is underway for our de-ethanizer project, long-lead items have been ordered and fabrication of major equipment is underway.

The combination of newly announced projects and a review of the timing of projects already underway have resulted in an update to Keyera's capital investment forecast. We now anticipate our 2013 capital investments will be between $400 and $450 million, excluding acquisitions.

May 30th marks Keyera's tenth anniversary as a public company. Our vision when we went public was to provide our shareholders with stable and growing cash flow per share. I'm proud to say that we have delivered on that objective, and we have provided our shareholders with a compound annual growth rate of 7.5% in dividends per share. Looking forward, I am confident that we have the right mix of people, assets and opportunities to continue to deliver value to shareholders.

On behalf of Keyera's directors and management team, thank you for your continued support.

Jim V. Bertram
Chief Executive Officer
Keyera Corp.

Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") was prepared as of May 7, 2013 and is a review of the results of operations and the liquidity and capital resources of Keyera Corp. and its subsidiaries (collectively "Keyera"). The MD&A should be read in conjunction with the accompanying condensed interim unaudited consolidated financial statements ("accompanying financial statements") of Keyera Corp. for the quarter ended March 31, 2013 and the notes thereto as well as the audited consolidated financial statements of Keyera Corp. for the year ended December 31, 2012 and the related MD&A. The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") also referred to as GAAP, and are stated in Canadian dollars. Additional information related to Keyera, including its Annual Information Form, is available on SEDAR at www.sedar.com or on Keyera's website at www.keyera.com.

This MD&A contains non-GAAP measures and forward looking statements and readers are cautioned that the MD&A should be read in conjunction with Keyera's disclosure under "NON-GAAP FINANCIAL MEASURES" and "FORWARD LOOKING STATEMENTS" included at the end of this MD&A.

Keyera's Business

Keyera operates one of the largest natural gas midstream businesses in Canada. Midstream entities operate in the oil and gas sector between the upstream sector, which includes oil and gas exploration and production businesses, and the downstream sector, which includes the refining, distribution and retail marketing of finished products. Keyera is organized into two integrated business units:

1. Gathering and Processing Business Unit – Keyera owns and operates raw gas gathering pipelines and processing plants, which collect and process raw natural gas, remove waste products and separate the economic components before the sales gas is injected into long-distance pipeline systems for transportation to end-use markets.

2. Liquids Business Unit, consisting of the following operating segments:

   NGL Infrastructure – Keyera owns and operates a network of facilities for the processing, storage and transportation of the by-products of natural gas processing, including natural gas liquids ("NGLs") such as ethane, propane, butane and condensate. With the acquisition of Alberta EnviroFuels ("AEF") in 2012, this segment now includes Keyera's iso-octane facilities.

   Marketing – Keyera markets a range of products associated with its two infrastructure business lines, primarily propane, butane, condensate and iso-octane, and also engages in crude oil midstream activities.

First Quarter Trends

Commodity prices are important factors in determining the activity level of Keyera's customers, the oil and gas producers. As a result, forecasted natural gas prices and NGL market fundamentals are important to Keyera's business.

Natural Gas

The AECO spot price was $3.38 per Mcf at the end of the first quarter, an increase of 57% compared to the end of the first quarter of 2012. As of mid-April, the forward price of AECO gas for the 2013 calendar year was just over $3.72 per Mcf. These higher prices are a reflection of lower natural gas storage levels across North America, which fell from the record levels in 2012 to below the 5 year average in the first quarter of 2013. More normal winter temperatures this year have demonstrated the importance of weather on natural gas demand, with most of

the U.S. recording lower than normal temperatures into March. Total natural gas demand is also influenced by the power sector and, although overall demand increased from last year, power providers have started switching back to coal-fired generation as natural gas prices rise. This was particularly evident in the U.S., where power generation can swing demand by as much as 7 Bcf/d.

Total U.S. gas production was fairly flat, averaging approximately 64 Bcf/d, in line with the strong production numbers posted throughout 2012. Despite higher natural gas prices this year, production remains weak in western Canada, with pipeline receipt points registering 5 year lows for the first quarter of 2013, hovering just above 13 Bcf/d.

Natural Gas Liquids

Despite lower total natural gas production in Western Canada, producer activity continues in certain parts of western Canada and is focused on areas that are rich in natural gas liquids. Propane, butane and condensate still trade at premiums to natural gas, and producers are actively drilling geological horizons that yield high amounts of liquids. These include the Montney, Duvernay, Cardium and Glauconite zones. These zones are within the capture areas of many of Keyera's facilities, and as a result these plants have seen increases in throughput.

Propane demand was strong in Alberta in the first quarter, as colder weather continued into March and propane prices strengthened accordingly. Because the majority of propane in western Canada is sold into markets in the U.S., the increasing production of propane in the U.S. may put pressure on Canadian sales and pricing in 2013.

Butane supply and demand remained mostly in balance in Alberta during the first quarter. Rail imports of butane started late in the first quarter, as U.S. demand for gasoline blending typically declines in the summer. Imports are expected to continue in the second quarter, as Keyera utilizes its integrated asset base of rail cars, terminals, pipelines and storage to provide reliable butane for its internal supply requirements, including the feedstock necessary for the production of iso-octane at AEF.

Iso-octane is a gasoline blending agent that increases octane and lowers the vapour pressure in motor gasolines, and demand for iso-octane typically increases during the summer driving season. Keyera has been working to expand its customer base for iso-octane, as well as broadening its sales markets. In the first quarter, Keyera was successful, delivering iso-octane via rail to U.S. Gulf Coast markets.

Condensate pricing in the first quarter was relatively strong, and imports of condensate into Alberta continued. The Alberta Energy Resources Conservation Board estimates that oil sands production grew by 150,000 barrels per day in the first quarter of 2013 compared to the first quarter of last year, with some key projects expected to ramp up production in the coming months. Keyera's Alberta Diluent Terminal has moved to a 24-hour per day operation to handle the volume of diluent expected to be delivered to the terminal. Keyera, as part of a joint venture with Enbridge, is also building the South Cheecham rail and truck terminal to allow producers to deliver condensate by rail to the Athabasca oil sands region.

CONSOLIDATED FINANCIAL RESULTS

The following table highlights some of the key consolidated financial results for the three months ended March 31, 2013 and 2012:

	Three months ended March 31,	
(Thousands of Canadian dollars, except per share data)	**2013**	2012
Net earnings	**23,445**	33,870
Net earnings per share (basic)	**0.30**	0.46
Total operating margin[1]	**94,031**	79,087
EBITDA[2]	**97,848**	58,468
Cash flow from operating activities	**136,688**	105,413
Distributable cash flow[3]	**83,285**	47,189
Distributable cash flow per share[3] (basic)	**1.07**	0.64
Dividends declared	**42,074**	37,421
Dividends declared per share	**0.54**	0.51

Notes:

[1] Total operating margin refers to total operating revenues less total operating expenses and general and administrative expenses associated with the Marketing segment. See note 18 of the accompanying financial statements.

[2] Beginning in the first quarter of 2013, Keyera excludes unrealized gains/losses from commodity-related risk management contracts in the calculation of EBITDA. These non-cash gains/losses have been excluded because management believes it provides a better reflection of the financial performance of the business in the current period. The comparative amount has been adjusted to reflect this change. EBITDA is defined as earnings (excluding unrealized gains/losses) before interest, taxes, depreciation, amortization, accretion, impairment expenses and any other non-cash items such as gains/losses on the disposal of property, plant and equipment. EBITDA is not a standard measure under GAAP. See section titled "EBITDA" for a reconciliation of EBITDA to its most closely related GAAP measure.

[3] Distributable cash flow is not a standard measure under GAAP. See the section titled, "Dividends: Distributable Cash Flow", for a reconciliation of distributable cash flow to its most closely related GAAP measure.

Net Earnings

For the first quarter of 2013, net earnings were $23.4 million, $10.4 million lower than the same period in 2012. Significantly higher operating margin in the first quarter of 2013 was more than offset by the following:

- Long-term incentive plan expense of $8.3 million in the first quarter of 2013, compared to a recovery of $4.2 million in the same period of 2012. The significant increase in the long-term incentive plan expense was due to an increase in Keyera's share price in the first quarter of 2013 relative to the end of 2012.

- A net non-cash foreign currency loss of $7.7 million in the first quarter of 2013 compared to a non-cash foreign currency gain of $2.1 million in the same period of 2012. A weaker Canadian dollar at March 31, 2013 relative to the end of 2012 resulted in a net foreign currency loss from the translation of U.S. dollar denominated debt into Canadian dollars.

- Higher depreciation charges in the first quarter of 2013, primarily due to two factors: i) an increase in Keyera's asset base resulting from significant acquisitions and capital expenditures throughout 2012, including AEF, and ii) amortization of the turnaround completed at AEF in the second half of 2012.

The section of this MD&A titled, "Non-Operating Expenses and Other Income" provides more information related to these charges.

Operating Margin

Operating margin in the first quarter of 2013 was $94.0 million, $14.9 million higher than the same period in 2012. This increase was largely due to significantly higher operating margin from the Marketing segment. Operating margin from the Marketing segment was $23.9 million in the first quarter of 2013, $11.3 million higher than the same period last year. A $3.5 million loss relating to adjustments associated with the voidance of a propane cavern and $19.5 million of non-cash losses relating to risk management contracts were included in the first quarter 2013 results. Excluding the effect of unrealized, non-cash gains and losses from risk management contracts in the first quarters of 2013 and 2012, operating margin from the Marketing segment was approximately $46.9 million higher in 2013. This performance was largely due to more normal winter conditions and an effective hedging strategy that led to solid propane margins, higher gasoline prices that resulted in strong iso-octane margins and robust demand and strong market conditions for butane, condensate and crude oil midstream activities in the first quarter of 2013. Operating margin from the Marketing segment was unusually low in the first quarter of 2012 due to losses incurred on the sale of propane during that period.

The financial performance from Keyera's fee-for-service segments continued to perform well in the first quarter of 2013 largely driven by growing demand for fractionation and storage services, demand for off-loading services at ADT and continued producer activity around many of Keyera's core gas plants, including the Rimbey and Minnehik Buck Lake facilities.

Cash Flow Metrics

Cash flow from operating activities in the first quarter of 2013 was $31.3 million higher than the same period of 2012. The increase in cash was primarily due to significantly higher cash flow provided by the Marketing segment in 2013 compared to the prior year. Cash flow from the Marketing segment was unusually low in the first quarter of 2012 due to losses incurred on the sale of propane and higher than normal propane inventories at the end of March 2012.

Keyera posted strong distributable cash flow in the first quarter of 2013 driven by the financial performance of all operating segments. Distributable cash flow for the three months ended March 31, 2013 was $83.3 million, $36.1

million or 76% higher than the same period last year. The substantially higher distributable cash flow in 2013 was primarily due to the stronger financial results posted by the Marketing segment relative to last year.

SEGMENTED RESULTS OF OPERATIONS

Keyera is organized into two integrated businesses: the Gathering and Processing and the Liquids Business Unit. The Liquids Business Unit consists of the NGL Infrastructure and Marketing segments. A complete description of Keyera's businesses by segment can be found in Keyera's Annual Information Form, which is available at www.sedar.com.

The discussion of the results of operations for each of the operating segments focuses on operating margin. Operating margin refers to operating revenues less operating expenses and does not include the elimination of inter-segment transactions. Management believes operating margin provides an accurate portrayal of operating profitability by segment. Keyera's Gathering and Processing and NGL Infrastructure segments charge Keyera's Marketing segment for the use of facilities at market rates. These segment measures of profitability for the three months ended March 31, 2013 and 2012 are reported in note 18, Segment Information, of the accompanying financial statements.

Gathering and Processing

Keyera has interests in 16 gas plants in western Canada, of which it operates 15, making it one of the largest gas processors in Alberta. The Gathering and Processing segment includes raw gas gathering systems and processing plants strategically located in the natural gas production areas on the western side of the Western Canada Sedimentary Basin ("WCSB"). Several of the gas plants are interconnected by raw gas gathering pipelines, allowing raw gas to be directed to the gas plant best suited to process the gas. Keyera's facilities and gathering systems collectively constitute a network that is well positioned to serve drilling and production activity in the WCSB.

Operating margin for the Gathering and Processing segment was as follows:

Operating Margin and Throughput Information (Thousands of Canadian dollars)	**Three months ended March 31,** **2013**	 2012
Revenue including inter-segment transactions	**78,048**	**81,456**
Operating expenses	**(38,147)**	**(42,444)**
Operating margin	**39,901**	**39,012**
Gross processing throughput (MMcf/d)	**1,237**	1,227
Net processing throughput[1] (MMcf/d)	**980**	966

Note:
1 Net processing throughput refers to Keyera's share of raw gas processed at its processing facilities.

Operating Margin and Revenues

Operating margin for the three months ended March 31, 2013 was $39.9 million, $0.9 million higher than the first quarter in 2012. The higher operating margin was primarily due to the following factors:

- higher ownership interest and higher throughput at the Minnehik Buck Lake facility; and
- higher revenues at the Nevis gas plant relating to the recovery of costs associated with maintenance work completed on the sulphur plant in 2012. These costs were capitalized in 2012 but are recoverable as operating fee revenue over a period of time.

These positive factors were partly offset by lower operating margin at the Simonette gas plant resulting from lower volumes in the first quarter of 2013 as the plant was required to curtail inlet volumes, due to difficulties it had experienced meeting the licensed sulphur recovery levels in prior quarters. Keyera completed modifications to the sulphur plant in March which have improved plant operations, including sulphur recovery. The plant was off-line for most of March for these repairs which further contributed to lower volumes in the first quarter of 2013. The required curtailment period will be completed as of May 9, at which time Keyera is anticipating that throughput will increase.

Gathering and Processing revenues for the first quarter of 2013 were $78.0 million, $3.4 million lower than the same period in 2012. The lower revenues were largely due to lower throughput at the Simonette facility, as well as lower revenues at the Rimbey gas plant. The lower revenues at the Rimbey gas plant were substantially offset by lower operating expenses and therefore did not have an impact on operating margin in the quarter.

Gathering and Processing Activity

Over the past several years, the Gathering and Processing segment has continued to focus on the following key strategies:

- improving NGL recoveries and controlling costs at its facilities in order to provide higher net-backs to producers in this low natural gas price environment;
- expanding its gathering pipeline infrastructure in order to capture new gas drilling and promote volume growth at its key facilities; and
- utilizing plant inter-connectivity whenever possible to mitigate the effects of operational disruptions to its customers.

Producer activity continued around several of Keyera's core gas plants in the first quarter of 2013. Overall, gross processing throughput in the first quarter of 2013 was 1,237 million cubic feet per day, 1% higher than the same period in 2012. Throughput was higher in 2013 despite significantly lower volumes at the Simonette gas plant resulting from i) the sulphur plant outage in March and ii) the curtailment of inlet volumes during the quarter. Throughput at the Rimbey, Minnehik Buck Lake, Strachan, Brazeau River and Nordegg River facilities were particularly strong, as producers continued to target liquids-rich gas reservoirs. Throughput at the Caribou gas plant was approximately 54% higher in the first quarter of 2013 relative to the same period in 2012 primarily as a result of drilling activity from the Progress Energy and Petronas joint venture.

At the Strachan gas plant, maintenance and repair work was completed on an inlet compressor resulting in slightly lower volumes during the first quarter of 2013 relative to the same period last year. During this time, some volumes were diverted to the Brazeau River and Nordegg River facilities for processing, which mitigated most of the effect of the outages. The majority of the costs associated with this maintenance work will be recovered from producers through the flow-through operating fees over varying periods.

Keyera continued to advance the 400 million cubic feet per day turbo expander at the Rimbey gas plant during the first quarter. The turbo expander is designed to extract up to 20,000 barrels per day of ethane, which will be sold to a large consumer in Alberta under a long-term sales agreement. A long-term, fee-for-service processing agreement underpins supply. Based on current plans, and subject to regulatory approvals, the construction phase of the plant expansion is scheduled to be complete in late 2014.

Given the level of activity in the geological zones around the Rimbey gas plant, Keyera is currently in discussions with other producers interested in contracting processing capacity at the facility. Keyera is also working with producers to determine interest in the construction of a gathering pipeline to deliver liquids-rich gas to the Rimbey gas plant.

In February, Keyera announced that it had entered into a joint venture arrangement with Sulvaris Inc. to pursue the construction of a sulphur handling fertilizer production facility at the Strachan gas plant site. Under the terms of the agreement, the facility would be operated as a 50/50 joint venture with Keyera as the operator. Keyera would also supply services to the joint venture on a fee-for-service basis. Sulvaris would acquire the fertilizer produced at the facility from the joint venture for its fertilizer business. A final investment decision by Keyera and Sulvaris is expected later this year.

In May, Keyera completed the purchase of a 12-inch raw gas pipeline from a producer extending to the west of the Minnehik Buck Lake gas plant for a total cost of $10 million. In connection with the purchase of this pipeline, three producers have agreed to deliver their raw gas to the Minnehik Buck Lake facility for processing. Producers began delivering gas to the plant on this pipeline in April. This transaction follows a similar purchase, in the fourth quarter of 2012, of a new gathering pipeline connected to the Strachan North Pipeline.

Keyera recently announced $210 million of capital projects at the Simonette gas plant. To extend the capture area of the plant, Keyera will construct the Wapiti pipeline, a 90-kilometre, 12-inch sour gas pipeline from the Wapiti region of northwest Alberta to Simonette. The Wapiti pipeline is underpinned by a long-term, fee-for-service natural gas gathering and processing agreement with NuVista Energy Ltd. ("NuVista"). In addition, NuVista has entered into a separate long-term agreement with Keyera to secure NGL fractionation and marketing services for its NGLs extracted at the plant. The total cost of the Wapiti pipeline is estimated at $120 million. The pipeline is expected to be in service in the second quarter of 2014, assuming receipt of regulatory approvals and delivery of long lead items on a timely basis.

To enhance the processing capabilities of the Simonette gas plant, Keyera is also planning modifications to expand capacity and increase condensate handling capability. These modifications include the addition of refrigeration to increase the raw gas handling capacity and the construction of condensate stabilization facilities to handle growing volumes of condensate. These facilities will enable Simonette to process an additional 100 million cubic feet per day of raw natural gas and to process 5,000 barrels per day of condensate. The total cost of these modifications is anticipated to be approximately $90 million. Subject to timely receipt of all required regulatory approvals, work is expected to be complete in the second half of 2014.

Scheduled maintenance turnarounds are planned in June at the Paddle River and Pembina North gas plants. The plant outages will be approximately one and two weeks respectively. In September, a turnaround at the Simonette gas plant is scheduled for two weeks. The estimated cost of turnarounds to be completed in the second quarter is approximately $5 million and the estimated cost for the turnaround at Simonette is approximately $9 million. The cost of the turnarounds to be completed in 2013 is recoverable through higher operating fee revenue over a period of four years.

Under GAAP, the costs associated with the maintenance turnarounds are capitalized and do not have an effect on operating expenses. However, as many of Keyera's facilities follow a flow-through operating cost structure, the cost of turnarounds will be recovered through higher operating fee revenue. Keyera expects to recover the majority of turnaround costs over varying periods depending on the fee arrangement at each plant. Distributable cash flow is reduced by the cost of the turnarounds, as these costs are included in maintenance capital expenditures.

NGL Infrastructure

The NGL Infrastructure segment provides gathering, fractionation, storage, transportation and terminalling services for NGLs and crude oil and produces iso-octane. These services are provided to customers through an extensive network of facilities, including the following assets:

- underground NGL storage caverns;
- NGL fractionation facilities;
- NGL and crude oil pipelines; and
- pipeline, rail and truck terminals.

In 2012, Keyera added the AEF facility to its infrastructure complement, with the capacity to produce up to 13,600 barrels per day of iso-octane. Iso-octane is a low vapour pressure, high octane gasoline blending component. AEF uses butane as the primary feedstock to produce iso-octane. As a result, AEF's business creates positive synergies with Keyera's Marketing business, which purchases, handles, and sells large volumes of butane.

Most of Keyera's NGL Infrastructure assets are located in, or connected to, the Edmonton/Fort Saskatchewan area in Alberta, one of four key energy hubs in North America. A significant portion of the NGL production from Alberta raw gas processing plants is delivered into the Edmonton/Fort Saskatchewan area via several NGL gathering systems for fractionation into specification products and delivery to market. Keyera's underground storage caverns at Fort Saskatchewan are used to store NGL mix and specification products. For example, propane can be stored in the summer months in order to meet winter demand; condensate can be stored to meet the diluent supply needs of the oil sands sector; and butane can be stored to meet the needs for blending and feedstock needs for the production of iso-octane. These assets also support Keyera's Marketing segment, providing the ability to source, transport, process, store and deliver products across North America. A portion of the revenues earned by this segment relates to services provided to Keyera's Marketing segment. All of the revenues associated with the AEF facility relate to processing services provided to the Marketing segment for the production of iso-octane.

Operating margin for the NGL Infrastructure segment was as follows:

Operating Margin (Thousands of Canadian dollars)	**Three months ended March 31,** **2013**	 2012
Revenue including inter-segment transactions	**49,820**	45,228
Operating expenses	**(21,653)**	(19,148)
Unrealized gain (loss) on electricity and natural gas contracts	**846**	(67)
Total operating expenses	**(20,807)**	(19,215)
Operating margin	**29,013**	26,013

Operating margin from the NGL Infrastructure segment increased by $3.0 million in the first quarter of 2013 compared to the same period in 2012. This increase was largely due to the following factors:

- higher operating margins at ADT resulting from an increase in offloading and handling services;
- incremental margins from the diluent handling agreement with Imperial Oil that began on July 1, 2012; and
- an unrealized gain of $0.8 million on risk management contracts in the first quarter of 2013 compared to an unrealized loss of $0.1 million in 2012.

The strong financial performance of the NGL Infrastructure segment in the first quarter of 2013 was largely driven by continued demand for NGL storage and growth in demand for NGL fractionation services at Keyera's Fort Saskatchewan facility as well as operating margin of $4.5 million relating to services provided to Keyera's Marketing business for the production of iso-octane at AEF. The section of this MD&A titled "Marketing" below, provides additional information on iso-octane margins.

NGL Infrastructure revenues in the first quarter of 2013 were $4.6 million higher than the same period last year, largely due to the same factors that contributed to higher operating margin.

NGL Infrastructure Activity

Over the past several years, the NGL Infrastructure segment has continued to focus on the following key strategies:

- pursue internal projects that enhance and strengthen its condensate handling infrastructure in the Edmonton/Fort Saskatchewan energy hub in order to provide a range of services and flexibility needed by oil sands producers;
- focus on internal infrastructure projects that enable its customers to access high-value markets for their propane, butane and condensate production. The Edmonton/Fort Saskatchewan area is where the majority of Canada's NGL production is aggregated for fractionation and subsequent delivery to end-use customers; and
- pursue acquisitions and projects that enhance the logistics associated with the movement of propane, butane and condensate in order to access high value markets in the U.S. and Canada.

Growth in demand for fractionation services continued in the first quarter of 2013. Fractionation revenues are expected to remain strong for the remainder of 2013 given the demand for these services. As a result, Keyera continues to evaluate an expansion of its NGL fractionation facilities in Fort Saskatchewan to provide additional NGL fractionation capacity for the growing volumes of NGLs produced in western Canada.

The AEF facility continued to operate as expected in the first quarter of 2013. The facility is operated by Keyera's NGL Infrastructure business and provides processing services to the Marketing segment on a fee-for-service basis. Operating margins for the sale of iso-octane are reported in the Marketing segment. Keyera completed modifications to its rail rack at the Edmonton Terminal to enable loading of iso-octane onto rail cars. This rail loading facility was operational in December 2012 and delivery of volumes of iso-octane to customers by rail continued throughout the first quarter. Keyera anticipates increasing rail deliveries over time once additional customers have completed modifications to their facilities to enable them to receive the product by rail.

In the first quarter, Keyera successfully completed the mechanical integrity testing of its twelfth storage cavern at Fort Saskatchewan. This was the final step in the development of this cavern and, upon receipt of regulatory approval, Keyera expects the cavern to be in service by mid-2013. In order to meet long-term storage demand, Keyera began developing a thirteenth underground storage cavern at Fort Saskatchewan last year and washing of the cavern is currently underway. Based on Keyera's experience, the development of an underground storage cavern typically takes two and a half years. Construction of a new brine pond to support the new storage caverns is expected to be complete in the second half of 2013, assuming construction progresses as planned.

Detailed engineering work is currently underway on Keyera's 30,000 barrel per day de-ethanizer project at its NGL fractionation and storage facility in Fort Saskatchewan. The de-ethanizer will allow Keyera to process an ethane-rich stream of NGLs (referred to as C2+ mix), create specification ethane for delivery to petrochemical producers in Alberta and deliver a propane-rich stream of NGLs to the existing fractionation facility on site. Keyera has entered into a long-term, fee-for-service agreement with a large producer in the Deep Basin area of

west central Alberta to underpin the project. Keyera is currently in discussions with other producers interested in contracting for the remaining de-ethanization capacity. This project is expected to be complete in the second half of 2014 assuming that regulatory approvals are granted on a timely basis and there are no significant construction delays.

Construction continued on the first phase of the South Cheecham rail and truck terminal in the first quarter of 2013. Assuming construction continues as planned, the terminal is expected to be operational in the second half of this year. Underpinning the construction of this first phase, is a minimum four-year fee-for-service agreement with Statoil for diluent and dilbit terminalling services. Keyera continues to be in discussion with several oil sands producers interested in securing the remaining first phase capacity and to underpin potential future expansions.

Preparation for the refurbishment of the rail and truck terminal located in Hull, Texas continued in the first quarter. The terminal is being refurbished to enable it to return to service and is expected to be operational by the end of 2013, assuming no significant delays. The terminal is initially expected to be used to receive propane, butane, iso-butane and NGL mix for delivery into North American markets.

In April, Keyera and Plains Midstream Canada ULC ("Plains") announced an arrangement to solicit interest in the construction of a jointly-owned liquids pipeline system in northwest Alberta. The proposed pipeline system, to be called the Western Reach Pipeline System, is anticipated to run from the Gordondale area of northwestern Alberta to Alberta's NGL energy hub in Fort Saskatchewan. Keyera and Plains have begun an open season process seeking non-binding nominations for volumes to underpin construction.

Based on current plans, it is anticipated that the Western Reach Pipeline would consist of two new-build pipelines, with one dedicated to NGL mix and the other intended for segregated condensate service. The Western Reach Pipeline, expected to be approximately 570 kilometres in length, will travel through the Deep Basin area of Alberta, which contains some of the most prospective liquids-rich geological horizons being developed in western Canada today, including the Montney and Duvernay zones. Customers on the Western Reach Pipeline will have the option to direct their NGL mix and segregated condensate to a variety of fractionation, storage, pipeline and terminal facilities at the Fort Saskatchewan energy hub.

If construction of the Western Reach Pipeline System proceeds, Keyera and Plains would each have a 50% ownership interest and Plains will be responsible for constructing and operating the system. Based on current plans, it is anticipated that the Western Reach Pipeline could be operational as early as the end of 2015, assuming timely completion of the open season and regulatory processes. The capital cost will be determined once volumes have been confirmed and the engineering design has been completed.

Marketing

The Marketing segment is focused on the distribution and sale of products associated with Keyera's facilities, including NGLs, crude oil, iso-octane and sulphur. Keyera markets products acquired through processing arrangements, term supply agreements and other purchase transactions. Most NGL volumes are purchased under one-year supply contracts. In addition, Keyera has a long-term supply arrangement with a major producer that provides a portion of its NGL supply. Keyera may also source additional condensate or butane when market conditions and associated sales contracts are favourable. When this occurs, these products may be delivered in current or future periods and may be held in storage until sold or consumed.

Keyera negotiates sales contracts with customers in Canada and the U.S. based on the volumes it has contracted to purchase. In the case of condensate sales, the majority of the product is sold to customers in Alberta shortly after it

is purchased. Butane is used as the primary feedstock in the production of iso-octane at Keyera's AEF facility and therefore a significant portion of the contracted butane supply is retained for Keyera's own use, and the balance is generally sold into the Alberta market shortly after it is purchased.

Propane markets, in contrast, are more seasonal and geographically diverse. Keyera sells propane in various North American markets, often where the only option for delivery is via rail car or truck. Keyera is well positioned to serve these markets due to its extensive infrastructure and rail logistics expertise. Further, because demand for propane is historically significantly higher in the winter, Keyera can utilize its NGL storage facilities to build an inventory of propane during the summer months when prices are typically lower in order to fulfill winter term sales commitments.

Keyera manages its NGL supply and sales portfolio by monitoring its inventory position and purchase and sale commitments. Nevertheless, the Marketing business is exposed to commodity price fluctuations arising between the time contracted volumes are purchased and the time they are sold, and pricing differentials between different geographic locations. These risks are managed by purchasing and selling product at prices based on similar indices or benchmarks, and through physical and financial contracts that include energy related forward contracts, price swaps and forward currency contracts. A more detailed description of the risks associated with the Marketing segment is available in Keyera's Annual Information Form, which is available at www.sedar.com.

In 2012, Keyera began marketing iso-octane. The primary markets for iso-octane are refiners in California, British Columbia and Alberta. More recently, with the addition of rail loading capabilities, Keyera has also started selling iso-octane to customers on the Gulf Coast. Plant production volumes can be managed to correspond with contracted and spot sales opportunities. However, iso-octane inventory may fluctuate depending on market conditions and apportionment issues on the Kinder Morgan Trans Mountain pipeline system, which is a key link for transporting iso-octane to west coast markets where the primary customers are located. Demand for iso-octane is seasonal with higher demand in the summer months. Not all risks can be completely hedged and therefore there can be significant variability in iso-octane margins. As with Keyera's other marketing activities, there are strategies available to try to mitigate the risks associated with the commodity exposure, including the use of financial contracts. The section of this MD&A titled, "Risk Management" provides more information on the risks associated with the sale of iso-octane and Keyera's related hedging strategy.

Overall, the integration of Keyera's business lines means that its Marketing segment can draw on the resources available through its two facilities segments (NGL Infrastructure and Gathering and Processing), including access to NGL supply and key fractionation, storage and transportation infrastructure and logistics expertise.

Operating margin for the Marketing segment was as follows:

Operating Margin and Sales Volume Information	**Three months ended March 31,**	
(Thousands of Canadian dollars)	**2013**	2012
Revenue	**697,538**	701,598
Operating expenses including inter-segment transactions	**(673,614)**	(688,932)
Operating margin	**23,924**	12,666
Sales volumes (bbl/d)	**116,800**	99,000

Composition of Marketing Revenue	**Three months ended March 31,**	
(Thousands of Canadian dollars)	**2013**	2012
Physical sales	**721,567**	704,487
Realized cash loss on financial contracts[1]	**(4,573)**	(19,119)
Unrealized (loss) gain due to reversal of financial contracts existing at end of prior period	**(10,564)**	20,997
Unrealized loss due to fair value of financial contracts existing at end of current period	**(10,460)**	(5,584)
Unrealized gain due to reversal of fixed price physical contracts existing at end of prior period [2]	**1,525**	339
Unrealized gain due to fair value of fixed price physical contracts existing at end of current period [2]	**43**	478
Total unrealized (loss) gain on risk management contracts	**(19,456)**	16,230
Total loss on risk management contracts	**(24,029)**	(2,889)
Total marketing revenue	**697,538**	701,598

Notes:

1 Realized cash gains and losses represent actual cash settlements or receipts under the respective contracts.

2 Unrealized gains and losses represent the change in fair value of fixed price physical contracts that meet the GAAP definition of a derivative instrument.

Revenue and Operating Margin

For the three months ended March 31, 2013, product sales volumes averaged 116,800 barrels per day, 18% higher than the same period last year. Revenue from physical sales was $17.1 million higher in the first quarter of 2013 compared to the same period in 2012. The increase in sales volumes and total revenue was largely due to higher propane and iso-octane sales volumes and prices in 2013 compared to the first quarter of 2012. Propane sales were higher in 2013 due to a return to more normal winter demand levels compared to the unusually warm winter in 2012. Revenue from the sale of iso-octane was higher in 2013 due to recording a full quarter of operations as the facility was purchased on January 19, 2012, as well as incremental rail-based sales earned in 2013.

The Marketing segment posted strong operating results in the first quarter of 2013. Operating margin was $23.9 million in the first quarter of 2013, $11.3 million higher than the same period in 2012. Operating margin in 2013 included a $3.5 million loss relating to an adjustment associated with the voidance of a propane cavern and $19.5 million of unrealized, non-cash losses relating to risk management contracts. Excluding the effect of unrealized gains/losses from risk management contracts in both periods, operating margin was $46.9 million higher in the first quarter of 2013 compared to the same period in 2012. This strong performance was largely due to the following factors:

- normal winter conditions in 2013 and an effective risk management program that resulted in solid propane margins;
- strong iso-octane margins resulting from the combination of higher gasoline prices and incremental sales made to the Gulf Coast by rail; and
- robust demand and pricing for condensate in the first quarter of 2013.

The financial performance of the Marketing segment in the first quarter of 2012 was unusually low due to physical and financial losses incurred on the sale of propane. An abnormally warm winter in 2012 resulted in weak demand, high North American inventory levels and low prices for propane.

Market Overview

As a result of a normal winter heating demand season (October 2012 through March 2013), propane demand and prices were stronger than in the previous winter, and U.S. propane inventory levels ended the heating season close to the five year average. Operating margin from the sale of propane was strong in the fourth quarter of 2012 and first quarter of 2013 as a result of lower inventory costs, typical winter demand and an effective risk management strategy.

In order to protect the value of its propane inventory for the 2012/2013 demand season, Keyera entered into propane financial contracts, as well as fixed price physical forward contracts. These contracts were effective in mitigating the effect of low propane prices during the peak demand season. For the upcoming contract year, Keyera has adopted a similar strategy for protecting the value of its propane inventory. As propane markets evolve, Keyera will continue to monitor and adjust its hedging strategy. More information on Keyera's hedging strategy can be found in the section below titled "Risk Management".

Butane continued to be a significant contributor to Marketing results in the first quarter of 2013 as a result of maintaining a balanced sales strategy and an effective risk management program. Keyera stores butane in order to effectively manage supply requirements, including the feedstock necessary for the production of iso-octane at AEF. Butane prices and demand were strong at the beginning of the first quarter, driven by the seasonal demand for gasoline blending. Prices softened toward the end of the quarter and are expected to remain soft in the second quarter of 2013. As butane is the primary feedstock used in the production of iso-octane, lower butane prices benefit Keyera's iso-octane business at AEF. Keyera is able to utilize its rail cars, terminals, pipelines and storage to manage butane supply for both its internal uses and the external markets it supplies.

Diluent demand continued to increase in Alberta in the first quarter, resulting in higher condensate imports into Keyera's facilities. Demand and pricing for condensate was strong in January and February and then softened in March 2013. Keyera expects to continue its balanced sales strategy, aligning sales with supply arrangements, including future purchase commitments for condensate, thereby minimizing commodity price risk. As previously announced oil sands projects come on-stream, the growing bitumen production is expected to generate increasing demand for condensate for use as a diluent.

Iso-octane margins in the first quarter of 2013 were strong due to higher gasoline prices and demand that was largely influenced by scheduled maintenance outages of refineries in the U.S. Demand for iso-octane is typically higher in the second and third quarters as a result of an increase in gasoline demand.

As a result of production limitations caused by apportionment issues on the Trans Mountain Pipeline, currently the only transportation link to Keyera's largest customers on the west coast, Keyera completed modifications in

December 2012 to its rail rack at the Edmonton Terminal. These modifications enable loading of iso-octane onto rail cars to reach domestic and export markets. These incremental sales were reflected in the first quarter 2013 financial results. The ability to rail product has the potential to mitigate the effect of apportionment on the Trans Mountain pipeline and provides access to additional markets for incremental sales.

Keyera's marketing strategy for iso-octane for the remainder of the year will continue to focus on the following:

- evaluate and develop various market, transportation and logistics alternatives to increase sales volumes and reduce reliance on the Trans Mountain Pipeline;
- utilize Keyera's storage infrastructure in order to build butane feedstock when prices are low in order to maximize margins; and
- utilize financial contracts to hedge a portion of the butane feedstock supply and iso-octane sales volumes to mitigate the impact of fluctuations in commodity prices on operating margins. The section titled, "Risk Management" below provides more information on Keyera's hedging strategy for iso-octane.

Crude oil midstream activities continued to perform well in the first quarter of 2013, making significant contributions to operating margin.

Risk Management

When possible, Keyera uses hedging strategies to mitigate risk in its Marketing business. When it holds NGL inventory, Keyera typically uses physical and financial forward contracts to protect the inventory from fluctuations in commodity prices. For propane in particular, the contracts are generally put in place as inventory builds and settled when products are expected to be withdrawn from inventory and sold. In general, the increase or decrease in the fair value of the financial contracts is intended to mitigate fluctuations in the value of the inventories and protect operating margin.

With the NGL contract year beginning on April 1, 2012 and continuing through the first quarter of 2013, Keyera used propane physical and financial forward contracts to hedge its propane inventory. Keyera has adopted a similar hedging strategy for the 2013/2014 contract year. However, the ability to enter into propane contracts may not be as liquid as other financial contracts, such as crude oil, and the financial contracts may have a geographical basis risk, depending on contract terms. In the first quarter of 2013, the propane financial and physical contracts provided a realized gain of approximately $4 million. As propane markets evolve, Keyera will continue to monitor and adjust its hedging strategy to protect the value of its inventory.

As a result of acquiring AEF, Keyera may hold higher levels of butane inventory in order to meet the operational requirements of the facility. For condensate, most of the product that is purchased is sold within a month. The sales contracts for both butane and condensate are typically priced against West Texas Intermediate crude oil ("WTI") and the supply cost is typically based on a hub posted or index price. In order to align the pricing terms of physical supply with the terms of contracted sales and to protect the value of the inventory, the following hedging strategies may be utilized for butane and condensate:

- Keyera may enter into financial contracts to lock in the supply price at a specified percentage of WTI, as the sales contracts are also generally priced against WTI. When butane or condensate is physically purchased, the financial contract is settled and a realized gain or loss is recorded to the income statement.

- Once the product is in inventory, WTI financial forward contracts may be used to protect the value of the inventory.

Within these hedging strategies, there may be differences in timing between when the financial contracts are settled and when the products are sold from inventory. There may also be basis risk between the prices of crude oil and the NGL products and therefore the financial contracts may not fully offset future butane and condensate price movements.

Keyera's hedging objective for iso-octane is to mitigate the effect of iso-octane price fluctuations on its future operating margins. The sales price for iso-octane is largely based upon the price of California gasoline or California Reformulated Blendstock for Oxygen Blending ("CARBOB"). CARBOB prices are strongly related to the price of motor gasoline or Reformulated Blendstock for Oxygen Blending ("RBOB"). RBOB is the highest volume refined product sold in the United States and has the most liquid forward financial contracts. Accordingly, Keyera expects to continue to utilize RBOB financial contracts to hedge a portion of its iso-octane sales. However, there is basis risk between the prices for RBOB and CARBOB that may result in volatility in sales prices. To a lesser extent, Keyera may also utilize CARBOB financial contracts.

The fair value of outstanding financial contracts as at March 31, 2013, resulted in an unrealized (non-cash) loss of $10.5 million that includes the following significant items:

- an $8.6 million non-cash loss relating to butane and condensate supply and inventory risk management contracts;
- a $2.3 million non-cash loss relating to iso-octane risk management contracts; and
- a $0.4 million non-cash gain relating to foreign currency financial contracts.

Fixed priced physical contracts are also marked-to-market at the end of each period. The fair value of outstanding fixed price physical contracts as at March 31, 2013, was virtually nil.

The fair value of financial and fixed price physical contracts will vary as these contracts are marked-to-market at the end of each period. A summary of the financial contracts existing at March 31, 2013, and the sensitivity to earnings resulting from changes in commodity prices, can be found in note 14, Financial Instruments and Risk Management, of the accompanying financial statements.

For the three months ended March 31, 2013, the total loss on risk management contracts was $24.0 million. The significant components that derive the total loss on risk management contracts are detailed in the Composition of Marketing Revenue table included above.

NON-OPERATING EXPENSES AND OTHER INCOME

Non-Operating Expenses and Other Income	**Three months ended March 31,**	
(Thousands of Canadian dollars)	**2013**	2012
Other income (operating margin)	**1,193**	1,396
General and administrative expenses (net of overhead recoveries on operated facilities)	**(6,531)**	(8,638)
Finance costs	**(11,908)**	(11,682)
Depreciation and amortization expense	**(24,794)**	(19,666)
Net foreign currency (loss) gain on U.S. debt	**(7,675)**	2,057
Long-term incentive plan (expense) recovery	**(8,262)**	4,182
Impairment expense	**(577)**	-
Tax expense	**(10,839)**	(11,470)

Other Income

Beginning in 2010, Keyera has acquired natural gas and NGL reserves as part of the acquisition of ownership interests in the Minnehik Buck Lake and West Pembina facilities. Keyera reports earnings from the production associated with these reserves as other income.

The amounts presented are shown net of royalties and operating expenses. Other income generated in the first quarter of 2013 was $1.2 million, $0.2 million lower than the same period in 2012. Production for the three months ended March 31, 2013, averaged 1,041 barrels of oil equivalent per day compared to 802 barrels of oil equivalent per day of production in the first quarter of 2012. The increase in production partially reflects the acquisition of additional ownership interests in the Minnehik Buck Lake facility.

The reserves and production are not material to Keyera's business and do not have a material effect on its financial results. The acquisition of these reserves was ancillary to the purchase of the facility interests and this income stream is not part of Keyera's core business.

General and Administrative Expenses

General and administrative ("G&A") expenses decreased by $2.1 million in the first quarter of 2013 compared to the same period in 2012. G&A expenses were unusually high in the first quarter of 2012 due to a realized cash loss of $1.8 million on a foreign currency financial contract. This financial contract was entered into in order to mitigate some of the foreign currency exposure relating to the funding of the AEF acquisition, which was denominated in U.S. dollars.

Finance Costs (including accretion)

Finance costs were $11.9 million for the three months ended March 31, 2013, $0.2 million higher than the same period in 2012. Total interest charges were $0.7 million higher in the first quarter of 2013 compared to the same period in 2012 due to higher long-term debt balances. In the first and second quarters of 2012, Keyera issued equity and long-term debt in order to reduce the outstanding borrowings on its credit facility. The section titled, "Liquidity and Capital Resources, Equity Financing", provides more information related to the equity and long-term debt financing that was completed in the first half of 2012.

Depreciation and Amortization

Depreciation and amortization expenses were $24.8 million for the three months ended March 31, 2013, compared to $19.7 million in the same period of 2012. The increase in depreciation expense was largely due to the following:

- increase in Keyera's asset base resulting from significant capital expenditures in 2012 including the acquisition of AEF in early 2012, the acquisition of additional ownership interests in several Keyera operated facilities and several internal growth projects;

- completion of a major turnaround at the AEF facility in the second half of 2012 that is amortized over a period of four years; and

- higher depletion expense associated with additional ownership interests in the Minnehik Buck Lake and West Pembina reserves.

Net Foreign Currency (Loss) Gain on U.S. Debt

The net foreign currency (loss) gain associated with the U.S. debt were as follows:

	Three months ended March 31,	
	2013	2012
(Thousands of Canadian dollars)	**$**	$
Net foreign currency (loss) gain resulting from:		
Translation of US$299 million long-term debt (2012 – US$168 million)	**(6,189)**	3,007
Translation of accrued interest payable	**(108)**	39
Change in fair value of the cross currency swap – principal and interest portion	**(857)**	(305)
Loss on cross currency swap – interest portion[1]	**(521)**	(684)
Net foreign currency (loss) gain on U.S. debt	**(7,675)**	2,057

Note:
[1] A foreign currency loss resulted from the exchange of currencies relating to the interest payments made in March 2013 and 2012.

A net foreign currency loss of $7.7 million was recorded for the three months ended March 31, 2013, primarily due to the translation of U.S. denominated debt into Canadian dollars. The translation of US$299 million of long-term debt into Canadian dollars resulted in a $6.2 million unrealized loss as the Canadian dollar weakened in relation to the U.S. dollar at the end of March 2013 relative to the end of 2012.

The cross currency agreements are accounted for as derivative instruments and are marked-to-market at the end of each period. The fair value of the cross currency swap agreements will fluctuate between periods due to changes in the forward curve for foreign exchange rates, as well as an adjustment to reflect credit risk. See note 14, Financial Instruments and Risk Management, to the accompanying financial statements for more information on the swap agreements.

Long-Term Incentive Plan Expense

The Long-Term Incentive Plan ("LTIP") expense was $8.3 million for the three months ended March 31, 2013 compared to a recovery of $4.2 million in the first quarter of 2012. The higher expense in 2013 was primarily due to an approximate 16% growth in Keyera's share price as at March 31, 2013 relative to the end of 2012. Keyera's share price decreased by approximately 18% in the first quarter of 2012, resulting in an LTIP recovery in that period.

Impairment Expense

Keyera reviews its assets for impairment on a quarterly basis. The carrying value of a terminal located in the U.S. was written off resulting in an impairment expense of $0.6 million in the first quarter of 2013.

Taxes

In general, as earnings before taxes increase, total tax expense (current and deferred taxes) will also be higher. If sufficient tax pools exist, current taxes will be reduced and deferred income taxes will increase as these tax pools are utilized or drawn down. Other factors that affect the calculation of deferred income taxes include future income tax rate changes and permanent differences (i.e. accounting income or expenses that will never be taxed or deductible for income tax purposes).

Deferred Income Taxes

For the three months ended March 31, 2013, a deferred income tax expense of $10.2 million was recorded compared to an expense of $10.9 million in the same period of 2012. The lower deferred income tax expense in the first quarter of 2013 was primarily due to: i) lower earnings before taxes and ii) a net foreign currency loss of $7.7 million recorded in the quarter. Substantially all of the net foreign currency loss is treated as capital for income tax purposes and only 50% of the loss would be deductible for tax purposes when the debt is extinguished. As a result of this permanent difference, the effective tax rate in the first quarter of 2013 was higher than the statutory income tax rate.

Current Income Taxes

Current income tax expense for the three months ended March 31, 2013 was $0.6 million, virtually unchanged from the same period in 2012. Current taxes for 2013 are not expected to be significant as Keyera has sufficient tax pools including non-capital losses that are available for minimizing taxable income.

CRITICAL ACCOUNTING ESTIMATES

In preparing Keyera's accompanying financial statements in accordance with GAAP, management has made appropriate decisions with respect to the formulation of estimates and assumptions that affect the recorded amounts of certain assets, liabilities, revenues and expenses. Keyera has hired qualified individuals who have the skills required to make such estimates. These estimates and assumptions are reviewed and compared to actual results as well as to budgets in order to make more informed decisions on future estimates. The methodologies and assumptions used in developing these estimates have not significantly changed since December 31, 2012. A description of the accounting estimates and the methodologies and assumptions underlying the estimates are described in the 2012 year end MD&A available at www.sedar.com. The most significant estimates include the following:

- the key economic assumptions used to determine the present value of future cash flows used in testing long-lived assets and goodwill for impairment;
- the estimated useful lives of assets and the resulting estimates for depreciation expense and the fair value of the decommissioning liabilities, also known as provisions;
- the decommissioning liabilities and associated accretion expense;
- the discount rate used to determine the present value of future cash flows used for testing the impairment of long-lived assets and goodwill;
- the discount rate used to calculate the present value of decommissioning liabilities;
- the amount and composition of deferred income tax assets and income tax liabilities, including the amount of unrecognized tax benefits;
- the allowance for doubtful accounts;
- the fair values of certain fixed price physical derivative instruments and financial contracts;
- the volumes for one month of purchases and sales for the Marketing segment;
- the volumes for one month of operating expenses and fees earned for the Gathering and Processing and NGL Infrastructure segments; and
- equalization adjustments under flow-through revenue arrangements.

Operating Revenues

Gathering and Processing and NGL Infrastructure:

At March 31, 2013, operating revenues and accounts receivable for the Gathering and Processing and NGL Infrastructure segments contained an estimate of $36.7 million primarily for March 2013 operations.

Marketing:

At March 31, 2013, the Marketing sales and accounts receivable contained an estimate for March 2013 revenues of $150.0 million.

Operating Expenses and Product Purchases

Gathering and Processing and NGL Infrastructure:

At March 31, 2013, operating expenses and accounts payable for the Gathering and Processing and NGL Infrastructure segments contained an estimate of $19.0 million primarily for March 2013 operations.

Marketing:

Marketing cost of goods sold, inventory and accounts payable contained an estimate of NGL product purchases of $127.9 million at March 31, 2013.

Equalization Adjustments

For the Gathering and Processing segment, an equalization adjustment of $16.5 million was included in revenue and accounts receivable at March 31, 2013. Operating expenses and accounts payable contained an equalization adjustment of $25.8 million.

Decommissioning Liability

Keyera will be responsible for compliance with all applicable laws and regulations regarding the decommissioning, abandonment and reclamation of its facilities at the end of their economic life. The determination of the estimate by management is based on Keyera's net ownership in facilities, estimated costs to abandon and reclaim the facilities and the estimated timing of the costs to be incurred in future periods.

Keyera has estimated the net present value of its total decommissioning liability to be approximately $366.1 million at March 31, 2013 compared to $365.4 million at December 31, 2012. The provisions are estimated to be settled between 2013 and 2040.

For more information on the critical accounting estimates refer to note 3 in the accompanying financial statements.

Derivative Financial Instruments

Keyera utilizes derivative financial instruments to manage its exposure to market risks relating to commodity prices and foreign currency exchange rates. Fair values of derivative contracts fluctuate depending on the underlying estimates of future commodity prices or foreign currency exchange rates. The estimated fair value of all derivative financial instruments are based on observable market data, including commodity price curves, foreign currency curves and credit spreads. Refer to note 14(a), Financial Instruments and Risk Management, of the accompanying financial statements for a summary of the fair value of derivative financial instruments existing at March 31, 2013.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is reviewed on a monthly basis. An assessment is made whether an account is deemed impaired based on the number of days outstanding and the likelihood of collection from the counter-party. The allowance for doubtful accounts was $3.4 million as at March 31, 2013.

LIQUIDITY AND CAPITAL RESOURCES

The following is a comparison of cash inflows (outflows) from operating, investing and financing activities for the three months ended March 31, 2013 and 2012:

Cash inflows (outflows)
(Thousands of Canadian dollars)

	Three months ended March 31, 2013	2012	Increase (decrease)	Explanation
Operating	**136,688**	105,413	31,275	Increase in cash was primarily due to significantly higher cash flow provided by the Marketing segment in 2013 compared to the prior year. Cash flow from the Marketing segment was unusually low in the first quarter of 2012 due to losses incurred on the sale of propane and higher than normal propane inventories at the end of March 2012.
Investing	**(54,659)**	(271,530)	216,871	Capital spending in 2013 related to several internal growth projects including the Rimbey turbo expander project, the de-ethanizer project at Fort Saskatchewan and the South Cheecham rail and truck terminal. Capital spending in 2012 primarily related to the acquisition of AEF and the acquisition of additional working interest in the Minnehik Buck Lake facility.
Financing	**(84,440)**	162,131	(246,571)	In 2013, cash generated from operating activities was used to reduce the balance of bank credit facilities by $55 million and fund capital expenditures in the quarter. In 2012, Keyera issued 4.7 million common shares for gross proceeds of $202.7 million. Proceeds from the issuance were used to repay short-term debt incurred to fund acquisitions, including AEF and incremental interests in several Keyera facilities.

Working capital requirements are strongly influenced by the amounts of inventory held in storage and their related commodity prices. Product inventories are required to meet seasonal demand patterns and will vary depending on the time of year. Typically, Keyera's inventory levels for propane are at their lowest after the winter season and reach their peak by the fourth quarter in order to meet the demand for propane in the winter season.

With the acquisition of AEF, higher levels of butane inventory are maintained, as butane is the primary feedstock used in the production of iso-octane. When market conditions enable Keyera to source additional butane at

favourable prices, butane may be held in storage for use in future periods. Inventory levels for iso-octane may fluctuate depending on market conditions, as demand is typically stronger in the second and third quarters resulting from higher gasoline demand. In addition, production limitations caused by apportionment issues on the Trans Mountain Pipeline may result in variations in iso-octane inventory from period to period.

A working capital surplus (current assets less current liabilities) of $93.9 million existed at March 31, 2013, compared to a surplus of $160.8 million at December 31, 2012.

Equity Financing

In the first quarter of 2012, Keyera issued 4,715,000 common shares at an issue price of $43.00 per share for gross total proceeds of approximately $202.7 million. Financing costs associated with the issuance of shares were approximately $8.2 million. Proceeds from the equity financing were used to repay Keyera's credit facility that was drawn to fund the acquisitions of AEF and incremental interests in several Keyera facilities.

Dividend Reinvestment Plan

Keyera's dividend reinvestment plan (the "Plan") consists of two components: a Premium Dividend™ ("Premium DRIP™") reinvestment component and a regular dividend reinvestment component ("DRIP"). The DRIP component allows eligible shareholders of Keyera to direct their cash dividends to be reinvested in additional common shares issued from treasury at a 3% discount to the Average Market Price (as defined in the Plan) on the applicable dividend payment date. The Premium DRIP™ component permitted eligible shareholders to elect to have these additional common shares delivered to the designated plan broker in exchange for a premium cash payment equal to 102% of the regular, declared cash dividend that was reinvested on their behalf under the Plan. The Premium DRIP™ component has been suspended since April 2010. The DRIP component remains in effect.

The Plan generated cash of $12.6 million for the quarter ended March 31, 2013 and $10.4 million for the same period in 2012.

Long-term Debt (including Credit Facilities)

Below is a summary of Keyera's long-term debt obligations:

(Thousands of Canadian dollars)

As at March 31, 2013	Total $	2013 $	2014 $	2015 $	2016 $	2017 $	After 2017 $
Credit Facilities							
Bank credit facilities	80,000	—	—	—	80,000	—	—
	80,000	—	—	—	80,000	—	—
Canadian dollar denominated debt							
6.16% due August 26, 2013	52,500	52,500	—	—	—	—	—
4.66% due September 8, 2015	30,000	—	—	30,000	—	—	—
7.87% due May 1, 2016	35,000	—	—	—	35,000	—	—
5.89% due December 3, 2017	60,000	—	—	—	—	60,000	—
5.01% due January 4, 2019	70,000	—	—	—	—	—	70,000
4.35% due June 19, 2019	52,000	—	—	—	—	—	52,000
5.68% due September 8, 2020	2,000	—	—	—	—	—	2,000
6.14% due December 3, 2022	60,000	—	—	—	—	—	60,000
4.91% due June 19, 2024	17,000	—	—	—	—	—	17,000
	378,500	52,500	—	30,000	35,000	60,000	201,000
US dollar denominated debt							
3.91% due September 8, 2015 (US$15,000)	15,235	—	—	15,235	—	—	—
8.40% due May 1, 2016 (US$50,000)	50,780	—	—	—	50,780	—	—
3.42% due June 19, 2019 (US$3,000)	3,047	—	—	—	—	—	3,047
5.14% due September 8, 2020 (US$103,000)	104,607	—	—	—	—	—	104,607
4.19% due June 19, 2024 (US$128,000)	129,997	—	—	—	—	—	129,997
	303,666	—	—	15,235	50,780	—	237,651
Less: Current portion of long-term debt	(52,500)	(52,500)					
Total long-term debt	**709,666**	—	**—**	**45,235**	**165,780**	**60,000**	**438,651**

On December 14, 2012, Keyera amended its existing unsecured revolving term facility agreement (the "Credit Facility") among Keyera and a syndicate of Canadian chartered banks and one foreign bank (the "Lenders"), co-led by the Royal Bank of Canada and the National Bank of Canada as administrative agents. Pursuant to the amendment, the Lenders have agreed to provide Keyera with a credit facility of $750 million, which can be

increased to $1 billion at the option of Keyera, subject to certain conditions and receipt of additional commitments from the Lenders. The terms of the amendment to the credit facility provide for a revolving four-year period maturing on December 13, 2016. In addition, the Royal Bank of Canada has provided a $10 million unsecured revolving demand facility and the Toronto Dominion Bank has provided a further $25 million unsecured revolving demand facility. These facilities bear interest based on the lenders' rates for Canadian prime commercial loans, U.S. base rate loans, Libor loans or bankers' acceptances.

As at March 31, 2013, $80 million was drawn under these facilities compared to $135 million drawn at December 31, 2012. The Credit Facility agreement contains a number of covenants, all of which were met as at March 31, 2013. This agreement is available at www.sedar.com. Failure to adhere to the covenants may impair Keyera's ability to pay dividends. Management expects that upon maturity of the facilities, adequate replacement facilities will be established.

Keyera also has an unsecured uncommitted shelf facility with the Prudential Capital Group. This facility allows Keyera to borrow up to US$200 million (less the value of the long-term senior unsecured note placed with Prudential in connection with a January 4, 2011 note placement). At March 31, 2012, $70 million (Canadian) has been drawn as a long-term note, leaving approximately US$114 million available to be drawn. The $70 million note bears interest at 5.01% and matures on January 4, 2019.

On June 19, 2012, Keyera completed a private placement of 7-year and 12-year unsecured senior notes (the "Notes") to a group of institutional investors in Canada and the U.S., in the principal amount of approximately $202 million. The Notes were issued in four tranches:

- $3 million denominated in U.S. dollars bearing interest at 3.42% and maturing on June 19, 2019;
- $52 million denominated in Canadian dollars bearing interest at 4.35% and maturing on June 19, 2019;
- $128 million denominated in U.S. dollars bearing interest at 4.19% and maturing on June 19, 2024; and
- $17 million denominated in Canadian dollars bearing interest at 4.91% interest and maturing on June 19, 2024.

Concurrent with this transaction, Keyera entered into an agreement with a syndicate of Canadian banks to swap the U.S. dollar proceeds from the 12-year Notes into Canadian dollars at a foreign exchange rate of $0.9838 per U.S. dollar. The resulting effective average interest rate for the total principal amount of the U.S. denominated, 12-year Notes is 5.14%.

Net proceeds from the issuance of the Notes were used to reduce short-term bank debt and fund growth capital expenditures and acquisitions.

As at March 31, 2013, Keyera had $378.5 million and US$299 million of unsecured senior notes including amounts drawn under the uncommitted shelf facility. These senior note agreements contain a number of covenants, all of which were met as at March 31, 2013. These agreements are available at www.sedar.com. Failure to adhere to the covenants may impair Keyera's ability to pay dividends and such a circumstance could affect its ability to execute future growth plans.

The primary covenant for all of Keyera's long-term debt, including its credit facility is the Debt to EBITDA ratio. In the calculation of debt, Keyera is required to deduct working capital surplus or add working capital shortfalls. As at March 31, 2013, Keyera's Debt to EBITDA ratio was 1.85 for covenant test purposes.

In order to manage the foreign currency exposure on the U.S. dollar denominated debt, Keyera has also entered into cross-currency agreements with a syndicate of Canadian banks to swap the U.S. dollar proceeds and future interest payments into Canadian dollars at foreign exchange rates of $1.2425 and $1.0425 per U.S. dollar. The cross-currency agreements are accounted for as derivative instruments and are measured at fair value at the end of each quarter. See the section of this MD&A titled "Net Foreign Currency Loss on U.S. Debt" for more information.

Capital Expenditures and Acquisitions

The following table is a breakdown of capital expenditures and acquisitions for the three months ended March 31, 2013 and 2012:

Capital Expenditures and Acquisitions	**Three months ended March 31,**	
(Thousands of Canadian dollars)	**2013**	2012
Acquisitions	**3,907**	247,079
Growth capital expenditures	**53,116**	23,653
Maintenance capital expenditures	**2,007**	1,671
Total capital expenditures	**59,030**	272,403

For the first quarter of 2013, capital additions amounted to $59.0 million that included the following significant items:

- approximately $15 million for the South Cheecham rail and truck terminal that included installation of underground pipelines and work on the rail terminal;

- approximately $11 million for the de-ethanizer project at Fort Saskatchewan that included detailed engineering work and the commencement of fabrication of major equipment;

- approximately $10 million for the Rimbey turbo project which included detailed engineering work and the commencement of fabrication of major equipment; and

- approximately $3 million for development of the twelfth and thirteenth underground storage caverns and brine pond at Fort Saskatchewan.

In 2012, capital additions amounted to $272.4 million of which $247.1 million related to acquisitions. In January 2012, Keyera acquired AEF, which included a 13,600 barrel per day iso-octane processing facility, pipelines associated with the facility, and iso-octane sales agreements with major refiners for a purchase price of US$196.9 million, plus working capital of approximately US$39.7 million.

Keyera has committed to construct and operate the following major facility additions:

Keyera South Cheecham Rail and Truck Terminal

- Completion of the first phase is expected in the second half of 2013 at an estimated gross cost of approximately $135 million, based on current cost estimates and construction schedule.

- In 2012, Enbridge exercised its option to participate in the project as a 50% joint venture partner. The net cost of this project to Keyera is expected to be approximately $68 million.

- The majority of the expenditures to complete this project will be incurred in the first nine months of 2013.

- Keyera's share of costs incurred to March 31, 2013, was approximately $30 million.

The section of this MD&A titled, "Results of Operations: NGL Infrastructure" provides more information on the Keyera South Cheecham rail and truck terminal project.

De-Ethanization at Fort Saskatchewan

- Completion of this project is expected to be in the second half of 2014, assuming there are no delays in construction and that regulatory approvals are received on a timely basis, at an estimated total net cost of $111 million (approximately $145 million on a gross cost basis).

- Costs incurred to March 31, 2013, were approximately $15 million.

The section of this MD&A titled, "Results of Operations: NGL Infrastructure" provides more information on the De-ethanization project.

Turbo Expander at the Rimbey Gas Plant

- Completion of this project is expected to be in late 2014 subject to receipt of regulatory approvals and assuming the current schedule is maintained at a total estimated gross cost of $210 million.

- Costs incurred to March 31, 2013, were approximately $16 million.

The section of this MD&A titled, "Results of Operations: Gathering and Processing" provides more information on the turbo expander project.

Wapiti Pipeline and Simonette Gas Plant Expansion

- Completion of the Wapiti pipeline is expected in the second quarter of 2014 and the Simonette plant expansion is anticipated to be complete in the second half of 2014. These estimates are based on the current construction schedules and assume Keyera is able to secure the required regulatory approvals on a timely basis.

- The estimated cost of the Wapiti pipeline is currently $120 million and the plant expansion and condensate stabilization is currently estimated at $90 million.

- Costs incurred to March 31, 2013, were approximately $3 million.

The section of this MD&A titled, "Results of Operations: Gathering and Processing" provides more information on the Wapiti pipeline and the plant expansion and condensate stabilization at the Simonette gas plant.
Keyera has comprehensive inspection, monitoring and maintenance programs in place. The objectives of these programs are to keep Keyera's facilities in good working order, and to maintain their ability to operate reliably for many years. In addition to the maintenance capital expenditures, Keyera incurred maintenance and repair expenses of $1.0 million for the three months ended March 31, 2013, and $5.6 million in the same period of 2012. The majority of these expenditures will be recovered over varying periods of time, depending upon the fee structure at each facility.

Keyera's ongoing operations are not heavily dependent on capital expenditures in order to maintain current levels of cash flow. However, to grow future cash flow, Keyera must invest growth capital in order to expand its current

asset base and capture new opportunities. Keyera is pursuing a number of growth opportunities, as described above, and in 2013 expects to invest between $400 and $450 million on growth initiatives, excluding acquisitions. This growth capital is expected to be funded by cash flow from operating activities, the DRIP program and existing credit facilities, augmented if necessary by incremental debt and equity financing. Access to debt and equity financing is dependent on Keyera's ongoing financial performance and general market conditions. Readers are referred to the section of the MD&A titled, "Forward Looking Information" for a further discussion of the assumptions and risks that could affect future performance and plans.

Dividends

Distributable Cash Flow

Distributable cash flow is not a standard measure under GAAP, and therefore may not be comparable to similar measures reported by other entities. Distributable cash flow is used to assess the level of cash flow generated from ongoing operations and to evaluate the adequacy of internally generated cash flow to fund dividends.

The following is a reconciliation of distributable cash flow to its most closely related GAAP measure, cash flow from operating activities.

Distributable Cash Flow	**Three months ended March 31,**	
(Thousands of Canadian dollars)	**2013**	2012
Cash flow from operating activities	**136,688**	105,413
Add (deduct):		
Changes in non-cash working capital	**(42,694)**	(58,419)
Long-term incentive plan expense	**(8,262)**	4,182
Maintenance capital	**(2,007)**	(1,671)
Inventory write-down	**(440)**	(2,316)
Distributable cash flow	**83,285**	47,189
Dividends declared to shareholders	**42,074**	37,421

For the three months ended March 31, 2013, dividends declared were $42.1 million, or 50% of distributable cash flow, compared to dividends declared of $37.4 million, or 79% of distributable cash flow in the first quarter of 2012.

Keyera posted strong distributable cash flow in the first quarter of 2013 driven by the financial performance of all operating segments. Distributable cash flow for the three months ended March 31, 2013 was $83.3 million, $36.1 million or 76% higher than the same period last year. The substantially higher distributable cash flow in 2013 was primarily due to the strong financial results posted by the Marketing segment. Operating margin from Keyera's Marketing business was unusually low in the first quarter of 2012 as a result of losses incurred on the sale of propane in that quarter. The section of the MD&A titled, Results of Operations: Marketing, provides more information on the factors that resulted in higher operating margin in the first quarter of 2013 relative to the same period in 2012.

Changes in non-cash working capital are excluded from the determination of distributable cash flow because they are primarily the result of seasonal fluctuations in product inventories or other temporary changes and are generally funded with short-term debt. Also deducted from distributable cash flow are maintenance capital expenditures and the long-term incentive plan expense, which are funded from current operating cash flow.

Dividend Policy

In determining the level of cash dividends to shareholders, Keyera's Board of Directors considers current and expected future levels of distributable cash flow, capital expenditures, borrowings and debt repayments, changes in working capital requirements and other factors.

Keyera expects to pay dividends from distributable cash flow; however, credit facilities may be used to stabilize dividends from time to time. Growth capital expenditures will be funded from retained operating cash flow, along with proceeds from additional debt or equity, as required. Although Keyera intends to continue to make regular, monthly cash dividends to its shareholders, these dividends are not guaranteed. For a more detailed discussion of the risks that could affect the level of cash dividends, refer to Keyera's Annual Information Form available at www.sedar.com.

EBITDA

EBITDA is not a standard measure under GAAP and, therefore, may not be comparable to similar measures reported by other entities. EBITDA is a measure used as an indication of earnings generated from operations after consideration of administrative and overhead costs. Beginning in the first quarter of 2013, Keyera excludes unrealized gains/losses from commodity-related risk management contracts in the calculation of EBITDA. These non-cash gains/losses have been excluded because management believes it provides a better reflection of the financial performance of the business in the current period. The comparative amounts have been adjusted to reflect this change.

The following is a reconciliation of EBITDA to its most closely related GAAP measure, net earnings.

EBITDA	**Three months ended March 31,**	
(Thousands of Canadian dollars)	**2013**	2012
Net earnings	**23,445**	33,870
Add (deduct):		
Unrealized loss (gain) on commodity contracts	**18,610**	(16,163)
Finance costs	**11,908**	11,682
Net foreign currency loss (gain) on U.S. debt	**7,675**	(2,057)
Depreciation and amortization	**24,794**	19,666
Impairment expense	**577**	-
Tax expense	**10,839**	11,470
EBITDA	**97,848**	58,468

CONTRACTUAL OBLIGATIONS

Keyera has assumed various contractual obligations in the normal course of its operations. These obligations and commitments have been included in the 2012 annual MD&A. There have been no significant developments or changes since the end of 2012.

RELATED PARTY TRANSACTIONS

Keyera has provided compensation to key management personnel which is comprised of its directors and executive officers. There have been no other material related party transactions or significant changes to the annual compensation amounts disclosed in the December 31, 2012, annual audited financial statements.

RISK FACTORS

For a detailed discussion of the risks and trends that could affect the financial performance of Keyera and the steps that Keyera takes to mitigate these risks, readers are referred to the December 31, 2012, MD&A and to Keyera's Annual Information Form, which are available on SEDAR at www.sedar.com.

ENVIRONMENTAL REGULATION AND CLIMATE CHANGE

On October 24, 2012, the Alberta Government introduced Bill 2, *the Responsible Energy Development Act* which established a framework to create a single regulator called the Alberta Energy Regulator (the "AER") for energy resource activities. The AER will assume the functions of the ERCB and the ESRD for oil, gas, oil sands and coal developments.

In addition to the AER, the Government is also proposing to change how it sets energy-related policy. Policy direction for the Province will continue to be set by the Government of Alberta, through a newly-created Policy Management Office (the "PMO"). The PMO will be responsible for providing policy guidance to the new regulator. At this time, based on information currently available, Keyera does not expect that it will be affected in any materially different way from other companies in the energy industry.

Keyera will continue to closely monitor political and legislative developments as they relate to climate change and other environmental matters. For a more detailed discussion of environmental regulations that affect Keyera and the risks associated therewith, refer to Keyera's December 31, 2012, MD&A and the Annual Information Form which is available at www.sedar.com.

SUMMARY OF QUARTERLY RESULTS

The following table presents selected financial information for Keyera:

	As presented under IFRS							
	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012	Jun 30, 2012	Mar 31, 2012	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011
Revenue before inter-segment eliminations [2]								
Gathering and Processing	**78,048**	83,646	77,964	79,284	81,456	85,871	80,376	75,081
NGL Infrastructure	**49,820**	51,474	48,608	45,736	45,228	29,691	25,667	24,219
Marketing	**697,538**	698,458	577,842	596,966	701,598	634,792	530,399	514,346
Other	**2,554**	3,167	1,994	2,522	2,351	1,895	2,763	2,466
Operating Margin								
Gathering and Processing	**39,901**	35,125	35,564	41,201	39,012	41,039	37,253	38,563
NGL Infrastructure	**29,013**	28,841	29,907	27,784	26,013	19,606	16,856	16,120
Marketing	**23,924**	50,794	16,665	11,832	12,666	(23,001)	31,718	28,322
Other	**1,193**	1,810	791	1,502	1,396	1,220	1,969	1,608
Net earnings (loss)[1]	**23,445**	56,651	14,238	25,842	33,870	(21,188)	38,587	33,128
Net earnings (loss) per share ($/share)								
Basic	**0.30**	0.73	0.18	0.34	0.46	(0.30)	0.54	0.47
Diluted	**0.30**	0.73	0.18	0.33	0.46	(0.30)	0.54	0.47
Weighted average common shares (basic)	**77,862**	77,495	77,153	76,796	73,276	71,474	71,175	70,607
Weighted average common shares (diluted)	**78,381**	78,102	77,814	77,530	74,069	72,326	72,129	71,916
Dividends declared to shareholders[2]	**42,074**	41,104	39,379	39,191	37,421	35,760	34,192	33,938

Notes:
1 Keyera has no transactions that require the use of other comprehensive income and therefore comprehensive income equals net earnings.
2 Keyera's Gathering and Processing and NGL Infrastructure segments charge Keyera's Marketing segment for the use of facilities at market rates. Revenue before inter-segment eliminations reflects these transactions. Inter-segment transactions are eliminated on consolidation in order to arrive at Operating Revenues in accordance with GAAP.

Operating results from Keyera's fee-for-service segments have trended higher over the past eight quarters. The Gathering and Processing business has continued to grow as a result of acquiring incremental ownership interests in Keyera operated facilities and strong producer activity related to the development of liquids-rich natural gas in areas around several of Keyera's gas plants. Operating margin from the Gathering and Processing business was unusually low in the third and fourth quarters of 2012 due to certain non-recurring charges, including expenses recorded at the Chinchaga gas plant for remediation work associated with a release from the Cranberry pipeline. A charge of $2 million and $4.8 million were recorded in the third and fourth quarters of 2012 respectively relating to this remediation work. Continued demand for storage, fractionation and off-loading services, as well as the acquisition of AEF, have contributed to the growth in operating margin for the NGL Infrastructure segment.

Operating margin from the Marketing segment is typically lower in the second and third quarters as the demand for propane softens due to warmer weather, and higher during the fourth and first quarters when propane demand

and margins are higher. With the acquisition of AEF in 2012, operating margin from the Marketing segment is also influenced by the demand for iso-octane which is typically highest in the second and third quarters as the demand for gasoline rises.

Operating results from the Marketing segment were unusually low in the fourth quarter of 2011 and the first quarter of 2012 partly due to abnormally warm winter weather that reduced propane demand and prices. This resulted in losses on the sale of propane during these quarters. For the 2012/2013 winter demand season, Keyera posted healthy margins for propane as a result of lower cost inventory, a normal winter season, and an effective risk management program. Refer to the section of this MD&A titled, “Results of Operations” for more information on the financial results of Keyera’s operating segments in the first quarter of 2013.

Compared to the 2012 year-end, results from the fee-for-service segments are continuing to perform well resulting from continued producer activity, particularly around the Rimbey and Minnehik Buck Lake facilities. Producer activity around the Simonette gas plant is also robust, and Keyera expects to increase throughput at the facility over the course of this year assuming it can continue to meet its sulphur recovery levels. Revenues for fractionation services are expected to be strong for the remainder of 2013 due to the growth in demand for these services in Alberta. For the Marketing segment, a risk management program similar to the program employed for most of 2012, is expected to be utilized for the contract year that began on April 1, 2013 in order to protect the value of inventory and future margins. Keyera will continue to monitor and evaluate its risk management strategy on an ongoing basis.

ADOPTION OF NEW AND AMENDED IFRS STANDARDS

Effective January 1, 2013, Keyera has adopted the following new and amended IFRS standards and have applied them to its financial results in accordance with the transitional provisions outlined in the respective standards.

IFRS 10, Consolidated Financial Statements

This new standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The adoption of IFRS 10 did not affect Keyera’s financial results or the disclosures for the current or prior periods presented as the adoption did not result in a change in the consolidation status of any of Keyera’s subsidiaries or interests in various Gathering and Processing and NGL Infrastructure facilities.

IFRS 11, Joint Arrangements

This new standard establishes accounting principles for entities that have an interest in arrangements that are controlled jointly. Under IFRS 11, interests in joint arrangements are classified as either joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangement.

Keyera has completed its analysis of all joint arrangements to determine the appropriate accounting treatment under IFRS 11. Keyera has concluded that all of its joint arrangements are joint operations under IFRS 11 and accordingly, under proportionate consolidation, Keyera has recorded the assets, liabilities, revenues and expenses in relation to its interest in each joint operation. The adoption of IFRS 11 did not have an effect on Keyera’s consolidated financial statements for the current or prior periods presented.

IFRS 12, Disclosure of Interests in Other Entities

This new standard establishes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-statement financial position entities.

The requirements of IFRS 12 relate to disclosures only and are applicable for the first annual period after adoption. IFRS 12 does not require the above disclosures to be included in the interim reporting periods preceding the first annual period for which IFRS 12 has been applied. As such, Keyera will include additional disclosures about its interests in all material joint arrangements and other entities in the annual consolidated financial statements for the year ended December 31, 2013.

IFRS 13, Fair Value Measurement

This new standard defines fair value, establishes a single IFRS framework for measuring fair value and requires extensive disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This revised definition of fair value is now viewed from the perspective of an exit price for a transaction that market participants would expect.

Keyera's adoption of IFRS 13 with prospective application from January 1, 2013 did not have an impact on Keyera's consolidated financial statements for the current period. Keyera's current methodologies and policies to measure fair value adhere to the framework proposed by IFRS 13.

IAS 27, Separate Financial Statements

This standard has been revised to address the accounting and disclosure requirements for "separate financial statements". Separate financial statements are prepared by a parent company or an investor in a joint venture or an associate when a reporting entity elects or is required by local regulations to present separate, non-consolidated financial statements.

The adoption of IAS 27 did not have any impact on Keyera's consolidated financial statements for the current period because Keyera does not have any arrangements whereby separate financial statements are required to be prepared.

IAS 28, Investments in Associates and Joint Ventures

This standard has also been revised and prescribes the accounting treatment for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

The adoption of IAS 28 did not have any impact on Keyera's consolidated financial statements for the current period because Keyera does not have any investments in associates or joint ventures that would require the use of the equity method of accounting.

FUTURE ACCOUNTING PRONOUNCEMENTS

The following new IFRS is available for early application:

IFRS 9, Financial Instruments

This new standard sets out the recognition and measurement requirements for financial instruments and some contracts to buy or sell non-financial items. IFRS 9 proposes a single model of classifying and measuring financial assets and liabilities and provides for only two classification categories: amortized cost and fair value. It is effective for annual periods beginning on or after January 1, 2015. However, early adoption is permitted.

The International Accounting Standards Board is finalizing this standard as it completes the various phases of its comprehensive project on financial instruments and its objective to fully replace IAS 39, the current standard on the recognition and measurement of financial instruments. Keyera will continue to monitor the changes to this standard as they arise and will be determining the impact accordingly.

CONTROL ENVIRONMENT

Disclosure Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer are satisfied that, as of March 31, 2013, Keyera's disclosure controls and procedures have provided reasonable assurance that material information relating to Keyera and its consolidated subsidiaries has been brought to their attention and that information required to be disclosed pursuant to applicable securities legislation has been recorded, processed, summarized and reported in an appropriate and timely manner.

Internal Controls Over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer are satisfied that Keyera's internal controls over financial reporting provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

No changes were made for the period beginning January 1, 2013 and ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect Keyera's internal controls over financial reporting.

COMMON SHARES AND CONVERTIBLE DEBENTURES

During the first quarter of 2013, $1.9 million of the 2008 convertible debentures (before adjustment for deferred financing costs) were converted into 100,044 common shares. There were an additional 249,956 common shares issued under the DRIP for consideration of $12.6 million, bringing the total common shares outstanding at March 31, 2013 to 78,012,547. At March 31, 2013, $9.2 million of the 2008 convertible debentures remained outstanding.

Subsequent to March 31, 2013, a further $0.4 million of the 2008 convertible debentures were converted into 22,666 common shares. In addition, 75,080 common shares were issued to shareholders enrolled in the DRIP for consideration of $4.2 million, bringing the total common shares outstanding at May 7, 2013 to 78,110,293. As at May 7, 2013, $8.8 million of the 2008 convertible debentures were outstanding.

NON-GAAP FINANCIAL MEASURES

This discussion and analysis refers to certain financial measures that are not determined in accordance with GAAP. Measures such as distributable cash flow (cash flow from operating activities adjusted for changes in non-cash working capital, long-term incentive plan costs, inventory write-down and maintenance capital expenditures) and EBITDA (earnings, excluding unrealized gains/losses from commodity-related risk management contracts, and before interest, taxes, depreciation, amortization, accretion, impairment expenses and other non-cash charges) are not standard measures under GAAP and, therefore, may not be comparable to similar measures reported by other entities. Management believes that these supplemental measures facilitate the understanding of Keyera's results of operations, leverage, liquidity and financial position. Distributable cash flow is used to assess the level of cash flow generated from ongoing operations and to evaluate the adequacy of internally generated cash flow to fund dividends. EBITDA is a measure used as an indication of earnings generated from operations after consideration of administrative and overhead costs. Investors are cautioned, however, that these measures should not be construed as an alternative to net earnings determined in accordance with GAAP as an indication of Keyera's performance.

FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A and accompanying documents contain forward-looking statements. These statements relate to future events or Keyera's future performance. Such statements are predictions only and actual events or results may differ materially. The use of words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "plan", "intend", "believe", and similar expressions, including the negatives thereof, is intended to identify forward looking statements. All statements other than statements of historical fact contained in this document are forward looking statements.

The forward looking statements reflect management's current beliefs and assumptions with respect to such things as the outlook for general economic trends, industry trends, commodity prices, capital markets, and the governmental, regulatory and legal environment. In some instances, this MD&A and accompanying documents may also contain forward-looking statements attributed to third party sources. Management believes that its assumptions and analysis in this MD&A are reasonable and that the expectations reflected in the forward looking statements contained herein are also reasonable. However, Keyera cannot assure readers that these expectations will prove to be correct.

All forward looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events, levels of activity and achievements to differ materially from those anticipated in the forward looking statements. Such factors include but are not limited to: general economic, market and business conditions; access to capital and debt markets; operational matters, including potential hazards inherent in our operations; risks arising from co-ownership of facilities; activities of other facility owners; access to third party facilities, competitive action by other companies; activities of producers and other customers and overall industry activity levels; changes in gas composition; fluctuations in commodity prices and supply/demand trends; processing and marketing margins; effects of weather conditions; availability of construction crews and materials; fluctuations in interest rates and foreign currency exchange rates; changes in operating and capital costs, including fluctuations in input costs; actions by governmental authorities; decisions or approvals of administrative tribunals; changes in environmental and other regulations; reliance on key personnel; competition for, among other things, capital, acquisition opportunities and skilled personnel; changes in tax laws, including the effects that such changes may have on shareholders, and in particular any differential effects relating to shareholder's country of residence; and other factors, many of which are beyond the control of Keyera, some of which are discussed in this MD&A and in Keyera's Annual Information Form dated February 14, 2013 filed on SEDAR and available on the Keyera website at www.keyera.com.

Proposed construction and completion schedules and budgets for capital projects are subject to many variables, including weather; availability and prices of materials; labour; customer project approvals and expected in service dates; regulatory approvals; and macro socio-economic trends. Pipeline projects are also subject to Keyera's ability to secure the necessary rights of way. As a result, expected timing, costs and benefits associated with these projects may differ materially from the descriptions in this MD&A. Further, some of the projects discussed in this MD&A are subject to securing sufficient producer/customer interest and may not proceed if sufficient commitments are not obtained. It is unclear whether Alberta's move toward a single regulator will affect processing times for projects that are subject to regulatory approval. Regulatory applications are also subject to intervention by interested parties which could result in delays.

Readers are cautioned that they should not unduly rely on the forward looking statements in this MD&A and accompanying documents. Further, readers are cautioned that the forward looking statements in this MD&A speak only as of the date of this MD&A.

Any statements relating to "reserves" are deemed to be forward looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

All forward looking statements contained in this MD&A and accompanying documents are expressly qualified by this cautionary statement. Further information about the factors affecting forward looking statements and management's assumptions and analysis thereof, is available in filings made by Keyera with Canadian provincial securities commissions, which can be viewed on SEDAR at *www.sedar.com*.

Investor Information

DIVIDENDS TO SHAREHOLDERS

Dividends declared to shareholders were $0.54 per share in the first quarter of 2013. Keyera is focused on providing stable long-term dividends per share that grow over time.

TAXABILITY OF DIVIDENDS

Keyera's dividends are considered to be eligible dividends for the purpose of the Income Tax Act (Canada). For non-resident shareholders, Keyera's dividends are subject to Canadian withholding tax.

SUPPLEMENTARY INFORMATION

A breakdown of Keyera's operational and financial results, including volumetric and operating margin information by major business unit, is available on our website at www.keyera.com/ir/reports.

FIRST QUARTER 2013 RESULTS CONFERENCE CALL AND WEBCAST

Keyera will be conducting a conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2013 results at 8:00 am mountain time (10:00 am eastern) on May 8, 2013. Callers may participate by dialing either 1-888-231-8191 or 647-427-7450. A recording of the call will be available for replay until midnight, May 15, 2013 by dialing 1-855-859-2056 or 1-416-849-0833 and entering pass code 16691202.

Internet users can listen to the call live on Keyera's website at www.keyera.com/news/events Shortly after the call, an audio archive will be posted on the website for 90 days.

QUESTIONS

We welcome questions from interested parties. Calls should be directed to Keyera's Investor Relations Department at 403-205-7670, toll free at 1-888-699-4853 or via email at ir@keyera.com. Information on Keyera can also be found on our website at www.keyera.com.

Keyera Corp.

Condensed Interim Consolidated Statements of Financial Position

(Thousands of Canadian dollars)
(Unaudited)

As at	Note	**March 31, 2013 $**	December 31, 2012 $
ASSETS			
Cash		**—**	518
Trade and other receivables		**388,008**	373,211
Derivative financial instruments	14	**31,876**	42,892
Inventory	6	**144,263**	183,165
Other assets		**10,507**	11,313
Total current assets		**574,654**	611,099
Derivative financial instruments	14	**2,128**	18,423
Property, plant and equipment		**2,025,983**	1,991,932
Intangible assets		**2,870**	3,260
Goodwill		**53,624**	53,624
Total assets		**2,659,259**	2,678,338
LIABILITIES AND EQUITY			
Bank indebtedness		**1,860**	—
Trade and other payables		**361,447**	334,520
Derivative financial instruments	14	**41,742**	38,178
Dividends payable		**14,042**	13,979
Current portion of long-term debt	7	**52,500**	52,500
Current portion of convertible debentures	8	**9,212**	11,083
Total current liabilities		**480,803**	450,260
Derivative financial instruments	14	**12,022**	23,429
Credit facilities	7	**80,000**	135,000
Long-term debt	7	**625,966**	619,666
Long-term incentive plan	13	**10,399**	6,636
Decommissioning liability	9	**366,126**	365,448
Deferred tax liabilities		**197,286**	187,081
Total liabilities		**1,772,602**	1,787,520
Equity			
Share capital	11	**936,296**	920,222
Accumulated deficit		**(49,639)**	(29,404)
Total equity		**886,657**	890,818
Total liabilities and equity		**2,659,259**	2,678,338

See accompanying notes to the condensed interim unaudited consolidated financial statements.

These condensed interim unaudited consolidated financial statements were approved by the board of directors of Keyera Corp. on May 7, 2013.

(Signed) H. Neil Nichols
Director

(Signed) Jim V. Bertram
Director

Keyera Corp.
Condensed Interim Consolidated Statements of Net Earnings and Comprehensive Income
(Thousands of Canadian dollars, except share information)
(Unaudited)

		Three months ended March 31,	
		2013	2012
	Note	**$**	$
Operating revenues	18	**784,469**	795,484
Operating expenses	18	**(690,438)**	(716,397)
		94,031	79,087
General and administrative expenses		**(6,531)**	(8,638)
Finance costs	16	**(11,908)**	(11,682)
Depreciation and amortization expense		**(24,794)**	(19,666)
Net foreign currency (loss) gain on U.S. debt	15	**(7,675)**	2,057
Long-term incentive plan (expense) recovery	13	**(8,262)**	4,182
Impairment expense		**(577)**	—
Earnings before income tax		**34,284**	45,340
Income tax expense	10	**(10,839)**	(11,470)
Net earnings		**23,445**	33,870
Other comprehensive income		**—**	—
Total comprehensive income		**23,445**	33,870
Earnings per share			
Basic earnings per share	12	**0.30**	0.46
Diluted earnings per share	12	**0.30**	0.46

See accompanying notes to the condensed interim unaudited consolidated financial statements.

Keyera Corp.

Condensed Interim Consolidated Statements of Cash Flows
(Thousands of Canadian dollars)
(Unaudited)

		Three months ended March 31,	
		2013	2012
	Note	**$**	$
Cash provided by (used in):			
OPERATING ACTIVITIES			
Net earnings		**23,445**	33,870
Adjustments for items not affecting cash:			
Finance costs	16	**1,579**	2,025
Depreciation and amortization expense		**24,794**	19,666
Long-term incentive plan expense (recovery)	13	**8,262**	(4,182)
Unrealized loss (gain) on derivative financial instruments	14	**19,467**	(15,858)
Unrealized loss (gain) on foreign exchange		**5,989**	(944)
Deferred income tax expense	10	**10,205**	10,889
Inventory write-down	6	**440**	2,316
Impairment expense		**577**	—
Decommissioning liability expenditures	9	**(764)**	(788)
Changes in non-cash working capital	17	**42,694**	58,419
Net cash provided by operating activities		**136,688**	105,413
INVESTING ACTIVITIES			
Acquisition of Alberta EnviroFuels	5	**—**	(237,221)
Other acquisitions		**(3,907)**	(9,858)
Capital expenditures		**(55,123)**	(25,324)
Changes in non-cash working capital	17	**4,371**	873
Net cash used in investing activities		**(54,659)**	(271,530)
FINANCING ACTIVITIES			
Borrowings under credit facilities	7	**310,000**	300,000
Repayments under credit facilities	7	**(365,000)**	(306,000)
Proceeds from equity offering	11	**—**	202,745
Issuance costs related to equity offering	11	**—**	(8,493)
Proceeds from issuance of shares related to DRIP	11	**12,571**	10,447
Dividends paid to shareholders		**(42,011)**	(36,568)
Net cash (used in)/provided by financing activities		**(84,440)**	162,131
Effect of exchange rate fluctuations on foreign cash held		**33**	(452)
Net decrease in cash		**(2,378)**	(4,438)
Cash at the start of the period		**518**	21,813
(Bank indebtedness) cash at the end of the period		**(1,860)**	17,375

The following amounts are included in Cash Flows from Operating Activities:

Income taxes paid in cash	**42**	—
Interest paid in cash	**7,131**	8,696

See accompanying notes to the condensed interim unaudited consolidated financial statements.

Keyera Corp.

Condensed Interim Consolidated Statement of Changes in Equity

(Thousands of Canadian dollars)
(Unaudited)

		Accumulated Deficit		
	Stated Share Capital	Retained Earnings (Deficit)	Contributed Surplus	**Total**
As at	**$**	**$**	**$**	**$**
Balance at December 31, 2011	**667,240**	**(12,312)**	**13,290**	**668,218**
Common shares issued on conversion of convertible debentures	2,479	—	(1,142)	1,337
Common shares issued pursuant to dividend reinvestment plans	10,447	—	—	10,447
Common shares issued pursuant to equity offering[1]	196,473	—	—	196,473
Net earnings and total comprehensive income	—	33,870	—	33,870
Dividends declared to shareholders	—	(37,421)	—	(37,421)
Balance at March 31, 2012	**876,639**	**(15,863)**	**12,148**	**872,924**

		Accumulated Deficit		
	Stated Share Capital	Retained Earnings (Deficit)	Contributed Surplus	**Total**
As at	**$**	**$**	**$**	**$**
Balance at December 31, 2012	**920,222**	**(38,806)**	**9,402**	**890,818**
Common shares issued on conversion of convertible debentures	3,503	—	(1,606)	1,897
Common shares issued pursuant to dividend reinvestment plans	12,571	—	—	12,571
Net earnings and total comprehensive income	—	23,445	—	23,445
Dividends declared to shareholders	—	(42,074)	—	(42,074)
Balance at March 31, 2013	**936,296**	**(57,435)**	**7,796**	**886,657**

Note:
[1] Net of issuance costs and related deferred income tax asset recorded.

See accompanying notes to the condensed interim unaudited consolidated financial statements.

Keyera Corp.
Notes to Condensed Interim Consolidated Financial Statements
As at and for the three months ended March 31, 2013 and 2012
(All amounts expressed in thousands of Canadian dollars, except as otherwise noted)
(Unaudited)

1. GENERAL BUSINESS DESCRIPTION

The operating subsidiaries of Keyera Corp. include Keyera Partnership (the "Partnership"), Keyera Midstream Ltd. ("KML"), Keyera Energy Inc. ("KEI"), Keyera Rimbey Ltd. ("KRL"), Keyera RP Ltd. ("KRPL"), Rimbey Pipeline Limited Partnership ("RPLP"), ADT Ltd. ("ADT") and Alberta Envirofuels Inc ("AEF"). Keyera Corp. and its subsidiaries are involved in the business of natural gas gathering and processing, as well as natural gas liquids ("NGLs"), iso-octane and crude oil processing, transportation, storage and marketing in Canada and the U.S. Keyera Corp. and its subsidiaries are collectively referred to herein as "Keyera". The address of Keyera's registered office and principal place of business is Suite 600, Sun Life Plaza West Tower, 144 – 4th Avenue S.W., Calgary, AB, Canada.

Pursuant to its Articles of Amalgamation, Keyera Corp. is authorized to issue an unlimited number of common shares (the "Shares"). There are no other classes of shares in Keyera Corp.'s capital structure. The Shares trade on the Toronto Stock Exchange under the symbol "KEY" and the convertible debenture trades under the symbol "KEY.DB.A".

2. BASIS OF PREPARATION

These condensed interim consolidated financial statements are in compliance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. The accounting policies applied are in compliance with International Financial Reporting Standards ("IFRS") and are consistent with Keyera Corp.'s consolidated financial statements as at and for the year ended December 31, 2012, except for the adoption of new IFRS standards and amendments effective January 1, 2013 as noted below.

These condensed interim consolidated financial statements as at and for the three months ended March 31, 2013 do not include all disclosures required for the preparation of annual consolidated financial statements and should be read in conjunction with Keyera Corp.'s consolidated financial statements as at and for the year ended December 31, 2012.

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value; and
- liabilities for Keyera's long-term incentive plan are measured at fair value.

The condensed interim consolidated financial statements were authorized for issuance on May 7, 2013 by the Board of Directors.

New and amended IFRS standards adopted by Keyera

Keyera has applied the following new IFRS standards and amendments in 2013:

IFRS 10, Consolidated Financial Statements
This new standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The adoption of IFRS 10 did not affect Keyera's financial results or the disclosures for the current or prior periods presented as the adoption did not result in a change in the consolidation status of any of Keyera's subsidiaries or interests in various Gathering and Processing and NGL Infrastructure facilities.

IFRS 11, Joint Arrangements
This new standard establishes accounting principles for entities that have an interest in arrangements that are controlled jointly. Under IFRS 11, interests in joint arrangements are classified as either joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangement.

Keyera has completed its analysis of all joint arrangements to determine the appropriate accounting treatment under IFRS 11. Keyera has concluded that all of its joint arrangements are joint operations under IFRS 11 and accordingly, under proportionate consolidation, Keyera has recorded the assets, liabilities, revenues and expenses in relation to its interest in each joint operation. The adoption of IFRS 11 did not have an effect on Keyera's consolidated financial statements for the current or prior periods presented.

IFRS 12, Disclosure of Interests in Other Entities
This new standard establishes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-statement financial position entities.

The requirements of IFRS 12 relate to disclosures only and are applicable for the first annual period after adoption. IFRS 12 does not require the above disclosures to be included in the interim reporting periods preceding the first annual period for which IFRS 12 has been applied. As such, Keyera will include additional disclosures about its interests in all material joint arrangements and other entities in the annual consolidated financial statements for the year ended December 31, 2013.

IFRS 13, Fair Value Measurement
This new standard defines fair value, establishes a single IFRS framework for measuring fair value and requires extensive disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This revised definition of fair value is now viewed from the perspective of an exit price for a transaction that market participants would expect.

Keyera's adoption of IFRS 13 with prospective application from January 1, 2013 did not have an impact on Keyera's consolidated financial statements for the current period. Keyera's current methodologies and policies to measure fair value adhere to the framework proposed by IFRS 13.

IAS 27, Separate Financial Statements
This standard has been revised to address the accounting and disclosure requirements for "separate financial statements". Separate financial statements are prepared by a parent company or an investor in a joint venture or an associate when a reporting entity elects or is required by local regulations to present separate, non-consolidated financial statements.

The adoption of IAS 27 did not have any impact on Keyera's consolidated financial statements for the current period because Keyera does not have any arrangements whereby separate financial statements are required to be prepared.

IAS 28, Investments in Associates and Joint Ventures
This standard has also been revised and prescribes the accounting treatment for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

The adoption of IAS 28 did not have any impact on Keyera's consolidated financial statements for the current period because Keyera does not have any investments in associates or joint ventures that would require the use of the equity method of accounting.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of Keyera's accounting policies, management is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from the estimates.

The most significant estimates and judgements contained in the condensed interim consolidated financial statements are described below:

Allowance for doubtful accounts

Keyera provides services to a number of counterparties on credit terms. The allowance for credit losses is reviewed on a monthly basis. An assessment is made whether an account is deemed impaired based on the number of days outstanding and the likelihood of collection from the counter-party.

Impairment of property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units or CGUs).

In determining the recoverable amount of assets, in the absence of quoted market prices, estimates are made regarding the present value of future cash flows. The useful lives of property, plant and equipment is determined by the present value of future cash flows. Future cash flow estimates are based on future production profiles and reserves for surrounding wells, commodity prices and costs. Estimates are also made in determining the discount rate used to calculate the present value of future cash flows.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the CGU and the discount rate in order to calculate present value. The determination of CGUs is subject to management's judgement.

Decommissioning liabilities

Keyera estimates future site restoration costs for its gathering and processing facilities, pipelines and storage facilities. The ultimate costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other processing sites.

Deferred tax assets and liabilities

Deferred tax assets and liabilities require management's judgement in determining the amounts to be recognized. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognized with consideration given to the timing and level of future taxable income. To the extent estimates differ from the final tax return, earnings would be affected in a subsequent period.

Operating revenues and operating expenses

a) Gathering and Processing and NGL Infrastructure:

Each month, actual volumes processed and fees earned from the Gathering and Processing and NGL Infrastructure assets are not known until the following month. In addition, the period in which invoices are rendered for the supply of goods and services necessary for the operation of the Gathering and Processing and NGL Infrastructure assets is generally later than the period in which the goods or services were provided. Estimates of one month's revenue and one month's operating costs are recorded in the financial statements based upon a review of historic trends that is adjusted for events that are known to have a significant effect on the month's operations.

b) Marketing:

Marketing sales revenue is recorded based on actual volumes and prices. However, in many cases actual volumes have not yet been confirmed and sales prices that are dependent on other variables are not yet known. In addition, the majority of NGL supply purchases are estimated each month as actual volume information is not available until the following month. At the end of the period, estimates for sales and purchases are recorded in the financial statements. Estimates are prepared based on contracted volumes and known events.

Equalization Adjustments

Much of the revenue from the Gathering and Processing segment includes a recovery of operating costs. Users of each facility are charged a fee per unit based upon estimated costs and throughput, with an adjustment to actual throughput completed after the end of the year. On a quarterly basis, throughput volumes and operating costs are reviewed and adjustments are made to revenue and operating expenses based on actual operating costs incurred to date.

4. FUTURE ACCOUNTING PRONOUNCEMENTS

The following new IFRS standard is available for early application:

IFRS 9, Financial Instruments

This new standard sets out the recognition and measurement requirements for financial instruments and some contracts to buy or sell non-financial items. IFRS 9 proposes a single model of classifying and measuring financial assets and liabilities and provides for only two classification categories: amortized cost and fair value. It is effective for annual periods beginning on or after January 1, 2015. However, early adoption is permitted.

Expected Impact

The IASB is finalizing this standard as it completes the various phases of its comprehensive project on financial instruments and its objective to fully replace IAS 39, the current standard on the recognition and measurement of financial instruments. Keyera will continue to monitor the changes to this standard as they arise and will be determining the impact accordingly.

5. BUSINESS COMBINATION

On January 19, 2012 Keyera completed its acquisition of Alberta EnviroFuels ("AEF"), an iso-octane manufacturing business located in Edmonton, Alberta. The acquisition included a 13,600 barrel per day iso-octane manufacturing facility along with pipelines associated with the facility; land; linefill; office furniture and equipment and iso-octane sales agreements with major refiners. Keyera also entered into multi-year agreements with Chevron Standard Limited and its affiliates relating to sales, transportation, downstream processing and shipping of iso-octane.

Total consideration paid was $196,866 plus working capital of $39,674 which primarily related to butane and iso-octane inventories. The acquisition was settled using existing cash flow and funding from

Keyera's bank credit facility. The final allocation of the total consideration to the net assets acquired is summarized below:

Net assets acquired	$
Property, plant and equipment	185,276
Decommissioning asset	22,892
Trade and other receivables	6,210
Other working capital	33,464
Land	5,654
Linefill	2,096
Intangibles	3,334
Office furniture and equipment	505
Decommissioning liability	(22,891)
Total net assets acquired	236,540

Consideration	$
Cash	236,540
Total consideration paid	236,540

All acquisition and transaction costs for this business combination were expensed. Keyera has collected all of the acquired trade and other receivables balances. The book value of the accounts receivable acquired also represented fair value and was primarily comprised of trade receivables.

6. INVENTORY

The total carrying amount and classification of inventory was as follows:

As at	**March 31, 2013 $**	December 31, 2012 $
NGLs and iso-octane	**139,431**	178,454
Other	**4,832**	4,711
Total inventory	**144,263**	183,165

For the period ended March 31, 2013, $85,147 of inventory was carried at cost (December 31, 2012 – $137,935) and $59,116 (December 31, 2012 – $45,230) was carried at net realizable value which included a $440 (December 31, 2012 – $5,628) charge to write down the cost of NGL and iso-octane inventory to net realizable value.

7. LONG-TERM DEBT

Carrying value

Amounts recorded in the condensed interim financial statements are referred to as carrying value. The carrying value of debt is reflected in current debt and long-term debt on the statement of financial position.

Fair value

The fair value of long-term debt is based on third party estimates for similar issues or current rates offered to Keyera for debt of the same maturity. The fair value of Keyera's unsecured senior notes at March 31, 2013 as noted below was determined by reference to quoted market prices in active markets for similar liabilities under Level 2 of the fair value hierarchy as referenced in note 14.

The following is a summary of Keyera's current and long-term debt:

As at March 31, 2013	**Effective Interest Rate**	**Carrying Value $**	**Fair Value $**
Bank credit facilities	5.00%	80,000	80,000
Credit facilities		**80,000**	**80,000**
Canadian dollar denominated debt (unsecured)			
6.16% due August 26, 2013	6.25%	52,500	53,100
4.66% due September 8, 2015	4.75%	30,000	30,900
7.87% due May 1, 2016	7.94%	35,000	39,300
5.89% due December 3, 2017	5.98%	60,000	65,800
5.01% due January 4, 2019	5.03%	70,000	74,000
4.35% due June 19, 2019	4.45%	52,000	53,300
5.68% due September 8, 2020	5.73%	2,000	2,200
6.14% due December 3, 2022	6.20%	60,000	69,200
4.91% due June 19, 2024	4.96%	17,000	17,900
		378,500	405,700
US dollar denominated debt (unsecured)			
3.91% due September 8, 2015 (US$15,000)	4.00%	15,234	15,843
8.40% due May 1, 2016 (US$50,000)	8.48%	50,780	60,327
3.42% due June 19, 2019 (US$3,000)	3.49%	3,047	3,148
5.14% due September 8, 2020 (US$103,000)	5.20%	104,607	114,458
4.19% due June 19, 2024 (US$128,000)	4.23%	129,997	135,379
		303,665	329,155
Less: Issuance costs		(3,699)	—
Less: Current portion of long-term debt		(52,500)	(53,100)
Long-term debt		**625,966**	**681,755**

As at December 31, 2012	Effective Interest Rate	Carrying Value $	Fair Value $
Bank credit facilities	3.53%	135,000	135,000
Credit facilities		**135,000**	**135,000**
Canadian dollar denominated debt (unsecured)			
6.16% due August 26, 2013	6.25%	52,500	53,400
4.66% due September 8, 2015	4.75%	30,000	30,900
7.87% due May 1, 2016	7.94%	35,000	39,500
5.89% due December 3, 2017	5.98%	60,000	65,600
5.01% due January 4, 2019	5.03%	70,000	73,900
4.35% due June 19, 2019	4.45%	52,000	53,200
5.68% due September 8, 2020	5.73%	2,000	2,200
6.14% due December 3, 2022	6.20%	60,000	69,400
4.91% due June 19, 2024	4.96%	17,000	17,900
		378,500	406,000
US dollar denominated debt (unsecured)			
3.91% due September 8, 2015 (US$15,000)	4.00%	14,924	15,620
8.40% due May 1, 2016 (US$50,000)	8.48%	49,745	59,495
3.42% due June 19, 2019 (US$3,000)	3.49%	2,985	3,084
5.14% due September 8, 2020 (US$103,000)	5.20%	102,475	112,523
4.19% due June 19, 2024 (US$128,000)	4.23%	127,347	133,018
		297,476	323,740
Less: Issuance costs		(3,810)	—
Less: Current portion of long-term debt		(52,500)	(53,400)
Long-term debt		**619,666**	**676,340**

8. CONVERTIBLE DEBENTURES

	$
Balance, December 31, 2011	**15,519**
Converted to common shares	(4,567)
Unwinding of discount – financing costs	131
Balance, December 31, 2012	**11,083**
Converted to common shares	(1,897)
Unwinding of discount – financing costs	26
Balance, March 31, 2013	**9,212**

In 2008, Keyera issued unsecured subordinated convertible debentures in the principal amount of $80,000 bearing interest at 8.25%. The debentures are convertible into common shares of Keyera at the option of the holders at any time prior to the maturity date of December 31, 2013 at a conversion price of $19.10 per share.

Financing costs of $3,705 were deferred and are amortized over the term of the debt using the effective interest method. Upon conversion of the debentures, the financing costs related to the principal amount of debt converted is adjusted and recognized as a charge to share capital. The effective interest rate for the period ended March 31, 2013 was 9.91% resulting from the inclusion of the unwinding of the discount for financing costs (December 31, 2012 – 10.0 %).

The fair value of Keyera's unsecured convertible debentures at March 31, 2013 was $27,832 (December 31, 2012 – $28,529) as determined by reference to quoted market prices for Keyera's debentures. Under the fair value hierarchy, Keyera's unsecured convertible debentures are categorized as a Level 1 liability as referenced in note 14.

9. DECOMMISSIONING LIABILITY

Keyera makes full provision for the future cost of decommissioning its gathering and processing facilities, pipelines and storage facilities on a discounted basis upon acquisition or installation of these facilities. These costs are generally expected to be incurred over the next 30 years. While the provision is based on the best estimate of future costs and the economic lives of the facilities and pipelines, there is uncertainty regarding the amount and timing of incurring these costs. No assets have been legally restricted for settlement of the liability.

The following is a reconciliation of the beginning and ending carrying amount of the obligation associated with the decommissioning of Keyera's assets.

As at	**March 31, 2013 $**	December 31, 2012 $
Decommissioning liability, beginning of the period	**365,448**	285,127
Liabilities acquired	**—**	34,934
Liabilities settled	**(764)**	(3,662)
Revision in estimated cash flows	**—**	30,574
Revision due to change in discount rate	**—**	10,045
Unwinding of discount included in finance costs	**1,442**	8,430
Decommissioning liability, end of the period	**366,126**	365,448

10. INCOME TAXES

The components of the income tax expense were as follows:

	Three months ended March 31,	
	2013 $	2012 $
Current income tax expense	**634**	581
Deferred income tax expense	**10,205**	10,889
Total income tax expense	**10,839**	11,470

11. CAPITAL

	Share Capital	
	Number of Common Shares	**Share Capital $**
Balance at January 1, 2012	**71,600,658**	**667,240**
Adjustment to share capital due to settlement of convertible debenture derivative liability	—	3,888
Common shares issued on conversion of convertible debentures	242,226	4,566
Common shares issued pursuant to dividend reinvestment plans	1,104,663	47,902
Common shares issued pursuant to equity offering[1]	4,715,000	196,626
Balance at December 31, 2012	**77,662,547**	**920,222**
Adjustment to share capital due to settlement of convertible debenture derivative liability	—	1,606
Common shares issued on conversion of convertible debentures	100,044	1,897
Common shares issued pursuant to dividend reinvestment plans	249,956	12,571
Balance at March 31, 2013	**78,012,547**	**936,296**

Note:
[1] Net of issuance costs and related deferred income tax asset recorded.

In 2010, Keyera was formerly known as Keyera Facilities Income Fund (the "Fund") and under IFRS, the Fund's trust units were considered puttable instruments as unitholders had the ability to redeem their Fund units for cash or other financial assets pursuant to the terms of the Fund's trust indenture. As such, Keyera's convertible debentures were considered financial liabilities with a host debt and a separately accounted for embedded derivative liability related to the conversion option. In 2010, the conversion option derivative liability was measured at fair value with changes in fair value recorded through the statement of net earnings.

Upon the conversion of Keyera to a corporation on January 1, 2011, the fair value of the conversion option derivative liability of $24,712 was extinguished and was transferred to contributed surplus in equity. As the remaining debentures are converted to shares, a portion of the contributed surplus is reclassified on a pro-rata basis to share capital.

On March 1, 2012 and March 13, 2012, Keyera respectively issued 4,100,000 common shares in a public offering and 615,000 common shares pursuant to the overallotment option in connection with the public offering, at a price of $43.00 per common share for net proceeds of $196,626 after underwriters' fees and issuance costs of $6,119, net of a deferred tax asset balance of $2,040. The proceeds of this public offering were used to repay the credit facility which was drawn to fund the acquisition of AEF and other capital projects.

For the three months ended March 31, 2013, dividends declared totaled $0.54 per common share (total dividends $42,074). For the year ended December 31, 2012, dividends declared totaled $2.06 per common share (total dividends $157,095).

12. EARNINGS PER SHARE

Basic earnings per share was calculated by dividing net earnings by the weighted average number of shares outstanding for the related period. The effect of convertible debentures was included in the calculation of diluted earnings per share.

	Three months ended March 31,	
	2013	2012
	$	$
Basic earnings per share	**0.30**	0.46
Diluted earnings per share	**0.30**	0.46

	Three months ended March 31,	
	2013	2012
	$	$
Net earnings – basic	**23,445**	33,870
Effect of convertible debentures (net of tax)	**170**	275
Net earnings – diluted	**23,615**	34,145

	Three months ended March 31,	
(in thousands)	**2013**	2012
Weighted average number of shares – basic	**77,862**	73,276
Shares deemed to be issued on conversion of convertible debentures	**519**	793
Weighted average number of shares – diluted	**78,381**	74,069

13. SHARE-BASED COMPENSATION AND PENSION PLANS

Long-term incentive plan

Keyera has a Long-Term Incentive Plan ("LTIP") which compensates officers and key employees by delivering shares of Keyera or paying cash in lieu of shares. Participants in the LTIP are granted rights ("share awards") to receive shares of Keyera on specified dates in the future. Grants of share awards are authorized by the Board of Directors. Shares delivered to employees are acquired in the marketplace and not issued from treasury. The acquired shares are placed in a trust account established for the benefit of the participants until the share awards vest.

The LTIP consists of two types of share awards, the Performance Award and the Time Vested ("Restricted") Award.

The LTIP is accounted for using the liability method and is measured at fair value at each statement of financial position date until the award is settled. The fair value of the liability is measured by applying a fair value pricing model. At March 31, 2013 the fair value of shares granted was $57.09 per share (December 31, 2012 – $49.23 per share).

The compensation cost recorded for the LTIP was as follows:

	Three months ended March 31,	
	2013	2012
	$	$
Performance Awards	**7,500**	(4,182)
Restricted Awards	**762**	—
Total long-term incentive plan expense (recovery)	**8,262**	(4,182)

The table below shows the number of share awards granted:

	Share awards granted as at	
Share Award Series	**March 31, 2013**	December 31, 2012
Issued July 1, 2010 – Performance Awards	**204,847**	205,047
Issued July 1, 2011 – Performance Awards	**158,040**	158,610
Issued July 1, 2012 – Performance Awards	**164,885**	160,315
Issued July 1, 2010 – Restricted Awards	**16,572**	16,638
Issued July 1, 2011 – Restricted Awards	**22,818**	23,011
Issued July 1, 2012 – Restricted Awards	**36,262**	35,672

Employee Stock Purchase Plan

Keyera maintains an employee stock purchase plan ("ESPP") whereby eligible employees can purchase common shares of Keyera. Keyera will contribute an amount equal to 5% of the employee's contribution. To participate in the plan, eligible employees select an amount to be deducted from their semi-monthly remuneration. Employees may elect to withhold up to 25% of their base compensation for the stock purchases. The shares of Keyera are acquired on the Toronto Stock Exchange on a semi-monthly basis consistent with the timing of the semi-monthly remuneration. The cost of the shares purchased to match the employee's contribution is expensed as incurred.

Defined Contribution Pension Plan

For the period ended March 31, 2013, Keyera made pension contributions of $1,225 (three months ended March 31, 2012 – $1,272) on behalf of its employees. The contributions were recorded in general and administrative expenses.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments include cash, bank indebtedness, trade and other receivables, derivative financial instruments (including puttable instruments), trade and other payables, dividends payable, credit facilities, current and long-term debt and convertible debentures. Derivative financial instruments include foreign exchange contracts, cross-currency swaps, NGLs, crude oil, motor gasoline and natural gas price contracts, electricity price contracts and physical fixed price commodity contracts. Derivative instruments are classified as fair value through the statement of net earnings and are measured at fair value. All other financial instruments are measured at amortized cost.

Financial Instruments

(a) Fair value

Fair value represents Keyera's estimate of the price at which a financial instrument could be exchanged between knowledgeable and willing parties in an orderly arm's length transaction motivated by normal business considerations.

Fair value measurement of assets and liabilities recognized on the consolidated statement of financial position are categorized into levels within a fair value hierarchy based on the nature of valuation inputs.

The fair value hierarchy has the following levels:
- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

All of Keyera's derivative instruments are classified as Level 2 as their fair value is derived by using observable inputs, including commodity price curves, foreign currency curves and credit spreads. For fixed price forward contracts, fair value is derived from observable NGL market prices.

Financial instruments with fair value equal to carrying value
The carrying values of cash, bank indebtedness, trade and other receivables, trade and other payables and dividends payable approximate their fair values because the instruments are near maturity or have no fixed repayment terms. The carrying value of the credit facilities approximates fair value due to their floating rates of interest.

Fair value of senior fixed rate debt and convertible debentures
Refer to notes 7 and 8 respectively for the fair value amounts of the senior fixed rate debt and convertible debentures.

The fair values and carrying values of the derivative instruments are listed below and represent an estimate of the amount that Keyera would receive (pay) if these instruments were settled at the end of the period.

As at March 31, 2013	Notional Volume[1]	Weighted Average Price $	Fair Value Hierarchy Level [2]	Net Fair Value $	Carrying Value Asset $	Carrying Value Liability $
Marketing						
NGLs and iso-octane:						
Seller of fixed price swaps (maturing by March 1, 2014)	6,622,437 Bbls	91.48/Bbl	Level 2	(25,614)	6,089	(31,703)
Buyer of fixed price swaps (maturing by March 1, 2014)	5,140,737 Bbls	77.24/Bbl	Level 2	14,728	24,468	(9,740)
Physical contracts:						
Seller of fixed price forward contracts (maturing by April 30, 2013)	31,000 Bbls	38.51/Bbl	Level 2	(52)	4	(56)
Buyer of fixed price forward contracts (maturing by April 30, 2013)	18,150 Bbls	90.58/Bbl	Level 2	94	94	—
Currency:						
Seller of forward contracts (maturing by April 1, 2013)	US $37,300,000	1.03/USD	Level 2	426	426	—
NGL Infrastructure						
Electricity:						
Buyer of fixed price swaps (maturing by December 31, 2013)	36,300 MWhs	64.05/MWh	Level 2	(42)	126	(168)
Natural gas:						
Buyer of fixed price swaps (maturing by December 31, 2013)	1,100,000 Gjs	3.17/Gjs	Level 2	358	358	—
Other						
Buyer of cross-currency swaps (maturing September 8, 2015)	US$15,000,000	1.04/USD	Level 2	(166)	—	(166)
Buyer of cross-currency swaps (maturing September 8, 2015)	US$1,466,250	1.28/USD	Level 2	3	3	—
Buyer of cross-currency swap (maturing by May 1, 2016)	US$50,000,000	1.24/USD	Level 2	1,710	1,710	—
Buyer of cross-currency swaps (maturing by May 1, 2016)	US$14,700,000	1.04/USD	Level 2	726	726	—
Buyer of cross-currency swaps (maturing September 8, 2020)	US$103,000,000	1.04/USD	Level 2	(3,687)	—	(3,687)
Buyer of cross-currency swaps (maturing September 8, 2020)	US$39,706,500	1.22/USD	Level 2	(822)	—	(822)
Buyer of cross-currency swaps (maturing June 19, 2024)	US$128,000,000	0.98/USD	Level 2	(5,835)	—	(5,835)
Buyer of cross-currency swaps (maturing June 19, 2024)	US$61,676,800	1.22/USD	Level 2	(1,587)	—	(1,587)
				(19,760)	**34,004**	**(53,764)**

Notes:
[1] All notional amounts represent actual volumes or actual prices and are not expressed in thousands.
[2] A description of the fair value hierarchy is discussed in the fair value section.

As at December 31, 2012	Notional Volume[1]	Weighted Average Price $	Fair Value Hierarchy Level [2]	Net Fair Value $	Carrying Value Asset $	Carrying Value Liability $
Marketing						
NGLs and iso-octane:						
Seller of fixed price swaps (maturing by March 1, 2014)	7,064,112 Bbls	85.53/Bbl	Level 2	(14,355)	9,097	(23,452)
Buyer of fixed price swaps (maturing by March 1, 2014)	5,936,087 Bbls	76.49/Bbl	Level 2	24,460	32,639	(8,179)
Physical contracts:						
Seller of fixed price forward contracts (maturing by March 31, 2013)	1,210,471 Bbls	37.41/Bbl	Level 2	(1,802)	1,539	(3,341)
Buyer of fixed price forward contracts (maturing by March 31, 2013)	120,115 Bbls	47.20/Bbl	Level 2	277	420	(143)
Currency:						
Seller of forward contracts (maturing by February 1, 2013)	US$115,375,000	1.00/USD	Level 2	460	988	(528)
NGL Infrastructure						
Electricity:						
Buyer of fixed price swaps (maturing by November 30, 2013)	20,040 MWhs	71.71/MWh	Level 2	(254)	—	(254)
Natural gas:						
Buyer of fixed price swaps (maturing by December 31, 2013)	1,460,000 Gjs	3.17/Gjs	Level 2	(278)	58	(336)
Other						
Buyer of cross-currency swaps (maturing September 8, 2015)	US$15,000,000	1.04/USD	Level 2	(44)	—	(44)
Buyer of cross-currency swaps (maturing September 8, 2015)	US$1,759,500	1.28/USD	Level 2	(433)	—	(433)
Buyer of cross-currency swap (maturing by May 1, 2016)	US$50,000,000	1.24/USD	Level 2	(8,544)	—	(8,544)
Buyer of cross-currency swaps (maturing by May 1, 2016)	US$14,700,000	1.06/USD	Level 2	(2,497)	—	(2,497)
Buyer of cross-currency swaps (maturing September 8, 2020)	US$103,000,000	1.04/USD	Level 2	3,425	3,425	—
Buyer of cross-currency swaps (maturing September 8, 2020)	US$42,353,600	1.22/USD	Level 2	(6,345)	—	(6,345)
Buyer of cross-currency swaps (maturing June 19, 2024)	US$128,000,000	0.98/USD	Level 2	13,149	13,149	—
Buyer of cross-currency swaps (maturing June 19, 2024)	US$61,676,800	1.22/USD	Level 2	(7,511)	—	(7,511)
				(292)	**61,315**	**(61,607)**

Notes:
[1] All notional amounts represent actual volumes or actual prices and are not expressed in thousands.
[2] A description of the fair value hierarchy is discussed in the fair value section.

Derivative instruments are recorded on the consolidated statement of financial position at fair value. Changes in the fair value of these financial instruments are recognized in the statement of net earnings and comprehensive income in the period in which they arise.

For the Marketing and NGL Infrastructure segments, unrealized gains (losses), representing the change in fair value of derivative contracts, are recorded in Marketing operating revenue and NGL Infrastructure operating expense, respectively. Unrealized gains (losses) relating to the cross-currency swaps are recorded in foreign currency gain (loss).

The unrealized gains (losses) representing the change in fair value relating to derivative instruments were as follows:

	Three months ended March 31,	
	2013	2012
Unrealized (loss) gain	**$**	$
Marketing revenue	**(19,456)**	16,230
NGL Infrastructure operating expense	**846**	(67)
Other:		
Foreign currency loss on U.S. debt	**(857)**	(305)
Total unrealized (loss) gain	**(19,467)**	15,858

Risk Management

Market risk is the risk that the fair value of future cash flows of a financial asset or a financial liability will fluctuate because of changes in market prices. Market risk is comprised of commodity price risk, interest rate risk, and foreign currency risk, as well as credit and liquidity risks.

(b) Commodity price risk

Subsidiaries of Keyera enter into contracts to purchase and sell primarily NGLs and iso-octane, as well as natural gas and crude oil. These contracts are exposed to commodity price risk between the times contracted volumes are purchased and sold and foreign currency risk for those sales denominated in U.S. dollars. These risks are actively managed by balancing physical and financial contracts which include energy related forward contracts, price swaps and forward currency contracts. A risk management committee meets regularly to review and assess the risks inherent in existing contracts and the effectiveness of the risk management strategies. This is achieved by modeling future sales and purchase contracts to monitor the sensitivity of changing prices and volumes.

Significant amounts of electricity and natural gas are consumed by certain facilities. Due to the fixed fee nature of some service contracts in place with customers, these facilities are unable to flow increases in the cost of electricity and natural gas to customers in all situations. In order to mitigate this exposure to fluctuations in the prices of electricity and natural gas, price swap agreements may be used. These agreements are accounted for as derivative instruments.

Certain NGL contracts that require physical delivery at fixed prices are accounted for as derivative instruments.

(c) Foreign currency risk

Foreign currency risk arises on financial instruments that are denominated in a foreign currency. Keyera's functional currency is the Canadian dollar. Keyera's foreign currency risk largely arises from the Marketing segment where a significant portion of sales and purchases are denominated in U.S. dollars. Foreign currency risk is actively managed by using forward currency contracts and cross-currency swaps. Management monitors the exposure to foreign currency risk and regularly reviews its financial instrument activities and all outstanding positions.

The Gathering and Processing and NGL Infrastructure segments are not subject to foreign currency risk as all sales and virtually all purchases are denominated in Canadian dollars.

U.S. dollar sales and purchases in the Marketing segment were as follows:

	Three months ended March 31,	
	2013	2012
U.S. dollar sales and purchases	**$**	$
Sales priced in U.S. dollars	**263,858**	219,567
Purchases priced in U.S. dollars	**(201,087)**	(133,788)

Portions of Keyera's trade and other receivables and trade and other payables are denominated in U.S. dollars and, as a result, are subject to foreign currency risk.

Keyera is also exposed to foreign currency risk related to its U.S. dollar denominated long-term debt (refer to note 7). To manage this currency exposure, Keyera has entered into cross-currency swap contracts relating to the principal portion and future interest payments of the U.S. dollar denominated debt. These cross-currency contracts are accounted for as derivative instruments. Refer to note 15 for a summary of the foreign currency gains (losses) associated with the U.S. dollar denominated long-term debt.

(d) Interest rate risk

The majority of Keyera's interest rate risk is attributed to its fixed and floating rate debt, which is used to finance capital investments and operations. Keyera's remaining financial instruments are not significantly exposed to interest rate risk. The floating rate debt creates exposure to interest rate cash flow risk, whereas the fixed rate debt creates exposure to interest rate price risk. At March 31, 2013, fixed rate borrowings comprised 90% of total debt outstanding (December 31, 2012 – 84%). The fair value of future cash flows for fixed rate debt fluctuates with changes in market interest rates. It is Keyera's intention to not repay fixed rate debt until maturity and therefore future cash flows would not fluctuate.

(e) Credit risk

The majority of trade and other receivables are due from entities in the oil and gas industry and are subject to normal industry credit risks. Concentration of credit risk is mitigated by having a broad domestic and international customer base. Keyera evaluates and monitors the financial strength of its customers in accordance with its credit policy.

Keyera's maximum exposure to credit risk, which is a worst case scenario and does not reflect results expected by Keyera, is $388,008 at March 31, 2013 (December 31, 2012 – $373,211). Keyera does not typically renegotiate the terms of trade receivables. There were no significant renegotiated balances outstanding at March 31, 2013. With respect to counterparties for derivative financial instruments, the credit risk is managed through dealing primarily with recognized futures exchanges or investment grade financial institutions and by maintaining credit policies which significantly reduce overall counter party credit risk. In addition, Keyera incorporates the credit risk associated with counterparty default, as well as Keyera's own credit risk, into the estimates of fair value.

The allowance for credit losses is reviewed on a quarterly basis. An assessment is made whether an account is deemed impaired based on the number of days outstanding and the likelihood of collection from the counterparty.

(f) Liquidity risk

Liquidity risk is the risk that suitable sources of funding for Keyera's business activities may not be available. Keyera manages liquidity risk by maintaining bank credit facilities, continuously managing forecast and actual cash flows and monitoring the maturity profiles of financial assets and financial liabilities. Keyera has access to a wide range of funding at competitive rates through capital markets and banks to meet the immediate and ongoing requirements of the business.

Risk Management Sensitivities

The following table summarizes the sensitivity of the fair value of Keyera's risk management positions to fluctuations in commodity price, interest rate, and foreign currency rate. Fluctuations in commodity prices, foreign currency rate and interest rate changes could have resulted in unrealized gains (losses) impacting income before tax as follows:

	Impact on income before tax March 31, 2013		Impact on income before tax March 31, 2012	
Risk sensitivities	**Increase**	**Decrease**	Increase	Decrease
Commodity price changes				
+ 10% in natural gas price	**385**	—	32	—
- 10% in natural gas price	—	**(385)**	—	(32)
+ 10% in electricity price	**228**	—	268	—
- 10% in electricity price	—	**(228)**	—	(268)
+ 10% in NGL and iso-octane prices	—	**(22,043)**	—	(12,128)
- 10% in NGL and iso-octane prices	**22,043**	—	12,128	—
Foreign currency rate changes				
+ $0.01 in U.S./Canadian dollar exchange rate	—	**(234)**	50	—
- $0.01 in U.S./Canadian dollar exchange rate	**234**	—	—	(50)
Interest rate changes				
+ 1% in interest rate	—	**(314)**	—	(881)
- 1% in interest rate	**314**	—	881	—

15. NET FOREIGN CURRENCY (LOSS) GAIN ON U.S. DEBT

The components of foreign currency (loss) gain were as follows:

	Three months ended March 31,	
	2013 $	2012 $
Net foreign currency (loss) gain resulting from:		
Translation of US$299,000 long-term debt (2012 – US$168,000)	**(6,189)**	3,007
Translation of accrued interest payable	**(108)**	39
Change in fair value of the cross currency swap – principal and interest portion	**(857)**	(305)
Loss on cross currency swap – interest portion[1]	**(521)**	(684)
Total foreign currency (loss) gain on U.S. debt	**(7,675)**	2,057

Note:
[1] A realized foreign currency loss resulted from the exchange of currencies relating to the interest payments made in the period on the US$299,000 senior notes.

16. FINANCE COSTS

The components of finance costs were as follows:

	Three months ended March 31,	
	2013	2012
	$	$
Interest on bank overdrafts and credit facilities	**1,572**	2,735
Interest on long-term debt	**9,271**	7,067
Interest on convertible debentures	**208**	316
Interest capitalized	**(756)**	(479)
Other interest expense	**34**	18
Total interest expense on current and long-term debt	**10,329**	9,657
Unwinding of discount on decommissioning liability	**1,442**	1,904
Unwinding of discount on long-term debt	**111**	84
Unwinding of discount on convertible debentures	**26**	37
Non-cash expenses in finance costs	**1,579**	2,025
Total finance costs	**11,908**	11,682

For the three months ended March 31, 2013, $756 of borrowing (interest) costs were capitalized (three months ended March 31, 2012 – $479) at a weighted average capitalization rate of 5.16% on funds borrowed (three months ended March 31, 2012 – 5.67%).

17. SUPPLEMENTAL CASH FLOW INFORMATION

Details of changes in non-cash working capital from operating activities were as follows:

	Three months ended March 31,	
	2013	2012
	$	$
Inventory	**38,462**	30,157
Trade and other receivables	**(14,797)**	18,884
Other assets	**774**	17,120
Trade and other payables	**18,255**	(7,742)
Changes in non-cash working capital from operating activities	**42,694**	58,419

Details of changes in non-cash working capital from investing activities were as follows:

	Three months ended March 31,	
	2013	2012
	$	$
Trade and other payables	**4,371**	873
Changes in non-cash working capital from investing activities	**4,371**	873

18. SEGMENT INFORMATION

Keyera has the following four reportable operating segments based on the nature of its business activities:

Marketing
The Marketing segment is involved in the marketing of NGLs, such as propane, butane, and condensate, and iso-octane to customers in Canada and the United States, as well as various crude oil midstream activities.

Gathering and Processing
The Gathering and Processing segment includes raw gas gathering systems and processing plants located in the natural gas production areas primarily on the western side of the Western Canada Sedimentary Basin. The operations primarily involve providing natural gas gathering and processing services to customers.

NGL Infrastructure
The NGL Infrastructure segment provides gathering, fractionation, storage, transportation and terminalling services for NGLs and crude oil. As well, it provides manufacturing services of iso-octane to Keyera's Marketing business. These services are provided to customers through an extensive network of facilities that include underground NGL storage caverns, NGL fractionation facilities, NGL and crude oil pipelines as well as rail and truck terminals.

Corporate and Other
The Corporate and Other segment includes corporate functions and the production of natural gas and natural gas liquids.

Inter-segment sales and expenses are recorded at current market prices at the date of the transaction. These transactions are eliminated on consolidation in order to arrive at net earnings in accordance with GAAP.

The following table shows the operating margin from each of Keyera's operating segments and includes inter-segment transactions. Operating margin is a key measure used by management to monitor profitability by segment.

Three months ended March 31, 2013	**Marketing $**	**Gathering & Processing $**	**NGL Infrastructure $**	**Corporate and Other $**	**Total $**
Revenue before inter-segment eliminations	697,538	78,048	49,820	2,554	827,960
Operating expenses before inter-segment eliminations	(673,614)	(38,147)	(20,807)	(1,361)	(733,929)
Operating margin	23,924	39,901	29,013	1,193	94,031
Inter-segment revenue eliminations	—	(3,912)	(35,883)	(3,696)	(43,491)
Inter-segment expenses eliminations	42,647	—	—	844	43,491
	66,571	35,989	(6,870)	(1,659)	94,031
General and administrative expenses	—	—	—	(6,531)	(6,531)
Finance costs	—	—	—	(11,908)	(11,908)
Depreciation and amortization expense	—	—	—	(24,794)	(24,794)
Net foreign currency loss on U.S. debt	—	—	—	(7,675)	(7,675)
Long-term incentive plan expense	—	—	—	(8,262)	(8,262)
Impairment expense	(577)	—	—	—	(577)
Earnings (loss) before income tax	65,994	35,989	(6,870)	(60,829)	34,284
Income tax expense	—	—	—	(10,839)	(10,839)
Net earnings (loss)	**65,994**	**35,989**	**(6,870)**	**(71,668)**	**23,445**
Revenue from external customers	697,538	74,136	13,937	(1,142)	784,469

Three months ended March 31, 2012	Marketing $	Gathering & Processing $	NGL Infrastructure $	Corporate and Other $	Total $
Revenue before inter-segment eliminations	701,598	81,456	45,228	2,351	830,633
Operating expenses before inter-segment eliminations	(688,932)	(42,444)	(19,215)	(955)	(751,546)
Operating margin	12,666	39,012	26,013	1,396	79,087
Inter-segment revenue eliminations	—	(2,729)	(30,138)	(2,282)	(35,149)
Inter-segment expenses eliminations	34,659	—	—	490	35,149
	47,325	36,283	(4,125)	(396)	79,087
General and administrative expenses	—	—	—	(8,638)	(8,638)
Finance costs	—	—	—	(11,682)	(11,682)
Depreciation and amortization expense	—	—	—	(19,666)	(19,666)
Net foreign currency gain on U.S. debt	—	—	—	2,057	2,057
Long-term incentive plan recovery	—	—	—	4,182	4,182
Earnings (loss) before income tax	47,325	36,283	(4,125)	(34,143)	45,340
Income tax expense	—	—	—	(11,470)	(11,470)
Net earnings (loss)	**47,325**	**36,283**	**(4,125)**	**(45,613)**	**33,870**
Revenue from external customers	701,598	78,727	15,090	69	795,484

Geographical information

Keyera operates in two geographical areas, Canada and the United States (US). Keyera's revenue from external customers and information about its property, plant and equipment by geographical location are detailed below based on the country of origin.

Revenue from external customers located in	Canada $	US $
Three months ended March 31, 2013	**631,176**	**153,293**
Three months ended March 31, 2012	690,612	104,872

	Canada $	US $
Non-current assets[1] at March 31, 2013	**2,062,771**	**19,706**
Non-current assets[1] at December 31, 2012	2,028,346	20,470

Notes:

[1] Non-current assets are comprised of property, plant and equipment, intangible assets, and goodwill.

Information about major customers

Keyera did not earn revenues from a single external customer that accounted for more than 10% of its total revenue for the three months ended March 31, 2013 and 2012.

19. SUBSEQUENT EVENTS

Dividends Declared

In April 2013, Keyera declared a dividend of $0.18 per share, payable on May 15, 2013 to shareholders of record as of April 22, 2013.

Corporate Information

Board of Directors

Jim V. Bertram
Chief Executive Officer
Keyera Corp.
Calgary, Alberta

Robert B. Catell (1)
Chairman of the Advanced Energy Research and Technology Center of Stoneybrook University
New York, New York

Michael B.C. Davies (2)
Principal
Davies & Co.
Banff, Alberta

Nancy M. Laird (3)(4)
Corporate Director
Calgary, Alberta

Donald J. Nelson (2)(4)
President
Fairway Resources Inc.
Calgary, Alberta

H. Neil Nichols (2)(3)
Corporate Director
Smiths Cove, Nova Scotia

William R. Stedman (2)(3)(4)
Chairman and CEO
ENTx Capital Corporation
Calgary, Alberta

(1) Chairman of the Board
(2) Member of the Audit Committee
(3) Member of the Compensation and Governance Committee
(4) Member of the Health, Safety and Environment Committee

Head Office

Keyera Corp.
Suite 600, Sun Life Plaza West Tower
144 – 4th Avenue S.W.
Calgary, Alberta T2P 3N4
Main phone: 403-205-8300
Website: www.keyera.com

Auditors

Deloitte LLP
Chartered Accountants
Calgary, Canada

Officers

Jim V. Bertram
Chief Executive Officer

David G. Smith
President and Chief Operating Officer

Graham Balzun
Vice President, Engineering and Corporate Responsibility

W. John Cobb
Vice President, Investor Relations & Information Technology

Michael Freeman
Vice President, Commercial

Suzanne Hathaway
Vice President, General Counsel and Corporate Secretary

Jim Hunter
Vice President, NGL Facilities

Marzio Isotti
Senior Vice President, Gathering and Processing Business Unit

Dion O. Kostiuk
Vice President, Human Resources and Corporate Services

Steven B. Kroeker
Vice President and Chief Financial Officer

Bradley W. Lock
Senior Vice President, Liquids Business Unit

Stock Exchange Listing

The Toronto Stock Exchange
Trading Symbols KEY; KEY.DB.A

Trading Summary Q1 2013

TSX:KEY – Cdn $	
High	$57.09
Low	$49.77
Close March 31, 2013	$57.09
Volume	10,688,917
Average Daily Volume	175,228

Investor Relations

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