KEYERA CORP.

ANNUAL INFORMATION FORM

February 26, 2020

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The information in this AIF is given as of December 31, 2019 unless otherwise indicated. All dollar amounts set forth in this AIF are in Canadian dollars unless otherwise indicated. Capitalized terms and industry terms used herein without definition have the respective meanings set forth in the Glossary.

GLOSSARY

In this AIF, unless the context otherwise requires, the following terms have the indicated meanings. A reference to an agreement means the agreement as amended, supplemented or restated from time to time.

"**2018 Medium Term Notes**" means the $400 million aggregate principal amount of medium term notes of Keyera issued June 3, 2018 pursuant to the Note Indenture;

"**2019 Subordinated Hybrid Notes**" means the $600 million of fixed-to-floating rate subordinated notes of Keyera issued on June 13, 2019 pursuant to the First Supplemental Note Indenture;

"**ABCA**" means the *Business Corporations Act* (Alberta), as amended from time to time, and the regulations thereunder;

"**acid gas**" means H_2S or CO_2 or a combination of H_2S and CO_2 which are referred to as acid gases because they form acids or acidic solutions in the presence of water;

"**acid gas injection**" refers to the injection of acid gas into underground geological formations;

"**ADT Ltd.**" means Alberta Diluent Terminal Ltd., a corporation formed under the laws of the Province of Alberta;

"**AEF**" means the Alberta EnviroFuels facility;

"**AEF Inc.**" means Alberta EnviroFuels Inc., a corporation formed under the laws of the Province of Alberta;

"**AEP**" means Alberta Environment and Parks;

"**AER**" means the Alberta Energy Regulator;

"**AIF**" means this Annual Information Form;

"**Board of Directors**" means the board of directors of Keyera Corp.;

"**butane**" means an NGL, the chemical formula of which is C_4H_{10}, used primarily in crude oil and gasoline blending or in the production of iso-octane;

"**CDS**" means The Canadian Depository for Securities Limited;

"**CO_2**" means carbon dioxide;

"**Common Shares**" means the common shares of Keyera Corp.;

"**Computershare**" means Computershare Trust Company of Canada;

"**condensate**" means a mixture of hydrocarbons consisting primarily of pentanes and heavier liquids usually produced with or extracted from raw gas;

"**CUSMA**" means the *Canada-United States-Mexico Agreement* between Canada, the U.S. and Mexico which is intended to replace the NAFTA;

"**DBRS**" means DBRS Limited;

"**Debenture Indenture**" means the trust indenture dated June 3, 2004 providing for the issuance of unsecured subordinated convertible debentures, as amended or supplemented from time to time;

"**dehydration**" means the process by which water vapour is removed from raw gas;

"**dilbit**" means bitumen that is blended with a diluent, such as condensate, in order to reduce viscosity and density of the bitumen for pipeline transportation;

"**diluent**" means a lower density fluid that is blended with heavy oil or bitumen in order to reduce viscosity and density for pipeline transportation (condensate is a commonly used diluent for pipeline transportation of heavy oil or bitumen);

"**distributable cash flow**" means the cash flow available for distribution to Shareholders as dividends as described under "Dividends";

"**enhanced oil recovery**" means any method that increases oil production by using techniques or materials that are not part of normal pressure maintenance or water flooding operations, such as injection of natural gas or CO_2 into a reservoir to increase oil production from the reservoir;

"**ethane**" means an NGL, the chemical formula of which is C_2H_6, used primarily as a feedstock to the petrochemical industry and in enhanced oil recovery projects;

"**First Preferred Shares**" means the first preferred shares of Keyera Corp. as more particularly described under "Capital Structure of Keyera Corp. – Preferred Shares";

"**First Supplemental Note Indenture**" means the first supplemental note indenture issued under the Note Indenture dated June 13, 2019;

"**gas products**" means NGLs, sulphur and any other commercial substances that may be extracted from raw gas;

"**gas treating**" means the process by which sour gas is sweetened by removal of CO_2 and H_2S;

"**H_2S**" means hydrogen sulphide;

"**hydrocarbons**" means organic compounds containing a mixture of carbon and hydrogen;

"**ID 2001-3**" means AER Interim Directive 2001-3: Sulphur Recovery Guidelines for the Province of Alberta;

"**inlet separation**" means the initial stage of processing within a natural gas processing plant where the incoming raw gas stream enters a vessel and any free liquids such as water and NGLs are removed from the gas stream before it is further processed;

"**iso-octane**" is a low vapour pressure, high octane, gasoline blending component;

"**KEI**" means Keyera Energy Inc., a corporation formed under the laws of the State of Delaware;

"**Keyera**" means Keyera Corp. and its subsidiaries;

"**Keyera Corp.**" means Keyera Corp., a corporation formed under the laws of Alberta, the Common Shares of which are listed for trading on the TSX;

"**Keyera Entity**" means any person controlled, directly or indirectly, from time to time by Keyera Corp.;

“**license capacity**” means the maximum permissible raw gas inlet volume for a gas plant as determined by the plant license granted by the AER or OGC;

“**lean oil recovery**” is an NGL recovery process that utilizes a light oil in contact with incoming raw gas to absorb NGLs from the raw gas stream and to meet raw gas specifications;

“**NAFTA**” means the *North American Free Trade Agreement* between Canada, the U.S. and Mexico;

“**NGL**” or “**NGLs**” means natural gas liquids, consisting of any one of ethane, propane, butane, condensate and pentanes, or any combination thereof;

“**Note Indenture**” means the trust indenture dated June 21, 2018 among Keyera Corp., certain of its subsidiaries and Computershare providing for the issuance of notes;

“**OEMS**” means Keyera’s Operational Excellence Management System as further described in “Health, Safety Environment – Operational Excellence;”

“**OGC**” means the British Columbia Oil and Gas Commission;

“**operating margin**” means operating revenues less operating expenses and general and administrative expenses associated with the Marketing segment, and does not include the elimination of inter-segment transactions (see the 2019 Annual Audited Financial Statements of Keyera available on SEDAR at www.sedar.com);

“**Ovintiv**” means Ovintiv Inc., formerly known as Encana Corporation;

“**Partnership**” means Keyera Partnership, a general partnership organized under the laws of the Province of Alberta pursuant to the Partnership Agreement;

“**Partnership Agreement**” means the amended and restated partnership agreement of the Partnership dated January 1, 2011, as amended December 21, 2011, December 23, 2011, January 2, 2016 and January 1, 2017, and as may be further amended or amended and restated from time to time;

“**pentane**” means a hydrocarbon, generally a liquid at atmospheric conditions, the chemical formula of which is C_5H_{12};

“**petroleum substances**” means petroleum, crude oil, crude bitumen, synthetic crude oil, oil sands, bituminous sands, iso-octane, alkylate, other gasoline blending products, raw gas (including natural gas from coal or shale), gas products, petroleum based solvents, refined products (such as diesel or gasoline), all related hydrocarbons and any and all other minerals and substances, whether liquid, solid or gaseous, whether hydrocarbons or not, produced or producible in association with or derived from any of the foregoing, including but not limited to hydrogen sulphide, sulphur, carbon dioxide and coke;

“**Preferred Shares**” means the First Preferred Shares and Second Preferred Shares or any one of them;

“**propane**” means an NGL, the chemical formula of which is C_3H_8, used for heating, crop drying, motor fuel and as a feedstock for the petrochemical industry in the manufacture of ethylene and propylene;

“**raw gas**” means natural gas before it has been subjected to any processing that may be required for it to become suitable for sale;

“**refrigeration**” is an NGL recovery process that utilizes a refrigerant as a means to cool incoming raw gas in order to extract NGLs from the raw gas stream;

“**RBOB**” means reformulated gasoline blendstock for oxygenate blending;

“**Right**” means the rights issued to Shareholders pursuant to the Rights Plan;

“**Rights Agreement**” means the agreement entered into between Keyera Corp. and Computershare providing for the establishment of the Rights Plan;

“**Rights Plan**” means the Shareholder rights plan adopted by Keyera Corp. as more particularly described under “Capital Structure of Keyera Corp. – Shareholder Rights Plan”;

“**Rimbey LP**” means Rimbey Pipeline Limited Partnership, a limited partnership formed pursuant to the laws of Manitoba;

“**S&P**” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies;

“**sales gas**” means saleable natural gas after it has been treated in a natural gas processing facility to remove water vapour, inert gases, CO_2, H_2S and NGLs and is comprised primarily of methane with small amounts of ethane and other NGLs;

“**Second Preferred Shares**” means second class of preferred shares of Keyera Corp. as more particularly described under “Capital Structure of Keyera Corp. – Preferred Shares”;

“Shareholder” means a holder of Common Shares;

“**sour gas**” means natural gas that contains an amount of H_2S in excess of the content permitted in gas to be transported on sales gas pipelines, or which the AER considers to be sour gas;

“**specification NGLs**” or “**spec NGLs**” means saleable ethane, propane, butane or condensate that meet the specifications for those products established by industry associations;

“**subsidiary**” means, in relation to any person or entity, any corporation, partnership, trust, joint venture, association or other entity of which more than 50% of the total voting power of shares or units of ownership or beneficial interest entitled to vote in the election of directors (or members of a comparable governing body) is owned or controlled, directly or indirectly, by such person or entity;

“**sulphur**” means a yellow mineral extracted from natural gas which is used in the manufacture of fertilizer, pharmaceuticals and other products;

“**sulphur recovery**” means the process within a natural gas processing facility whereby natural gas containing hydrogen sulphide undergoes a series of chemical reactions to isolate elemental sulphur;

“**sweet gas**” means natural gas that is not sour gas;

“**Tax Act**” means the *Income Tax Act* (Canada), as amended from time to time, and the regulations thereunder;

“**TC Energy**” means TC Energy Corporation, formerly TransCanada Pipelines Limited;

“**throughput**” means: with respect to a gas plant, inlet volumes processed (including any off-load or reprocessed volumes); with respect to a pipeline, means the estimated gas or liquid volume transported therein; and with respect to NGL processing facilities the volume of inlet NGLs processed;

“**turbo expansion**” is an NGL recovery process that utilizes the expansion and subsequent cooling of incoming raw gas to extract a high percentage of NGLs from the raw gas to meet or exceed sales gas specifications;

“**TSX**” means the Toronto Stock Exchange;

"**U.S.**" means the United States of America;

"**utilization rate**" means, with respect to a gas plant, throughput divided by license capacity; for a pipeline, throughput divided by the estimated pipeline capacity; and for other facilities which do not have a specified license capacity, throughput divided by the estimated capacity of such facility; in all cases expressed as a percentage;

"**WCSB**" means the Western Canada Sedimentary Basin; and

"**WTI**" means West Texas Intermediate, a grade of crude oil used as a benchmark in oil pricing.

ABBREVIATIONS AND CONVERSIONS

In this AIF, the following abbreviations have the meanings set forth below:

Bbl and Bbls Barrel and barrels, each barrel representing 34.972 Imperial gallons or 42 U.S. gallons
Bbls/d Barrels per day
Mcf Thousand standard cubic feet
Mcf/d Thousand standard cubic feet per day
MMcf Million standard cubic feet
MMcf/d Million standard cubic feet per day
MW Megawatts
tonne One thousand kilograms
tonnes/d Tonnes per day

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	cubic metres	28.174
cubic metres	cubic feet	35.494
Bbls	cubic metres	0.159
cubic metres	Bbls	6.293
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471
tonnes	long tons	0.984

FORWARD LOOKING STATEMENTS

In order to provide readers with information regarding Keyera, including its assessment of future plans and operations, certain statements contained in this AIF contain forward looking statements under applicable securities laws. These statements relate to future events or Keyera's future performance. Such statements are predictions only and actual events or results may differ materially. Forward looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "plan", "intend", "believe", and similar words or expressions, including the negatives or variations thereof. All statements other than statements of historical fact contained in this document are forward looking statements, including, without limitation, statements regarding:

- industry, market and economic conditions and any anticipated effects on Keyera;
- Keyera's future financial position and operational performance;
- future dividends;
- business strategy, anticipated growth and plans of management;
- budgets, including future capital, operating or other expenditures and projected costs;
- estimated utilization rates and throughputs;
- expected costs, in-service dates and schedules for capital projects (including projects under construction/development);
- anticipated timing for future revenue streams;
- treatment of Keyera and its projects under existing and proposed governmental regulatory regimes;
- the operation and effectiveness of risk management programs;
- expected outcomes with respect to legal proceedings and potential insurance recoveries; and
- expectations regarding Keyera's ability to maintain its competitive position, raise capital and add to its assets through acquisitions or internal growth opportunities.

The forward looking statements reflect Keyera's beliefs and assumptions with respect to such things as the outlook for general economic trends, industry trends, commodity prices, capital markets, the integrity and reliability of Keyera's assets, and the governmental, regulatory and legal environment. In some instances, this AIF may also contain forward looking statements attributed to third parties. Management believes that its assumptions and analysis in this AIF are reasonable and that the expectations reflected in the forward looking statements contained herein are also reasonable based on the information available on the date such statements are made and the process used to prepare the information. However, it 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:

- Keyera's ability to implement its strategic priorities and business plan and achieve the expected benefits;
- general industry, market and economic conditions;
- activities of customers, producers and other facility owners;
- operational hazards and performance;
- the effectiveness of Keyera's risk management programs;
- competition;
- changes in commodity composition and prices, inventory levels, supply/demand trends and other market conditions and factors;
- processing and marketing margins;
- climate change risks, including the effects of unusual weather and natural catastrophes;
- climate change effects and regulatory and market compliance and other costs associated with climate change;
- variables associated with capital projects, including costs and timing;
- fluctuations in interest, tax and foreign currency exchange rates;
- counterparty performance and credit risk;

- changes in operating and capital costs;
- cost and availability of financing;
- ability to expand, update and adapt infrastructure on a timely and effective basis;
- decommissioning, abandonment and reclamation costs;
- reliance on key personnel and third parties;
- relationships with external stakeholders, including Indigenous stakeholders;
- technology, security and cybersecurity risks;
- potential litigation and disputes;
- uninsured and underinsured losses;
- ability to service debt and pay dividends;
- changes in credit ratings;
- reputational risks;
- changes in environmental and other laws and regulations;
- actions by governmental authorities;

and other factors, many of which are beyond the control of Keyera, some of which are discussed under “Risk Factors” in this AIF. Further, because there is interconnectivity between many of the risks Keyera faces, it is possible that different constellations of risk could materialize which could result in unanticipated outcomes or consequences.

Readers are therefore cautioned that the foregoing list of important factors is not exhaustive and they should not unduly rely on the forward looking statements included in this AIF. Further, readers are cautioned that the forward looking statements contained herein are made as of the date of this AIF. Unless required by law, Keyera does not intend and does not assume any obligation to update its forward looking statements. All forward looking statements contained in this AIF 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 available on SEDAR at www.sedar.com.

PRESENTATION OF FINANCIAL INFORMATION

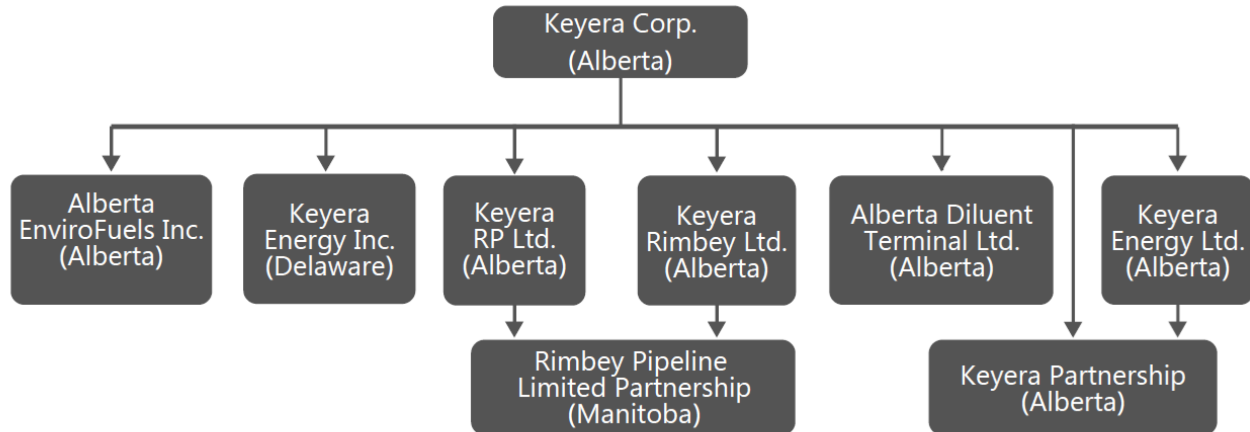
This AIF refers to certain financial measures that are not determined in accordance with Canadian generally accepted accounting principles applicable to publicly traded companies ("GAAP"), also known as International Financial Reporting Standards. Among the supplemental, non-GAAP financial measures that Keyera uses to assess and explain its financial performance in this AIF include:

Measure	Definition	Use
distributable cash flow	cash flow from operating activities adjusted for changes in non-cash working capital, long-term incentive plan costs, inventory write-downs, maintenance capital expenditures and finance lease liabilities	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
distributable cash flow per share	distributable cash flow divided by weighted average number of shares – basic	used to assess the level of cash flow generated from ongoing operations on a per share basis
EBITDA	earnings before finance costs, taxes, depreciation, and amortization	used as an indication of earnings generated from operations after consideration of administrative and overhead costs
adjusted EBITDA	EBITDA before costs associated with non-cash items, including unrealized gains/losses on commodity related contracts, impairment expenses and any other non-cash items such as gains/losses on the disposal of property, plant and equipment	used as an indication of earnings generated from operations after consideration of administrative and overhead costs excluding the impact of non-cash items
realized margin	operating margin excluding the effect of unrealized gains and losses from commodity related risk management contracts	used to assess the financial performance of Keyera's ongoing operations without the effect of unrealized gains and losses on commodity related risk management contracts related to future periods

Keyera believes that these non-GAAP measures are useful supplemental metrics to help facilitate an understanding of Keyera's financial performance. However, investors are cautioned that these measures should not be construed as alternatives to "net earnings" and "cash flow from operating activities" determined in accordance with GAAP as an indication of Keyera's performance. Investors are also cautioned that these measures may not be comparable with measures provided by other public corporations or entities. Please refer to pages 43 and 44 of Keyera's 2019 Year End Report dated February 26, 2020, available on SEDAR at www.sedar.com, for the reconciliation of EBITDA and Adjusted EBITDA to their most closely related GAAP measure, net earnings.

DESCRIPTION OF THE STRUCTURE OF KEYERA CORP.

Keyera Corp. is a public company and its Common Shares trade on the TSX under the symbol "KEY". Its registered office and head office are located at 200, 144 – 4th Avenue SW, Calgary, Alberta T2P 3N4. The constating documents of Keyera Corp., including the articles and bylaws, are available on SEDAR at www.sedar.com and on Keyera's website at www.keyera.com. Keyera Corp. directly or indirectly owns 100% of the voting interests in its operating subsidiaries. The following diagram[1] sets out the name and jurisdiction of the operating subsidiaries of Keyera Corp. as of the date of this AIF.



Keyera Corp. is the managing partner of the Partnership, Keyera's primary Canadian operating subsidiary. The Partnership owns and operates the majority of Keyera's Canadian assets and businesses. In accordance with the Partnership Agreement, a copy of which is available on SEDAR at www.sedar.com, the Partnership is authorized to carry on a number of business activities including:

1. directly or indirectly, alone or in conjunction with other persons, constructing, owning, operating, managing, acquiring, developing, investing in and disposing of facilities and infrastructure, including any equipment and systems ancillary thereto, used for or related to the gathering, processing, transportation, delivery, distribution, collection, compression, fractionation, extraction, pipeline, storage, terminalling, blending, refining, handling, alkylation, production, measurement, disposal, treatment and sale of petroleum substances, electricity, alternative energy and thermal energy, including and actively pursuing the identification, evaluation and development of business and investment opportunities in respect thereof;
2. directly or indirectly, alone or in conjunction with other persons, gathering, processing, transporting, delivering, fractionating, extracting, storing, terminalling, blending, refining, handling, alkylating, buying, selling, marketing (including entering into hedging and swap arrangements in relation to marketing), investing in, exploring for, developing, producing and disposing of petroleum substances; electricity, alternative energy and thermal energy;
3. providing support, services and strategic advice to affiliates of the Partnership;
4. such other business activities as the Board of Directors may determine; and
5. all activities ancillary or incidental to any of the foregoing.

Keyera's only Canadian assets that are not owned by the Partnership are: (i) the Rimbey Pipeline which is owned and operated by Rimbey LP; and (ii) the Alberta Diluent Terminal which is owned and operated by Alberta Diluent Terminal Ltd. Keyera Energy Inc. carries out Keyera's business activities in the U.S.

1. Rimbey Pipeline Limited Partnership owns 100,000 preferred shares of Keyera Energy Ltd.

The following table outlines notable milestones in the corporate and capital structure of Keyera in the three years from 2017 to present.

Date	Milestone
January 1, 2017	Keyera completed a minor internal reorganization amalgamating Keyera Midstream Ltd. into Keyera Energy Ltd.
December 2017	Keyera Corp. completed a public offering of 14,030,000 Common Shares at $35.20 per Common Share.
June 3, 2018	Keyera Corp. completed a public offering of the 2018 Medium Term Notes, raising gross proceeds of $400 million.
June 13, 2019	Keyera Corp. completed a public offering of the 2019 Subordinated Hybrid Notes, raising gross proceeds of $600 million and created the first series of First Preferential Shares in connection with the offering.

GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Keyera operates an integrated Canadian-based midstream business with extensive interconnected assets and depth of expertise in delivering midstream energy solutions. Midstream businesses 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 three integrated business segments:

1. Gathering and Processing - 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, primarily NGLs, before the sales gas is injected into pipeline systems for transportation to end-use markets. Keyera also provides condensate handling services through its condensate gathering pipelines and stabilization facilities.

2. Liquids Infrastructure - Keyera owns and operates a network of facilities for the gathering processing, fractionation, storage and transportation of the by-products of natural gas processing, including NGLs in mix form and specification NGLs such as ethane, propane, butane and condensate. In addition, this segment includes Keyera's iso-octane facilities at AEF, its liquids blending facilities and its 50% interest in the crude storage facility at Base Line Terminal.

3. 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 liquids blending activities.

Keyera's Gathering and Processing and Liquids Infrastructure businesses are predominantly fee-for-service, while the Marketing business generates margin from the distribution and sale of products such as NGLs, iso-octane, natural gas and crude oil. While the relative proportion of Keyera's operating margin generated by its fee-for-service segments versus the Marketing segment may vary year over year, Keyera manages its portfolio with a goal of maintaining a high proportion of fee-for service business over the long-term. Keyera's integrated business model creates a number of synergies between Keyera's two fee-for-service businesses (Gathering and Processing and Liquids Infrastructure) and its Marketing business. As Keyera has grown its two infrastructure businesses, it has often been able to create incremental commercial opportunities for its Marketing business. Keyera's Marketing business is able to access Keyera's infrastructure assets at market rates to facilitate its commercial activities. The following tables set out operating margin and realized margin by segment for the last three years.

Operating Margin ($000s)[1]				
Segment	**2017**	**2018**	**2019**	**Three Year Average**
Fee-For-Service[2]				
Gathering and Processing	275,284	271,833	293,716	280,278
Liquids Infrastructure	285,271	324,456	376,400	328,709
Subtotal Fee-for-Service Segments[2]	**560,555**	**596,289**	**670,116**	**608,987**
Marketing	128,370	366,230	324,988	273,196
Other[3]	14,616	13,680	9,029	12,442
Total All Segments	**703,541**	**976,199**	**1,004,133**	**894,625**
Segment Operating Margin as a Percent of Total Operating Margin[1]				
	2017	**2018**	**2019**	**Average**
Fee-for-Service Segments[2]	80%	61%	67%	68%
Marketing	18%	38%	32%	31%
Other[3]	2%	1%	1%	1%
Total	**100%**	**100%**	**100%**	**100%**

Realized Margin ($000s) [1,4]				
Segment	**2017**	**2018**	**2019**	**Three Year Average**
Fee-For-Service [2]				
Gathering and Processing	273,913	272,514	294,380	280,269
Liquids Infrastructure	282,506	325,590	377,256	328,451
Subtotal Fee-for-Service Segments[2]	**556,419**	**598,104**	**671,636**	**608,720**
Marketing	128,192	296,020	372,900	265,704
Other[3]	13,604	13,175	9,191	11,990
Total All Segments	**698,215**	**907,299**	**1,053,727**	**886,414**
Segment Realized Margin as a Percent of Total Realized Margin[1,4]				
	2017	**2018**	**2019**	**Average**
Fee-for-Service Segments[2]	80%	66%	64%	69%
Marketing	18%	33%	35%	30%
Other[3]	2%	1%	1%	1%
Total	**100%**	**100%**	**100%**	**100%**

Notes:

(1) See Keyera's 2019 Annual Audited Financial Statements and accompanying Management Discussion and Analysis available on SEDAR at www.sedar.com for a further discussion of operating margin and realized margin.
(2) Includes intersegment transactions.
(3) The "Other" category includes operating margin (net of royalties and operating expenses) from production from oil and gas reserves acquired by Keyera in connection with its acquisition of ownership interests in the Minnehik Buck Lake, West Pembina, Bigoray and Cynthia gas plants. These reserves and associated production are not material to Keyera and Keyera has no plans to drill any additional wells.
(4) Realized margin is a non-GAAP measure. See "Presentation of Financial Information" for definition and use.

In the Gathering and Processing and Liquids Infrastructure businesses, many of the contracts include take-or pay commitments. In 2019, take-or-pay revenue was $438.2 million ($353.1 million in 2018) with contracts ranging from one to 30 years. As well, in the Gathering and Processing business, Keyera

has secured, in addition to take-or-pay contracts, area dedications from key producers around the Wapiti and Pipestone gas plants in northwestern Alberta and the Rimbey gas plant. See "Business of Keyera" for a more detailed description of each of Keyera's business segments, including a discussion of the contracting arrangements within each area.

Business Strategy

Keyera's vision is to be the North American leader in delivering energy infrastructure solutions. In support of this vision, Keyera has maintained a consistent commitment to its strategy of delivering steady disciplined growth to create long-term value for shareholders. As part of this strategy, Keyera will:

- focus on customer service;
- maximize utilization of its facilities;
- enhance and extend its integrated value chain; and
- utilize our assets to access high value markets.

Over the last three years, Keyera's drive to deliver safe, reliable and cost effective operations, has been reflected in its operational excellence, cost containment and efficiency optimization initiatives, all of which continue to be themes in its ongoing operations. Over this period, Keyera has grown its business by investing approximately $2.97 billion in growth projects and acquisitions, underpinned by fee-for-service contracts. A significant portion of Keyera's capital investment in the last three years has been focused on developing a strong presence in northwestern Alberta to provide infrastructure solutions to producers who are actively developing the liquids-rich Montney and Duvernay geological zones in the region. With the completion of the Wapiti gas plant, the expansion of the Simonette gas plant and once construction of the Pipestone gas plant is completed, Keyera expects to have approximately 950 MMcf/d per day of gas processing capacity and 90,000 Bbls/d of condensate stabilization capacity. In 2019, Keyera approved the KAPS pipeline system which will transport NGLs and condensate from the liquids-rich Montney to its liquids infrastructure in Fort Saskatchewan. Other key areas of investment have been the continued expansion of Keyera's industry leading condensate system which delivers key services to oil sands producers, and strategic investments in U.S. liquids hubs.

Keyera's growth strategy has been coupled with discipline in maintaining a conservative financial structure and growing its dividends. As part of Keyera's prudent approach to managing its balance sheet, over the past three years it has extended its credit facility, raised $400 million through private placements of senior unsecured notes, raised gross proceeds of $400 million through the public offering of medium term notes, raised gross proceeds of $600 million through the public offering of hybrid notes, raised gross proceeds of approximately $494 million in an equity offering, and raised approximately $604 million through its Premium Dividend™ and Dividend Reinvestment Plan (See "Capital Structure of Keyera Corp.). Since the beginning of 2017, Keyera has increased its dividend three times and received two investment grade issuer credit ratings (See "Dividends" and "Capital Structure of Keyera Corp.").

Grounded in its overall business strategy, Keyera considers a number of factors when evaluating capital projects and acquisitions, including: (i) ability to complement Keyera's capabilities and competitive advantages; (ii) contracts that provide secure long-term cash flow; (iii) ability to contribute an appropriate risk/reward to Keyera's capital program which is expected to generate an annual return on capital of 10% - 15%; and (iv) ability to fund the investment opportunity while preserving financial flexibility. Keyera's approach to customer service and its experience in joint venture relationships have allowed it to secure contractual underpinnings for its major projects and have provided flexibility in how it is able to deliver these projects.

The following tables highlight some of the key acquisitions and capital projects which were either completed in the last three years or are under development or construction. See "Business of Keyera" for more information on each of these initiatives and "Forward Looking Statements" and "Risk Factors" for more information on the factors that could affect the development of projects that have not yet been completed. For all construction projects, estimated completion times assume that construction proceeds as planned

and that, where required, all regulatory approvals and other third party approvals or consents are received on a timely basis.

2017 ACQUISITIONS 2017 Total Expenditures: $61 million	
Facility/Area	**Description**
Alberta Heartland Lands	In January, Keyera acquired an additional 1290 acres of undeveloped land for future development in the Industrial Heartland area near Fort Saskatchewan.
Various Keyera-Operated Gas Plants	Acquired incremental 4.91% and 0.02% ownership interests in the West Pembina and Rimbey gas plants, respectively.
Cushing, Oklahoma Lands	Keyera acquired 155 acres of undeveloped land near Cushing, Oklahoma for potential future development.
2017 GROWTH CAPITAL PROJECTS 2017 Total Expenditures: $658 million	
Facility/Area	**Description**
Bellatrix O'Chiese Nees-Ohpawganu'ck ("Alder Flats") Gas Plant	Bellatrix, as operator of this plant, continued with the construction of the phase 2 plant expansion.
Simonette Liquids Handling Expansion Project	Keyera advanced engineering work to expand the NGL handling capabilities at the Simonette gas plant. The project includes reconfiguration of the NGL recovery capabilities (including expanded condensate stabilization capabilities), incremental above ground NGL storage (including NGL mix and condensate), additional truck loading facilities and an expanded connection to a third party NGL pipeline system. The NGL pipeline connection and working NGL storage additions were completed in 2017 and the balance of the project is scheduled for completion by mid-2018. Upon completion, the condensate operational capacity at Simonette is expected to be approximately 27,000 Bbls/d.
Simonette Inlet Handling Improvements & Acid Gas Injection System	In November, Keyera kicked off a collection of projects that will enhance liquids handling capabilities at one of the pipeline inlets to the plant, add utilities upgrades to improve reliability and see the development of an acid gas injection solution as an alternative for handling sour gas volumes. Supported by gas handling agreements with two key customers, these facility additions are targeted to be in service in 2019.
Wapiti Gas Plant Project (Phase One)	Keyera continued to advance this project and in May Keyera's primary customer sanctioned phase 1. Upon sanctioning Keyera was able to start construction of phase 1, including 150 MMcf/d of sour gas processing capacity at the plant, acid gas injection facilities, 25,000 Bbls/d of condensate processing capacity, a gathering system and field compression. Completion is targeted for mid-2019.
North Wapiti Pipeline System	In November, Keyera sanctioned the construction of the North Wapiti Pipeline System, which will extend from the new Wapiti gas plant (currently under construction) north of the Wapiti River. The system includes a 34-kilometre, 12-inch sour gas gathering pipeline, an 8-inch condensate and emulsion pipeline and a 30 MMcf/d compressor station and has a targeted in-service date in the second half of 2019.
Keylink Pipeline	Keyera sanctioned the Keylink NGL pipeline gathering system and commenced construction in the fourth quarter shortly after regulatory approvals were received. The project consists of over 240 kilometres of newly constructed and repurposed existing pipelines that will transport NGL mix from eight of Keyera's gas plants to the Rimbey gas plant for fractionation into specification products.

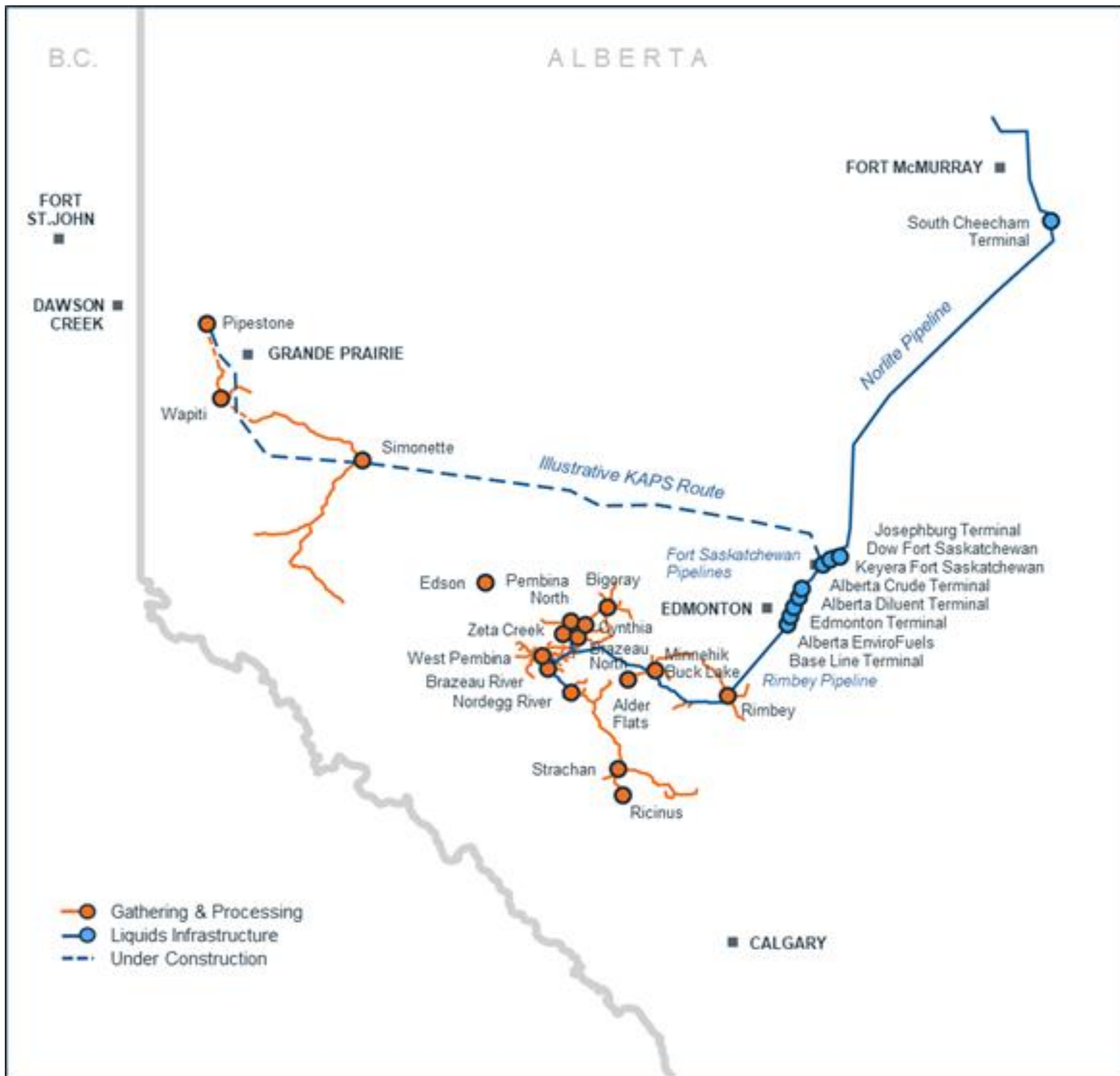
Keyera Fort Saskatchewan – Storage Expansion	The 14th cavern was completed and put into service in April. Washing of the 15th, 16th and 17th caverns continued throughout the year.
Fort Saskatchewan Condensate System Expansion	The pipeline and manifold were put into service at the end of June, coinciding with the start-up of the Norlite Pipeline. The pipeline and manifold were subsequently connected to the South Grand Rapids Pipeline in 2018.
Edmonton / Fort Saskatchewan - North Condensate Connector	Work to convert this line to condensate service, install the necessary connections and undertake line-fill activities were completed by the end of the third quarter. The line was put into service in the fourth quarter in time to provide services to support commissioning activities at the North West Sturgeon Refinery.
Edmonton / Fort Saskatchewan – Keyera Butane System	The work to complete the conversion of this pipeline to butane service was completed in late 2017 and the pipeline was subsequently put into service in early 2018.
Edmonton Terminal - Condensate Tanks	In August, the construction of all four condensate storage tanks was completed and the tanks were brought into service, each with an estimated actual working storage capacity of 66,000 Bbls.
Edmonton Terminal - South Grand Rapids Pump Station	Keyera completed construction of the pump station in the third quarter and took over responsibility for the construction of a short segment of the South Grand Rapids pipeline in the Edmonton area from Grand Rapids Pipeline Limited Partnership. It was subsequently put into service in connection with the South Grand Rapids pipeline coming on line in 2018.
Norlite Pipeline	Enbridge completed construction of the Norlite Pipeline and it was put into commercial service in the second quarter.
Base Line Terminal	Kinder Morgan continued the construction of this above-ground storage project adjacent to Keyera's AEF facility. Tanks came into service starting in late 2017 with the remainder coming into service in phases throughout 2018.
Hull Terminal Pipeline System	Work continued on the integrity and repair work, as well as the pipeline connections, with Keyera targeting the first half of 2018 to have the pipeline in service.
2018 ACQUISITIONS **2018 Total Expenditures: $ 333 million**	
Facility/Area	**Description**
Edmonton / Fort Saskatchewan – Keyera Butane System	Following the work to complete the conversion of this pipeline to butane service in late 2017, Keyera placed the butane system into service in early 2018. In the second quarter, Keyera purchased the pipeline system which had been leased since December 2016.
Willesden Green Gas Plant	In the first quarter, Keyera acquired the Willesden Green gas plant with the intention to redirect volumes to Keyera's Gilby gas plant.
Pipestone Liquids Hub and Gas Plant	In April, Keyera agreed to acquire and fund the remaining development of Encana Corporation's (now, Ovintiv) Pipestone liquids hub and gas plant. The liquids hub will have 14,000 BBls/d of condensate processing capacity and the gas plant will have 200 MMcf/d of sour gas processing capacity with acid gas injection capabilities, 24,000 Bbls/d of condensate processing capacity, and associated water disposal facilities.
GSR Pipeline	Keyera acquired a newly constructed 10-inch pipeline that connects Keyera's Strachan and Ricinus gas plants. The pipeline was operational in June 2018.
Oklahoma Liquids Terminal	In June, Keyera acquired the Oklahoma Liquids Terminal located near Tulsa, Oklahoma. The terminal receives, blends and delivers diluent, the majority of which is transported by pipeline from the Mont Belvieu area to the Chicago area and ultimately into the Alberta market.
South Grand Rapids Pipeline	The South Grand Rapids Pipeline was completed in September and Keyera acquired a 50% interest in the pipeline and sold a 50% interest in the South Grand Rapids pump station that was completed in 2017. The Keyera-operated pipeline extends from Keyera's Edmonton Terminal to TransCanada's Heartland Terminal near Fort Saskatchewan.

Various Keyera-Operated Gas Plants	Acquired incremental 1% ownership interest in the Cynthia gas plant.
2018 GROWTH CAPITAL PROJECTS **2018 Total Expenditures: $935 million**	
Facility/Area	**Description**
Bellatrix O'Chiese Nees-Ohpawganu'ck ("Alder Flats") Gas Plant	Bellatrix, as operator of this plant, completed construction of the phase 2 plant expansion in March. The expansion increases the licensed gas processing capacity of the facility by 120 MMcf/d to 230 MMcf/d.
Keylink Pipeline	Keyera's Keylink NGL gathering pipeline system became operational in April connecting eight of Keyera's gas plants to the Rimbey gas plant for fractionation into specification products. Later in the year additional connections were completed to third party gas plants.
Hull Terminal Pipeline System	In April, the pipeline system was completed and placed into service. The pipeline system provides Keyera with pipeline connections between Keyera's Hull Terminal and Mont Belvieu.
Base Line Terminal	Throughout 2018, Kinder Morgan completed construction and placed the remaining eight tanks into service. This above-ground crude storage project has 12 tanks, providing 4.8 MMbls of storage capacity.
Simonette Liquids Handling Expansion Project	In May, commissioning and start-up of the storage, truck loading and stabilization facilities commenced. The condensate operational capacity at the Simonette gas plant is now approximately 27,000 Bbls/d.
Simonette Inlet Handling Improvements & Acid Gas Injection System	Detailed engineering work and procurement of long-lead equipment and materials continued throughout the year on the inlet liquids separation and acid gas injection projects. These facility additions are targeted to be in service in the third quarter of 2019.
Simonette Gas Plant Expansion	Keyera approved an expansion to the Simonette gas plant which is expected to create an additional 150 MMcf/d of gas processing capacity, bringing total licensed capacity of the plant to 450 MMcf/d. The project is expected to be complete by the fourth quarter of 2019.
Wapiti Gas Plant	Keyera continued to advance phase 1 of this project and in the second quarter sanctioned the second phase and finalized a water disposal solution. Phase 1 is expected to be completed by mid-2019 providing 150 MMcf/d of sour gas processing capacity and 25,000 Bbls/d of condensate processing capacity. Phase 2 will add an additional 150 MMcf/d of sour gas processing capacity and is targeted for completion in mid-2020.
North Wapiti Pipeline System	During 2018, the pipeline route was finalized, related engineering work was completed and procurement activities for long lead equipment continued. In conjunction with the sanctioning of phase 2 of the Wapiti Gas Plant, Keyera is planning to add additional compression to the pipeline system. The pipeline system is expected to be in-service in the second half of 2019.
Keyera Fort Saskatchewan – Storage Expansion	The 15th cavern was completed and put into service in May. Washing of the 16th and 17th caverns continued throughout the year. The caverns are expected to be in-service in the first half of 2020 and first half of 2021, respectively. Development of the 18th cavern was approved in the fourth quarter of 2018.
Wildhorse Terminal	Development continues at Wildhorse Terminal, a crude oil storage and blending terminal being constructed in Cushing, Oklahoma. The terminal will include 12 above ground tanks with 4.5 million barrels of working storage capacity and initially pipeline connected to two existing storage terminals in Cushing. The Wildhorse Terminal is expected to be operational by mid-2020.
Pipestone Liquids Hub and Gas Plant	In April, Keyera entered into a 20-year infrastructure development and midstream service agreement with Encana Corporation (now Ovintiv) to support their condensate focused Pipestone Montney development. Under the terms of the agreement, Keyera owns the Pipestone gas plant and the Pipestone liquids hub but Ovintiv is responsible for construction and will initially operate the facilities. The liquids hub was put into service in the third quarter of 2018 and the gas plant is expected to be operational in 2021.

2019 ACQUISITIONS	
There were no significant acquisitions in 2019.	
2019 GROWTH CAPITAL PROJECTS **2019 Total Expenditures: $986 million**	
Simonette Inlet Handling Improvements & Acid Gas Injection System	The inlet liquids separation facilities and flare system were completed and commenced operations in March. While the acid gas injection facilities became operational in July.
Simonette Gas Plant Expansion	The expansion project added an additional 150 MMcf/d of gas processing capacity and became operational in September.
Wapiti Gas Plant	In May, Keyera completed and began operating phase 1 of the Wapiti gas plant which has 150 MMcf/d of sour gas processing capacity and 25,000 Bbls/d of condensate handling capacity. Phase 2 will add an additional 150 MMcf/d of sour gas processing capacity and is expected to be complete by mid-2020.
North Wapiti Pipeline System	The pipeline system began operating in September, extending the capture area of Keyera's Wapiti gas plant.
Pipestone Gas Plant	Field construction, detailed engineering and procurement activities continued in 2019. The Pipestone gas plant is expected to be operational in early 2021.
Keyera Fort Saskatchewan – Storage Expansion	Washing of the 16th and 17th caverns continued and are expected to be in service by mid-2020 and the first half of 2021, respectively. The 18th cavern was drilled, and ground work began for the 19th cavern. These two caverns are expected to be operational in 2022 and 2023, respectively.
Wildhorse Terminal	Construction of the Wildhorse terminal continued to advance and is expected to be operational by mid-2020. The terminal will include 12 above ground tanks with 4.5 million barrels of working storage capacity for crude oil storage and blending.
KAPS NGL and Condensate Pipeline System	Keyera began development of a 12-inch and 16-inch NGL and condensate pipeline system that will transport Montney and Duvernay production in northwestern Alberta to Keyera's fractionation assets and condensate system in Fort Saskatchewan. KAPS is anticipated to be operational in the first half of 2022. The KAPS project will be jointly developed and owned under a 50/50 joint venture with SemCAMS Midstream ULC.
South Cheecham Sulphur Facilities	Keyera and Enbridge began developing sulphur handling, forming, and storage facilities at the South Cheecham rail and truck terminal. Ownership of the sulphur facilities will be consistent with Keyera and Enbridge's 50/50 ownership of the terminal. The sulphur facilities are expected to be operational in 2022.

BUSINESS OF KEYERA

The following map shows Keyera's principal operations in Canada.



Gathering and Processing Business Segment

Description of Gathering and Processing Business

As of the end of 2019, Keyera had ownership interests in 16 active gas plants[2] and one gas plant that is currently under construction, all of which are located in Alberta. Keyera operates 14 of the 16 active gas plants. Keyera will not be the operator of the gas plant that is under construction, but has an option to become the operator after five years. In total, Keyera has over 4,400 kilometres of three to twelve inch diameter gathering pipelines.

[2] Excludes gas plants where Keyera has shut-in or suspended operations.

Collectively, Keyera's gathering and processing facilities constitute a network that is well positioned in its operating areas to serve exploration and production activity. Almost all of Keyera's processing capacity is located in the west-central, foothills and Deep Basin areas of the WCSB. Natural gas in these areas often has significant NGL content, which tends to be more attractive to producers as the value of the NGLs enhances their netbacks.

Keyera's newest gas gathering and processing infrastructure are located in northwestern Alberta in areas well positioned to serve producer activity in the liquids-rich Montney and Duvernay geological zones. These new assets include the Pipestone gas plant, which is currently under construction, the Wapiti gas plant, which became operational in April and the Simonette gas plant, which Keyera increased the capacity of in October 2019. The customer demands for gathering and processing solutions in this area goes beyond gas handling solutions and must include condensate and water handling capabilities. As a result, this asset base has significant fluid separation, condensate stabilization and water handling infrastructure.

Several of Keyera's gas plants are interconnected by pipelines, including: (a) the Strachan, Brazeau River, West Pembina and, Nordegg River plants, (b) the Brazeau North and Pembina North plants, and (c) the Bigoray and Cynthia plants. This interconnectivity provides significant operational flexibility. It allows raw gas to be directed to the gas plant best suited to process a particular type of gas, and also allows gas to be re-directed during turnarounds or periods of capacity constraints. In addition to these plant interconnections, some producing areas are served by more than one gathering system, which also allows production to be directed to different plants even if the plants themselves are not interconnected.

Keyera's Gathering and Processing business charges fees, at market rates, to Keyera's corporate segment to process its small amount of proprietary natural gas production and to Keyera's Marketing business for the use of its facilities. In 2019, Keyera's Gathering and Processing business accounted for 13% of Keyera's total revenues (without elimination of inter-segment transactions), 29% of Keyera's total operating margin and 28% of Keyera's total realized margin (compared to 10% of total revenues, 28% of total operating margin and 30% of total realized margin in 2018). Keyera believes operating margin and realized margin provide an accurate portrayal of operating profitability by segment.

The following table provides an overview of the key operating features for each of Keyera's gas processing plants that was active in 2019.

						Facilities										
Gas Plant[1]	Ownership Interest (%)[2]	Plant License	Date of Last Turnaround[3]	Licensed Capacity[4][5] (MMcf/d)	Average Annual Daily Throughput [4][5] (MMcf/d)	Inlet Separation	Compression	Gas Sweetening	NGL Recovery [6]	NGL Fractionation	Condensate Stabilization	Oil Battery	Acid Gas Injection	Sulphur Recovery	NGL Truck and/or Rail Handling[7]	Other Features
Rimbey	99	Sour	2019	422	216	•	•	•	TE	•	•			•	T/R	Cogeneration Liquefied CO2
Strachan[12]	100	Sour	2018	275	171	•	•		TE		•			•	T	
Ricinus	71	Sweet	2019	221	49	•	•		TE							
Brazeau River [8]	94	Sour	2015	218	140	•	•	•	RFG		•		•		T	
Nordegg River[8]	89	Sour	2016	75	58	•	•	•	RFG		•		•		T	
Minnehik Buck Lake	80	Sour	2015	160	29	•	•	•	TE		•			•	T	Cogeneration
Simonette	100	Sour	2017	450	232	•	•	•	RFG		•		•		T	
Cynthia	94	Sour	2019	78	50	•	•	•	TE		•	•	•			
Bigoray	100	Sour	2015	81	23	•	•	•	TE			•	•			
West Pembina[9]	83	Sour	2014	145	70	•	•		LO		•			•		Sulphur Block
Brazeau North	100	Sweet	2018	50	18	•	•		RFG		•	•				
Pembina North	100	Sour	2019	43	20	•	•	•	RFG			•	•			
Gilby[10]	80	Sour	2017	71	21	•	•	•	LO	•	•				T/R	
Nevis[10]	100	Sour	2018	150	8.8	•	•	•	LO	•	•			•	T/R	
Edson	22	Sour	2014	375	164	•	•	•	LO		•			•	T	Sulphur Recovery Sulphur Block Cogeneration
Alder Flats[11]	70	Sweet	2017	226	162	•			TE		•				T	
Zeta Creek	60	Sweet	N/A	54	18	•	•		RFG		•				T	
Willesden Green[13]	100	Sweet	N/A	12	2	•	•		RFG			•			T	
Wapiti	100	Sour	N/A	150	31	•			RFG		•		•		T	

Notes:

(1) Keyera is the operator of all the gas plants listed except Edson, which is operated by Repsol Canada Energy Partnership and Alder Flats (formally known as "O'Chiese Nees-Ohpawganu'ck"), which is operated by Bellatrix. Keyera also has a 36% ownership interest in the Gregg Lake-Obed Pipeline system, a 129-km sour gas pipeline system operated by SemCAMS that originates in the Hinton area and connects to the SemCAMS Kaybob 3 gas plant. Keyera is also the sole owner of the Caribou gas plant which was not active in 2018 (operation suspended since December 2015).

(2) Ownership interest as at December 31, 2019 rounded to the nearest whole number.

(3) Turnaround cycles are typically six years for sweet gas plants and four years for sour gas plants.

(4) Information in these columns: (a) is presented as at December 31, 2019; (b) represents total gross capacity and throughput (not only Keyera's net capacity); and (c) has been rounded to the nearest whole number. The average annual daily throughput is calculated based on the total annual throughput for the facility divided by 365 days.

(5) Actual available processing capacity at each plant is often less than the licensed capacity depending on a number of factors, including the capacity of various functional units, operating conditions and gas composition. The difference between licensed

capacity and actual operating capacity may be more significant where plant operating conditions or actual gas compositions differ significantly from original plant or equipment design. At Ricinus, while the licensed capacity is 221 MMcf/d, one of the NGL processing trains, with a capacity of approximately 97 MMcf/d, is not currently operational. (See "Risk Factors – Operational Risks").

(6) TE – turbo expansion, LO – lean oil recovery, RFG – refrigeration. In the past, modifications to the refrigeration systems have been completed at the Brazeau River, Nordegg River and Pembina North gas plants to enhance recoveries.

(7) R – NGL rail handling facilities, T – NGL truck handling facilities. The rail handling facilities at the Gilby gas plant are not currently operating.

(8) Acid gas from Nordegg River is delivered to the Brazeau River gas plant for acid gas injection.

(9) The West Pembina gas plant has been re-licensed as a 1 tonne/day sour gas plant, however because of declining sour gas volumes, the sour side of the plant was shut down in January 2016 and the plant is currently only processing sweet volumes. During 2017, Keyera increased its working interest in the West Pembina plant by 4.9085%.

(10) The Gilby and Nevis gas plants ceased operations in September and October 2019, respectively. (See "Gathering and Processing Business Segment – Cost Efficiency, Optimization of Operating Practices and Reliability – Asset Optimization").

(11) The reference to 70% reflects Keyera's working interest in the Alder Flats plant and associated gathering pipelines. When including working interest ownership in the associated fuel gas line, Keyera's overall working ownership interest across all functional units covered under the CO&O is approximately 64%.

(12) As of June 2018, the Strachan gas plant was re-licensed as a 1 tonne/day sour gas plant. The gas sweetening, sulphur recovery and sulphur forming units were intentionally shut down during a turnaround and the plant is only processing sweet gas.

(13) During the first half of 2019 the Willesden Green gas plant was converted to a compressor station and gas was redirected to the Gilby gas plant. (See "Gathering and Processing Business Segment – Expanding Keyera's Reach Through Growth Projects and Acquisitions– Gilby Area").

Overview of Key Initiatives

Over the past several years, Keyera's business strategy in its Gathering and Processing Business Segment has focused on: (i) expanding its infrastructure in the prolific Montney and Duvernay geological zones through internal growth projects and selective acquisitions to expand its capture areas and meet the demand for gas and condensate handling services; (ii) optimizing NGL recoveries and enhancing gas and condensate handling capabilities at its facilities to contribute to improved netbacks for its producer customers; and (iii) achieving cost effective service delivery through cost reductions, facility and overall asset optimization and asset reliability. Examples of how Keyera has been implementing these strategies are outlined below.

1. Expanding Keyera's Reach Through Growth Projects and Acquisitions

Wapiti Area: Located south of Grande Prairie, Wapiti is situated in one of the condensate rich regions of the Montney. Phase 1 of the Wapiti gas plant project included the development of a new sour gas processing plant with licenced capacity of 150 MMcf/d, acid gas injection facilities, condensate stabilization facilities with capacity of 25,000 Bbls/d, associated gathering systems and field compressor stations.

Construction was completed in early 2019 and the plant was operational in May of this year. In June 2018, Keyera announced the sanctioning of phase 2 of the project which will add an incremental 150 MMcf/d of processing capacity at the plant for a total of 300 MMcf/d of processing capacity. Keyera expects Wapiti phase 2 to be operational in mid-2020, assuming construction continues on schedule.

In November 2017, Keyera announced the sanctioning of the North Wapiti Pipeline System. This pipeline system, which is already in service, includes a 12-inch sour gas gathering pipeline, an 8-inch condensate and water pipeline and a compressor station, and extends the reach of the Wapiti gas plant north of the Wapiti River, allowing volumes from this area to be delivered to the plant for handling in an environmentally and financially responsible manner. The pipeline system is underpinned by a long-term, take-or-pay agreement with a producer. These facilities were fully operational in the third quarter of 2019.

Pipestone Area: The Pipestone area is located northwest of Grand Prairie. In March 2018, Keyera entered into long-term agreements with Encana (now, Ovintiv) to acquire and develop the project, which includes a liquids hub and gas plant, to meet the needs of

Ovintiv's development plans in the liquids-rich Montney. The agreements have a combination of take-or-pay, fee-for-service and area dedication components. Ovintiv is constructing the project and will be the initial operator. Keyera has the option to assume the operatorship after five years.

The Pipestone liquids hub is designed to handle 14,000 Bbls/d of produced condensate and 8,000 Bbls/d of produced water. The Pipestone liquids hub was under construction at the time the agreements were signed and became operational in September 2018. The Pipestone gas plant, which is under construction, is designed to process up to 200 MMcf/d of sour gas containing up to 8% H_2S, 24,000 Bbls/d of produced condensate and 16,000 Bbls/d of produced water. The Pipestone gas plant has been designed to accommodate a future capacity expansion of up to an additional 200 MMcf/d and accommodate associated condensate stabilization. The plant is expected to be operational in early 2021, assuming construction continues on schedule. The initial 200 MMcf/d capacity was fully contracted in 2019.

Simonette Area: The Simonette gas plant is located in the liquids-rich regions of the Montney and Duvernay formations. As a result of its location, Simonette continued to see active development of oil and gas reserves. To serve the growing needs of producers in this area, Keyera has been systematically expanding the facility over the last several years.

During 2017, Keyera advanced a liquids handling expansion project to increase NGL handling capabilities, including a significant expansion of its condensate handling capacity. The project included: reconfiguration of the NGL recovery capabilities; significant expansion of the condensate stabilization capacity; additional NGL working storage; new condensate storage; and an expanded connection to an NGL gathering pipeline system. The NGL working storage and pipeline connection went into service in the third quarter of 2017. The balance of the project, including the expanded condensate stabilization and storage came online in May 2018. The condensate handling capacity at Simonette is approximately 27,000 Bbls/d.

Keyera has continued to work on a number of other projects at Simonette, and in late 2017 announced that it would be expanding its inlet capabilities for one of the pipelines that delivers gas to the plant in order to handle incremental volumes from the Montney and Duvernay development activity in the area. These expanded inlet facilities were completed and fully operational in the first quarter of 2019. Keyera also decided to pursue acid gas injection as an alternative to the existing sulphur recovery unit. These projects will provide greater operational reliability at Simonette, particularly in light of gas composition and volumes delivered to the plant. Further, acid gas injection has the added benefit of being an environmentally responsible option as it is expected to reduce carbon emissions intensities at the plant (including emissions that would otherwise be associated with the expansion activities). In connection with these projects, Keyera renewed long-term processing agreements with two producers on expanded terms, with take-or-pay commitments and facility dedications. The acid gas injection system was completed and became operational in the second half of 2019.

In 2018, in order to meet the growing demand for incremental NGL recoveries and gas handling capabilities Keyera sanctioned the design and installation of a 150 MMcf/d NGL recovery unit. The new unit and expanded capacity became operational in the second half of 2019. The total licensed capacity of the Simonette gas plant is now 450 MMcf/d.

Ricinus Gas Plant: In December 2017, Keyera entered into an agreement with a producer for the construction of a new 10 inch sweet gas pipeline connecting Keyera's Ram River pipeline to the Ricinus gas plant and an associated long-term, take-or-pay gas handling agreement. In April 2018, the producer completed construction and Keyera purchased the pipeline and the obligations under the gas handling agreement commenced. The new

pipeline effectively connects the Strachan and Ricinus gas plants allowing area producers increased flexibility and reliability. The pipeline was commissioned during the Strachan turnaround in 2018, which allowed Keyera to redirect substantial gas flows to Ricinus during the outage. The current operating capacity of the Ricinus gas plant is approximately 124 MMcf/d, compared to a licensed capacity of 221 MMcf/d. The lower operating capacity is due to only one of the two processing trains currently being in operation.

Bellatrix O'Chiese-Nees Ohpawganu'ck ("Alder Flats") Gas Plant: The gas plant is operated by Bellatrix Exploration Ltd. ("Bellatrix"). Construction and commissioning of phase 2 of the facility was completed in April 2018, adding another 120 MMcf/d of processing capacity. In October 2019, Bellatrix received an order for protection pursuant to the *Companies' Creditors Arrangement Act* ("CCAA Process"). Bellatrix and Keyera restructured the parties' existing commercial arrangements at Keyera's Minnehik Buck Lake facility. On February 26, 2020, Keyera was advised that Bellatrix has disclaimed its commercial arrangements with Keyera at the Alder Flats facility under the CCAA Process. Keyera will continue to work with Bellatrix, including to seek to negotiate new commercial arrangements, however this event will not have a significant impact on Keyera or its revenues. (See "Risk Factors – Financial Risk – Credit Risks").

Rimbey Area: In 2017 Keyera entered into long-term take-or-pay arrangements with two area producers for the construction of a new sulphur recovery unit to support sour oil production in the area. In addition to meeting producer needs, the construction of this new sulphur recovery unit will deliver environmental and regulatory benefits at the plant. The new sulphur recovery unit was completed and became operational in April of 2019.

Gilby Area: In May 2018, Keyera acquired 100% ownership in the Willesden Green gas plant with the intention to consolidate volumes into the Gilby gas plant. Keyera completed this work and gas flows were redirected from the Willesden Green plant to the Gilby plant in the first half of 2019. As part of its continuing efforts to optimize assets, in September 2019, Keyera suspended operations at the Gilby gas plant and consolidated gas from both the Gilby and Willesden Green gas plants into its Rimbey gas plant. (See "Cost Efficiency, Optimization of Operating Practices and Reliability – Asset Optimization").

2. Optimizing NGL Recoveries and Gas Handling Capabilities

Rimbey Area: Keyera has consistently pursued opportunities to expand the operations and services at the Rimbey gas plant. In connection with the turbo expander project, completed in 2015, Keyera constructed a 6-inch, 34-kilometre pipeline capable of delivering the ethane to the Alberta Ethane Gathering System to facilitate delivery of the ethane volumes. In 2019, average ethane production was 10,722 Bbls/d for the year (compared to 10,052 Bbls/d in 2018).

Keyera has completed the following additional projects to expand or unlock NGL handling capacity at the Rimbey gas plant in recent years: (i) a 7,000 Bbls/d debottlenecking project increasing gross fractionation capacity from 21,000 Bbls/d to 28,000 Bbls/d (and its corresponding total liquids handling capacity from 31,500 Bbls/d to 38,500 Bbls/d) and (ii) a NGL truck offload expansion increasing its truck offload capacity from 6,300 Bbls/d to 9,400 Bbls/d.

In 2018, the Keylink NGL gathering pipeline was completed with the terminus being the Rimbey gas plant, which will take advantage of the Rimbey gas plant's expanded fractionation services. (See "Business of Keyera – Liquids Business Segment – Liquids Infrastructure – Description of Liquids Infrastructure Business – Overview of Key Initiatives").

Rimbey Field Fractionation: While Keyera owns and operates significant fractionation capacity in the Edmonton/Fort Saskatchewan energy hub, Keyera has also successfully pursued opportunities to utilize available fractionation capacity at its Rimbey field fractionation plant to handle NGL mix from its other facilities and third-party gas plants. The availability of this fractionation capacity has helped Keyera to manage its overall fractionation requirements and has provided flexibility during outages and turnarounds in Fort Saskatchewan. The completion of the Keylink NGL gathering pipeline in 2018 gave Keyera the ability to deliver NGL mix from several gas plants by pipeline to the Rimbey gas plant for fractionation. Once fractionated, the specification products can then be moved by rail or truck to end users or by pipeline to the Edmonton Terminal and on to Keyera's Fort Saskatchewan facility. (See "Business of Keyera – Liquids Infrastructure Business Segment – Description of Liquids Infrastructure Business – Overview of Key Initiatives").

Strachan Area: In 2017 Keyera converted an under-utilized effluent line to NGL service in order to provide operators in the area with a cost effective alternative to trucking. In conjunction with the conversion of this pipeline, Keyera entered into a long term transportation and marketing arrangement with an operator of a nearby gas plant.

Various Facilities: Given the low commodity price environment over the last several years, Keyera has worked closely with its producer customers to manage NGL recoveries at its facilities including completing scenario analysis with respect to the relationship between recovery levels and netbacks and adjusting operating parameters accordingly. Keyera has also undertaken debottlenecking initiatives to help increase capacity and efficiencies.

3. Cost Efficiency, Optimization of Operating Practices and Reliability

Strachan Area: In April 2018, Bio-Can, a large-scale waste composter, completed the removal of off-specification sulphur from the Strachan gas plant in order to recover the nutrients and incorporate them into organic compost and fertilizer for re-application into commercial growing applications. Keyera was able to achieve significant cost-savings compared to the other alternatives it had considered, while removing a significant liability from its asset retirement obligations at the plant and achieving a positive environmental outcome. Overall, this initiative represented a creative, cost-effective and environmentally responsible alternative to managing off-specification sulphur.

In 2017, after careful analysis, Keyera decided to proceed with a plan to modify the Strachan gas plant to increase efficiencies and reduce operating costs by shutting down the sour gas processing equipment. This project was completed during Strachan's planned maintenance turnaround in June 2018. This move reflects the declining sour gas volumes in the area, as producers are more focused on liquids-rich, sweet production. Keyera worked with customers in the area who are delivering sour gas volumes to Strachan and completed a project to re-route these volumes to Keyera's Nordegg gas plant.

West Pembina: Leveraging off the success with sulphur removal at the Strachan gas plant, Keyera has entered into a further agreement with Bio-Can to remove the sulphur block at its West Pembina facility for re-use in commercial growing operations. Similar to its experience at Strachan, Keyera expects to achieve significant cost savings compared to other alternatives for removing the sulphur block and to achieve positive environmental outcomes.

Cynthia: In 2018, Keyera sanctioned a project to build a 13 megawatt electrical generation facility at the Cynthia plant site. This electrical generation facility will be used to reduce operating costs associated with power.

Various Facilities: From 2017 through 2019, the oil and gas industry experienced low commodity prices. As a result, many producers cut back on their development plans in the

WCSB. In addition, some producers shut-in production or sought fee relief to keep their production on-line (including fee reductions and relief from the strict application of take-or-pay requirements).

Focusing on cost reduction and reliability is a theme at all of Keyera's facilities. Over the last three years, there has been a concerted effort to reduce operating costs without compromising safety or reliability. Keyera has worked diligently on opportunities to reduce operating costs at its facilities to help bring down costs passed onto producers and improve producer netbacks. Keyera also recognizes that reliability is a key factor in meeting producer needs. In 2019, Keyera's average reliability across all operated gas plants (including scheduled outages and turnarounds) was 98.4%.

At times, Keyera is affected by the reliability of third party facilities. Continued curtailments on the TC Energy system had less of an effect on Keyera's facilities in 2019 compared to prior years. As well, at some facilities, constraints on Pembina's NGL gathering pipeline systems have caused egress challenges which have affected Keyera's operations. Where possible, Keyera tries to mitigate the effects of these third party constraints by trying to coordinate planned outages and maintenance activities with these other operators so as to minimize the effect on its customers, and looking at alternative commercial arrangements that may provide optionality. (See "Risk Factors – Operational Risks").

Asset Optimization: Keyera continues to look for ways to maximize the utilization and profitability of its gathering and processing infrastructure. In September, 2019 the Gilby gas plant experienced an unplanned equipment failure. After careful consideration and economic analysis it was decided to suspend operations at the plant and re-direct raw gas flows to the Keyera Rimbey gas plant. The vast majority of gas was kept on production as Keyera used its network of gathering pipelines and field compression to move gas to Rimbey. Early in 2019, Keyera also made the decision to suspend operations at the Nevis gas plant following several consecutive years of minimal industry activity in the area. Operations at the facility ended on October 31, 2019. (See "Risk Factors – Financial Risks – Ability to Divest Certain Assets").

Business Arrangements

Most of Keyera's Gathering and Processing business is conducted on a fee-for-service basis. The fees can be calculated a number of ways, depending on the facility and the nature of the services being provided. Keyera's gas handling agreements tend to be based on either a flow-through operating cost structure or a fixed fee structure. In flow-through cost structures, the fees are generally comprised of a capital component and a flow-through operating component. The capital component is generally a function of the replacement cost of capital invested in the facility with a reasonable rate of return in light of market conditions, while the operating component is generally based on the customer's *pro rata* share of the operating costs for the facility calculated based on total throughput. In 2019, the majority of Keyera's total gathering and processing revenue was derived from flow-through operating cost business arrangements.

Gas Handling Agreements: Keyera's gas handling agreements generally fall into one of two categories based on the type of service:

(a) *Interruptible-service contracts*: Under interruptible-service contracts, services are provided to the customer only if the facility has capacity after all firm-service contracts (or other contracts with higher priority) have been satisfied. There are frequently different levels of interruptible-service that are offered. Each interruptible-service contract will specify the processing priority for that gas. While efforts are made to process each interruptible-service customer's gas production, when capacity is limited, the processing priority identified in the contract determines how the available capacity will be apportioned, with first preference going to firm-service contracts.

(b) *Firm service contracts*: Firm service contracts generally have the highest priority in the event of apportionment. These contracts will frequently contain a take-or-pay provision and/or dedication of reserves under which the producer agrees to deliver all gas produced from specified reserves to a facility.

Gas handling agreements may also be categorized according to the length of their term:

(a) *Evergreen contracts*: Evergreen contracts continue in force until terminated by either party by providing prior notice to the other party (generally between one and six months prior notice).

(b) *Long term Contracts* – Keyera considers long term contracts to be those that remain in force for a period of three years or more. In some instances, the term of these contracts is defined by the life of natural gas reserves dedicated to the facility.

In 2019, Keyera continued to see a fairly equal balance between throughput at Keyera's gathering and processing facilities handled under interruptible-service, evergreen contracts and throughput handled under firm service, long term contracts. Typically, new build plants are under-pinned by long-term contracts.

Construction, Ownership and Operation Agreements: Where there are co-owners in a facility, fee revenues collected for services performed at that facility are generally allocated to the owners in one of two ways:

(a) *Excess capacity method* — Facility owners are entitled to use their share of capacity of the facility and to receive a share of third party fee revenue based on their share of capacity that is in excess of their volume needs. Owners who are using more than their proportionate share of capacity generally pay an "owner over-usage fee" which is also allocated using the same method.

(b) *Working interests method* — All producers, including facility owners, bringing production to or through the facility pay a fee. The total fee revenue collected at the facility is then allocated to the owners based on the ownership interest they hold in the facility.

Liquids Infrastructure Business Segment

Description of Liquids Infrastructure Business

The Liquids Infrastructure segment provides processing, fractionation, storage, transportation, liquids blending 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:

- NGL and crude oil pipelines;
- underground NGL storage caverns;
- above ground storage tanks;
- NGL fractionation and de-ethanization facilities;
- pipeline, rail and truck terminals;
- liquids blending facilities; and
- the AEF facility.

The AEF facility has a licensed capacity of 13,600 Bbls/d 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 segment, which purchases, handles, stores and sells large volumes of butane.

Most of Keyera's Liquids Infrastructure assets are located in, or connected to, the Edmonton/Fort Saskatchewan area in Alberta, including the Keyera Fort Saskatchewan facility, the Fort Saskatchewan Condensate System and connecting pipelines, AEF, four liquids terminals (Edmonton Terminal,

Josephburg Terminal, ADT and ACT) and Base Line Terminal. The Edmonton/Fort Saskatchewan area is one of four key energy hubs in North America, with a significant portion of liquids production from the WCSB being delivered there for fractionation into specification products and delivery to market.

In addition, to the Edmonton/Fort Saskatchewan facilities, Keyera has a terminal in the South Cheecham area near Fort McMurray and has been strategically investing in liquids terminals in Texas and Oklahoma. As well, the Rimbey gas plant, which is the terminus for Keyera's Keylink pipeline, has fractionation and ethane extraction capabilities, and is pipeline connected to the Edmonton Terminal by the Rimbey Pipeline. (See the table below for a list and description of Keyera's main Liquids Infrastructure facilities).

Keyera has significantly grown its Liquids Infrastructure segment over the last several years. The location and interconnectivity of Keyera's assets are important factors driving this growth. In light of the central role that the Edmonton/Fort Saskatchewan hub plays in the WCSB, it is an area where Keyera is continuing to focus its investment activities. In 2017, Keyera acquired 1,290 acres of land located immediately adjacent to Keyera's Josephburg Terminal and in close proximity to KFS. The acquisition of this land, which has many pipeline connectivity options, is expected to provide Keyera with many future development opportunities.

Given the integrated nature of Keyera's business segments, the Liquids Infrastructure segment provides essential services to Keyera's Marketing segment, by providing the physical assets essential to its ability to source, transport, process, store and deliver products across North America. Typically, the prices negotiated with producers by Keyera's Marketing segment for the purchase of NGLs reflect deductions for transportation, fractionation and handling costs, including certain fees charged to the Marketing segment by the Liquids Infrastructure segment. A portion of the revenues earned by the Liquids Infrastructure segment relate to services provided to Keyera's Marketing segment, including all the revenue from AEF and Oklahoma Liquids Terminal relating to the services provided to the Marketing segment. In 2019, Keyera's Liquids Infrastructure business accounted for 14% of Keyera's total revenues (without elimination of inter-segment transactions), 38% of Keyera's total operating margin and 36% of Keyera's total realized margin (compared to 10% of total revenues, 33% of total operating margin and 36% of total realized margin in 2018). Keyera believes operating margin and realized margin provide an accurate portrayal of operating profitability by segment.

The following table presents key operating data for Keyera's main Liquids Infrastructure assets as of February 2020:

Facility	Primary Products	Ownership Interest (%)[1]	Operator	Gross Capacity (Bbls/d)[2]	Net Capacity (Bbls/d)[2]
Fort Saskatchewan Facilities Fractionation[3] De-ethanizer[3] Storage[4] Pipelines[5]	All NGLs	77	Partnership	 66,200 30,000 14,750,000 Bbls 372,000	 50,800 23,010 11,307,000 Bbls 285,365
Keyera Butane System[5]	Butane	100	Partnership	63,000	63,000
Dow Fort Saskatchewan Facilities De-ethanizer[3] Fractionation[3]	All NGLs	 10 18	Dow	 69,200 30,000	 6,920 5,420
Rimbey Gas Plant[6] Fractionation[3] Other Liquids Processing[3] Ethane Extraction[3] Rail[7]	All NGLs	99	Partnership	 28,000 10,500 20,000 14,000	 27,640 10,360 19,740 13,820
Edmonton Terminal Rail[7] Storage[4]	All NGLs Iso-Octane	100	Partnership	 34,000 264,000 Bbls	 34,000 264,000 Bbls
Rimbey Pipeline[5]	All NGLs	100	Rimbey LP	45,000	45,000
Keylink Pipeline[5]	All NGLs	100	Partnership	22,000	22,000
Fort Saskatchewan Condensate System Pipelines[5]	Condensate	100	Partnership	600,000	600,000
Norlite Pipeline[5]	Condensate	30	Enbridge	242,000	72,600
Alberta Diluent Terminal Rail[7] Storage[4]	Condensate Solvent	100	ADT Ltd.	50,000 342,600 Bbls	50,000 342,600 Bbls
North Condensate Connector[5]	Condensate	100	Partnership	35,000	35,000
Alberta Crude Terminal Rail[7]	Crude Oil Condensate	50	Partnership	40,000	20,000
Josephburg Terminal Rail[7]	Propane Butane	100	Partnership	42,000	42,000
South Cheecham Terminal Rail loading[7] Rail offloading [7] Storage[4]	Crude Oil Bitumen Condensate Solvent	50	Partnership	24,000 15,000 150,000 Bbls	12,000 7,500 75,000 Bbls

Facility	Primary Products	Ownership Interest (%)[1]	Operator	Gross Capacity (Bbls/d)[2]	Net Capacity (Bbls/d)[2]
Hull Terminal[5] Rail[7] Pipelines [5] Storage[4]	NGL Mix Propane Butane	100	KEI	8,400 19,200 11,200 Bbls	8,400 19,200 11,200 Bbls
Oklahoma Liquids Terminal Delivery Storage [4]	Condensate Butane	100	KEI	5,000 19,200 Bbls	5,000 19,200 Bbls
AEF Iso-Octane Production Storage[4]	Iso-octane	100	Partnership	13,600 115,700 Bbls	13,600 115,700 Bbls
Base Line Terminal Storage[8]	Crude Oil	50	Pembina	4,800,000 Bbls	2,400,000 Bbls

Notes:

(1) The ownership interest is presented as at December 31, 2019 and has been rounded to the nearest whole number.
(2) Units are expressed in Bbls/d unless otherwise indicated and are subject to rounding.
(3) The gross capacity figures are approximate, based on licensing, equipment specification information and certain modelling assumptions. Actual capacity may be more or less depending on a number of factors, including operating conditions, operational constraints and optimization opportunities. Net capacity is a calculation based on the gross capacity and Keyera's percentage ownership interest.
(4) Storage capacity at Keyera Fort Saskatchewan is based on 15 underground caverns. Additional caverns are under development at the site. (See "Business of Keyera – Liquids Infrastructure Business Segment – Overview of Key Initiatives"). The storage capacities reported for the terminals and AEF reflect the approximate working capacity of the storage tanks at these sites; in some cases, the gross geometric storage tank volume capacity may be higher than the working capacity. At the Hull Terminal, in addition to the above ground operational storage capacity of 11,200 Bbls on site, Keyera has contracted for 500,000 Bbls of underground storage at the nearby third-party operated storage facility to which it is pipeline connected. While not specifically identified in the table, there is incremental above ground working storage at many of the facilities.
(5) All pipeline capacity measurements are approximate based on certain modelling assumptions and may vary depending on a variety of factors, including actual operating conditions. The pipeline capacity reported in the table for the Fort Saskatchewan Facilities include the three proprietary pipelines that connect Keyera Fort Saskatchewan with the Edmonton Terminal. The volumes reported in the table for the Fort Saskatchewan Condensate System include the South Grand Rapids Pipeline. Capacities for the Hull Terminal include the Hull Terminal pipeline system which was placed into service in 2018. (See "Overview of Key Initiatives" below for more information on these new pipelines).
(6) The NGL processing and handling capability is located at the gas plant and is included in the Gathering and Processing segment for financial reporting purposes.
(7) Rail capacity is an estimated calculation taking into account such factors as the number of railcar spots at each facility, the hours of operation, the frequency of switches provided by the railways at each facility and the type of product being loaded or off-loaded.
(8) Capacity reflects the shell capacity of the twelve crude oil storage tanks that are in service. Actual working capacity of the tanks may vary from shell capacity. (See "Business of Keyera – Liquids Infrastructure Business Segment – Overview of Facilities and Key Initiatives").

Overview of Key Initiatives and Key Facilities

The following summary provides a brief overview of some of the key facilities and developments in the Liquids Infrastructure business.

1. NGL Storage, Transportation and Fractionation Services

Keyera receives NGL feedstock from various sources and separates the NGL mix into saleable products, including ethane, propane, butane and condensate. Keyera's underground storage caverns are used to store NGL mix and specification products to meet seasonal and operational requirements. 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 seasonal

demands of refineries, as well as Keyera's feedstock needs for the production of iso-octane at AEF.

Keyera Fort Saskatchewan ("KFS") and the Fort Saskatchewan Pipeline System ("FSPL"): The KFS and FSPL facilities currently include: NGL fractionation facilities, a de-ethanizer, underground storage caverns, limited surface storage tanks and multiple by-directional pipelines connecting KFS to the Edmonton Terminal. The growth projects at KFS include:

- Cavern Development - During 2019, Keyera continued to make progress on its cavern development program. Washing of the 16th cavern concluded in 2019 and Keyera anticipates that it will be in service within the first half of 2020. The 17th cavern continued washing through 2019 and Keyera anticipates it will be available for use in the first half of 2021. Keyera also drilled and started washing the 18th cavern in 2019 as well as sanctioned the development of the 19th cavern. It is expected that these will be in service in the third quarter 2022 and the fourth quarter 2023, respectively, assuming washing continues as planned and regulatory approvals are received.

  In Keyera's experience, it typically takes between two and a half and three years to drill, wash, test and bring a large cavern into service. Because of the phased approach to cavern development, Keyera has the flexibility to adjust the timing, scope and scale of development based on factors such as economic conditions, industry activity and demand for the services.

- De-Ethanization – Keyera's 30,000 Bbls/d de-ethanizer processes ethane-rich streams of NGLs (referred to as C2+ mix) to create specification ethane and an NGL mix that can be fed into the fractionation facilities. The de-ethanizer is underpinned by a long term, fee-for-service agreement with a producer with production in the Deep Basin region.

- Fractionation - The total gross fractionation capacity at KFS for NGL streams (referred to as C3+ mix) increased to 66,200 Bbls/d.

  To enable the de-ethanization and fractionation business, Keyera has multiple upstream and downstream pipeline connections, operational storage, and specification product handling facilities.

  In November 2017, Keyera entered into a long-term fractionation and NGL handling agreement with Chevron Canada Limited and its joint venture partner pursuant to which they will deliver approximately 50% of the NGLs from their Kaybob Duvernay development to Keyera for fractionation, storage and terminalling services.

KAPS Pipeline: Keyera announced in May 2019 that it has sanctioned the development of the KAPS pipeline, a natural gas liquids and condensate pipeline system that will transport growing Montney and Duvernay production in northwestern Alberta to Fort Saskatchewan. Keyera has partnered with SemCAMS Midstream ULC, to develop this open-access system with initial connections into Keyera's fractionation assets and condensate system in Fort Saskatchewan.

- This project is highly desired by industry as it provides an additional and alternative transportation solution to deliver production from Alberta's liquids-rich developments to market. KAPS is expected to be operational in the first half of 2022 and provide Keyera with secure, long-term, take-or-pay revenues and strong project returns. The project is expected to generate an annual return on capital of

between 10% and 15% starting in 2024. KAPS is also an important link between Keyera's growing gathering and processing franchise in northwestern Alberta and its strong liquids infrastructure network at Fort Saskatchewan, creating a platform for significant future opportunities.

Keyera Butane System: Placed into butane service in 2018, Keyera is using the pipeline to transport butane between Fort Saskatchewan and Edmonton.

Keylink Pipeline: This pipeline gathers NGL mix from multiple gas plants (including Keyera's Brazeau River, West Pembina and Minnehik Buck Lake plants) and transports the mix to the Rimbey gas plant for fractionation into specification products. In an effort to continue adding volumes into the pipeline, Keyera added a NGL truck offload facility at its Cynthia gas plant in Q1 2019 and continues to evaluate opportunities to connect additional third party gas plants.

2. Crude Oil and Oil Sands Services

Over the last several years, Keyera has significantly grown the services it is able to offer the oil sands sector and continues to expand this part of its business. One of Keyera's main strategies has been to leverage its facilities and connectivity in the Edmonton/Fort Saskatchewan area in order to develop a condensate hub for its customers. Condensate is used as a diluent to facilitate movement of bitumen by pipeline. In developing its diluent handling services and infrastructure, Keyera has been focused on anticipating and responding to the service needs of oil sands producers. In working with these producers, Keyera has been able to expand its service offerings to include solvent and sulphur handling services, as well as dilbit, bitumen and crude oil rail transportation services. Keyera's infrastructure in the Edmonton/Fort Saskatchewan area and at the South Cheecham Terminal, are well situated to provide these and other services related to oil sands development.

Fort Saskatchewan Condensate System ("FSCS") and associated Condensate Infrastructure: An important development in providing services to the oil sands sector has been the development of FSCS and Keyera's overall condensate system. Keyera's condensate system provides shippers with critical condensate transportation options between Edmonton and Fort Saskatchewan and access to multiple sources of diluent supply as well as to Keyera's condensate storage.

The original FSCS pipeline system included a 21-kilometre, 20-inch pipeline connecting Keyera's Fort Saskatchewan Pipeline system with Inter Pipeline Ltd.'s Polaris pipeline and a pipeline connection from Keyera's Edmonton Terminal to the Enbridge Southern Lights pipeline. Since the original pipelines were constructed, Keyera has continued to expand and enhance the system, which now has:

(i) four condensate storage tanks at the Edmonton Terminal each with a working capacity of approximately 66,000 Bbls;

(ii) supply connectivity to all local fractionation facilities;

(iii) direct connections to Pembina's (previously Kinder Morgan's) Cochin pipeline, Enbridge's Southern Lights pipeline, Enbridge's CRW pool, Pembina's Canadian Diluent Hub and the North West Sturgeon Refinery;

(iv) a 24-inch condensate pipeline extension and manifold, connecting Keyera's condensate network to the Norlite pipeline;

(v) connectivity to the South Grand Rapids pipeline; and

(vi) connectivity to the Access Pipeline and Cold Lake Diluent Pipeline

(See below for further details on the Norlite pipeline and the South Grand Rapids pipeline). Most of the services provided by Keyera on FSCS are long-term take-or-pay, fee-for-service diluent handling agreements.

Norlite Pipeline: Keyera is a 30% non-operating owner of the Norlite pipeline. The 446-kilometre, 24-inch Norlite pipeline is underpinned by a long term take-or-pay diluent handling agreement to serve the Fort Hills oil sands project. Incrementally, new long-term, take-or-pay agreements with additional customers have been executed for diluent transportation services on Norlite and FSCS. The Norlite pipeline has approximately 242,000 Bbls/d gross of condensate capacity that can be further expanded to 465,000 Bbls/d gross.

South Grand Rapids Pipeline: Construction on the 45-kilometre, 20-inch diluent pipeline was completed in 2018 and extends from Keyera's Edmonton Terminal to TC Energy's Heartland Terminal near Fort Saskatchewan. As part of this project, Keyera constructed a pump station at its Edmonton Terminal. The pipeline provides Keyera with proprietary access to at least 225,000 Bbls/d net of diluent transportation capacity between Edmonton and Fort Saskatchewan.

South Cheecham Terminal: This rail and truck terminal is a Keyera-operated 50/50 joint venture with Enbridge near Fort McMurray. Originally designed to provide condensate and dilbit handling services to oil sands producers, in 2017 new solvent handling infrastructure was added to the facility, including additional tank storage and rail infrastructure, in conjunction with a long-term agreement to provide solvent handling services to a customer. In 2019, Keyera entered into a long-term arrangement to provide sulphur handling services to a customer, and will be constructing additional facilities on site to support this business. Other initiatives continue to be pursued at South Cheecham Terminal.

Base Line Terminal: The Base Line Terminal is an above ground crude oil storage facility on land at Keyera's AEF site in Edmonton. The terminal is a 50/50 joint venture with Pembina Pipeline Corporation (previously Kinder Morgan), includes 12 tanks with a total storage capacity of 4.8 million Bbls, and has pipeline connections to Pembina's existing Edmonton storage terminal and crude manifold.

3. AEF and Iso-octane Initiatives

AEF and Iso-octane Initiatives: Since acquiring AEF, Keyera has continued to pursue opportunities to optimize iso-octane production at AEF and develop transportation alternatives, including adding iso-octane rail loading capability at the Edmonton terminal, and adding truck loading on-site at AEF. These provide Keyera further flexibility to serve North American and local markets. In addition, Keyera has storage capacity at Kinder Morgan's Galena Park rail, storage and marine facility in the Gulf Coast to assist in managing inventory to meet iso-octane demand from refiners and gasoline blenders in the Gulf Coast.

To further improve our marketing flexibility, Keyera is completing pipeline and terminal modifications at the ADT site to accommodate the handling of iso-octane. This site is advantaged over Keyera's Edmonton Terminal because it has available above ground tank storage and has rail connectivity to both CN and CP. Keyera expects the work to be completed in Q1 2020 at which time the majority of Keyera's iso-octane will be shipped from this site.

To help ensure continued reliability and high utilization of the facility, Keyera shut down AEF for preventative maintenance in Q4 2019. As a result, the next scheduled turn-around is now in 2021 versus the previously scheduled 2020. Regular maintenance turnarounds for this facility are scheduled every four years and are a key aspect of Keyera's commitment to safe, efficient and reliable operations over the long term.

4. Investment in U.S. Liquids Hubs

Oklahoma Liquids Terminal: In 2018, KEI acquired a logistics and liquids blending terminal located near Tulsa, Oklahoma. The terminal receives, blends and delivers diluent, the majority of which is transported by pipeline from the Mont Belvieu area to the Chicago area and ultimately into the Alberta markets.

Hull Terminal and Pipeline System: The Hull rail and truck terminal is located in Texas and has the capability to handle propane, butane and NGL mix. The terminal is connected via our own 6 inch, 58 mile pipeline system to third party infrastructure facilities in Mont Belvieu, North America's largest NGL hub. This pipeline connection gives Keyera proprietary market access to Mt. Belvieu through various commercial arrangements and allows Keyera to deliver products into Mont Belvieu. Additionally, work has progressed in 2019 to pipeline connect the terminal to a nearby refinery and Keyera anticipates this will be complete in Q1 2020. KEI also owns additional land adjacent to the site, giving it flexibility to develop and expand its terminal operations in phases in response to market demand.

Wildhorse Terminal: In 2018, construction commenced on the Wildhorse Terminal, a crude oil storage and blending facility in Cushing, Oklahoma. The project includes the construction of 12 above ground tanks with 4.5 million barrels of working storage capacity. The majority of the capacity is backed by fee-for-service, take-or-pay storage arrangements and once operational, the terminal will provide significant commercial opportunities for Keyera's Marketing business. The Wildhorse Terminal will initially be pipeline connected to two existing storage terminals at Cushing. These connections will provide customers with access to the majority of the crude oil streams flowing in and out of Cushing on several major pipeline networks. KEI is a 90% owner in Wildhorse Terminal and will be the operator. The remaining 10% is owned by an affiliate of Lama Energy Group ("LEG"). The facility is anticipated to be placed into service in the second half of 2020.

Galena Park Terminal: In 2019, Keyera announced that it had entered into commercial arrangements with an affiliate of Kinder Morgan to provide butane on demand gasoline blending services at Kinder Morgan's Galena Park Terminal in the Houston ship channel. Keyera currently ships a significant amount of iso-octane to the same terminal and will be in a position to provide customers both iso-octane and butane blending options once the new facilities are operational in 2020.

Liquids Infrastructure Business Arrangements

A significant proportion of the services provided through the Liquids Infrastructure business, is to Keyera's Marketing business, including all of the services provided by AEF. Keyera's Marketing business pays market rates for the services it utilizes.

In addition to these internal transactions, Keyera also contracts with third party customers on a fee-for-service basis for services such as transportation, de-ethanization, fractionation, processing, storage, and terminalling. Such contracts outline the services to be provided, the terms and conditions relating to the provision of such services and the associated fee structure. The term of these contracts varies widely. For example, some diluent handling agreements, product exchange service agreements and tank storage agreements are long term in nature, while other NGL agreements can be long term or as short as one year. The longer term agreements are often entered into in connection with the underpinning of significant capital projects. The majority of customers who contract for service on Keyera's condensate system are third

parties who have entered into long term, take-or-pay, fee-for-service agreements. (See “Risk Factors – Operational Risks – Reliance on Principal Customers and Suppliers”).

The fee structures for these contracts also vary widely. The contracts may include both fixed and interruptible service terms, volumetric tariffs, rate of return components, take-or-pay components and/or flow through of certain costs. The services may be provided using a combination of proprietary Keyera assets and joint venture assets, which also affects some costs and revenues allocations.

Marketing Business Segment

Description of Marketing Business

The Marketing business is focused on the purchase and sale of products associated with Keyera’s facilities, including NGLs, crude oil and iso-octane. In addition to its typical one-year term supply agreements, Keyera may enter into longer term contracts and source additional NGLs (particularly condensate or butane) when market conditions and associated sales contracts are favourable. Depending on the terms of the agreements, NGL volumes can be purchased at the gas plant-gate, storage facilities, truck and rail terminals or in NGL gathering pipelines. The NGL mix acquired by Keyera is fractionated into specification products at Keyera’s facilities or, in some instances, at third party facilities. The main specification NGLs that Keyera markets are propane, butane and condensate. Propane is generally used for heating, butane is mainly used as feedstock for the production of iso-octane and in gasoline blending, and condensate is largely used as a diluent to enable heavy crude oil and bitumen to flow in pipelines.

Keyera negotiates sales contracts with customers in Canada and the U.S. based on 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 delivery option is rail 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 typically higher in the winter, Keyera can utilize its NGL storage to build an inventory of propane during the summer months when prices are typically lower to fulfill winter term sales commitments.

Overall, the integration of Keyera’s business lines means that its Marketing segment can draw on the resources available to it through its two facilities based operating segments (Liquids Infrastructure and Gathering and Processing), including access to NGL supply and key fractionation, storage and transportation infrastructure and logistics expertise. The acquisitions and growth initiatives in Keyera’s facilities businesses have contributed to the opportunities available to its Marketing business and to the diversification of Keyera’s product offerings, sources of supply, customer base and geographic market options.

In total, Keyera marketed an average of 150,100 Bbls/d of NGLs and iso-octane in 2019 (compared to an average of 152,300 Bbls/d in 2018). Keyera monitors global and North American supply/demand and pricing trends, which informs its purchasing, sales and hedging strategies.

Keyera manages its supply and sales portfolio by monitoring its inventory position and its 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, as well as being exposed to pricing differentials between geographic regions. These risks are managed by purchasing and selling product at prices based on same or similar indices or benchmarks, and through physical and financial contracts that include energy-related forward sales, price swaps, forward currency contracts and other hedging instruments. Notwithstanding the strategies Keyera adopts in order to try to manage price

and volume risk, Marketing margins for NGLs may vary significantly from period to period. There is also inherent risk in the use of financial contracts as a risk management tool, as these contracts cannot be perfectly matched to physical inventory and sales and there is no guarantee that the relationship between the products will be sustained. (See "Risk Factors - Financial Risks - Market Risk and Marketing Activities").

Keyera's primary markets for iso-octane are Western Canada, the Midwestern U.S. and the U.S. Gulf Coast. The development and expansion of iso-octane rail loading facilities at the Edmonton Terminal and ADT and the truck loading facilities at AEF allow Keyera to leverage its rail, logistics and marketing expertise to meet delivery requirements. These rail capabilities, together with the iso-octane storage capacity that Keyera has secured at the Kinder Morgan Galena Park facility, have allowed it to access Gulf Coast and U.S. inland markets, while the new truck loading facilities have reduced Keyera's reliance on a third party truck loading facility and enhanced its ability to serve local markets. (See "Business of Keyera – Liquids Infrastructure Business Segment").

The primary feedstock to make iso-octane is butane. Under typical operating conditions at full utilization, AEF requires approximately 1.4 Bbls of butane to produce 1 Bbl of iso-octane. Iso-octane margins are based on the price of butane, which generally trades at a discount to WTI, and the price of iso-octane, which generally sells at a premium over RBOB (the gasoline market) which generally sells at a premium to WTI. As a result, there can be significant seasonality 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. However, the success of such strategies is dependent upon, among other things, the sustainability of the relationship between products. (See "Risk Factors - Financial Risks - Market Risk and Marketing Activities"). The Liquids Infrastructure segment charges Keyera's Marketing segment a fee for processing services related to the production of iso-octane and therefore all revenues attributed to AEF within the Liquids Infrastructure segment relate to the fees paid by the Marketing business.

In its liquids blending activities, Keyera operates facilities at locations in Alberta and Oklahoma, that allow it to process, transport and blend various product streams. Liquids blending margins are earned by blending products of lower value into higher value product streams. As a result, these transactions are exposed to volatility in price differentials between the various product streams. Keyera manages this risk exposure by trying to balance its purchases and sales and locking in margins. Notwithstanding Keyera's management of price and quality risk, the Marketing segment's margins for its liquids blending business can vary significantly from period to period. (See "Risk Factors – Financial Risks - Market Risk and Marketing Activities"). In addition, Keyera's ability to engage in liquids blending activities is affected by competition for blending opportunities, the ability to secure access to various product streams, and limitations associated with facility and pipeline specifications. (See "Risk Factors – Operational Risks - Reliance on Principal Customers and Suppliers" and "Risk Factors – Operational Risks - Reliance on Other Facilities").

In 2019, Keyera's Marketing business accounted for 72% of Keyera's total revenues (without elimination of inter-segment transactions), 32% of Keyera's total operating margin and 35% of Keyera's total realized margin (compared to 80% of total revenues, 38% of operating margin and 33% of total realized margin in 2018). Keyera's Marketing business pays fees, at market rates, to Keyera's Liquids Infrastructure and Gathering and Processing businesses for the use of facilities. Keyera believes operating margin and realized margin provide an accurate portrayal of operating profitability by segment.

Marketing Contractual Arrangements

In Keyera's Marketing business, Keyera enters into purchase and sale agreements primarily for NGLs and crude oil. It also enters into sales agreements for iso-octane. These purchase and sale agreements are typically priced relative to market indices. Generally, NGL supply contracts are for one year, commencing April 1st and set out negotiated pricing levels in relation to indices for the following twelve months. However, Keyera may also enter into longer-term supply arrangements, and may make purchases on the spot market as well. As part of managing its inventory and commodity price risk, Keyera also enters into financial and physical hedging contracts in accordance with its risk management policy. For further

details on the contractual arrangements in Keyera's Marketing business, see Keyera's 2019 Annual Audited Financial Statements and accompanying Management Discussion and Analysis available on SEDAR at www.sedar.com.

HEALTH, SAFETY AND ENVIRONMENT

Operational Excellence

Keyera is continuing to advance the implementation of its Operational Excellence program, the objectives of which are: to deliver top quartile health and safety performance; to facilitate proactive management of environmental responsibilities; to sustain high reliability, quality service; and to contribute to leading cost performance. Through a structured approach to identifying the risks inherent in its operations, and establishing and maintaining processes and standards for managing those risks, combined with a culture of disciplined execution, Keyera sees the implementation of Operational Excellence as a key element in its ability to deliver consistent and reliable execution of its business strategy and continuous improvement in its operations. As part of Keyera's business strategy, Operational Excellence touches every aspect of Keyera's operations, informs its approach to risk identification and mitigation and supports its commitment to continuous improvement.

Integrity Management

Keyera is committed to maintaining the integrity of all of its pipeline and facility assets. This commitment is integral to Keyera's business strategy of operating safely, reliably, and preserving the longevity of its assets. Keyera's integrity management programs apply to pipelines and facility pressure equipment, and are developed having regard for the applicable regulations and standards which govern the design and operation of these assets.

Through its employees and integrity management programs, Keyera continuously strives to minimize the likelihood of incidents and operational downtime, while safeguarding employees, the environment and the communities in which it operates.

Keyera's integrity management programs apply through the complete asset lifecycle from design through retirement. Each program is founded on a process involving identification of hazards that may impact long term integrity of the asset and assessment of risk, establishing plans and activities to mitigate that risk, application of the mitigation under the plan, monitoring the performance of the program and managing change.

Pipeline Integrity

Keyera has a total of over 5,800 kilometres of pipelines. Key elements of the pipeline integrity program include the development and application of specifications and standards for the design of new pipelines; reviewing pipeline operations by system which includes conducting a risk assessment to identify inspection and risk mitigation activities; and measurement of compliance to and performance of the integrity management plan.

Some of the activities undertaken to manage integrity of pipelines include carrying out in-line and other inspections, completing repairs to pipelines to maintain system integrity, application of chemicals to mitigate corrosion, right of way surveillance to minimize the risk of third party damage, and depth of cover surveys including watercourses. Over the last couple of years, a heightened area of focus for Keyera has been on leak detection and geohazard management. As part of this focus, Keyera has developed a leak detection program and reinforced its training of its staff . Keyera is expanding its efforts to assess the vulnerability of failure as a result of potential geohazard risks to all its pipelines.

Facility Integrity

Keyera maintains approximately 11,000 pressure equipment assets associated with its facility assets. Its integrity programs apply a lifecycle approach, the goal of which is to try to ensure that pressure equipment is designed, constructed, installed, commissioned, operated, maintained, decommissioned and managed in a manner that reduces any potential loss of containment, provides worker safety and protects the environment.

Turnarounds at Keyera's processing facilities are planned and executed with the objective of maintaining integrity of pressure equipment, pressure safety valves, piping and tanks, and at the same time complying with jurisdictional requirements, industry best practices and the requirements of its own integrity management programs. Key pressure equipment inspection and maintenance are conducted during turnarounds. These inspections are scheduled for regular intervals on an ongoing basis.

Keyera provides training for its personnel responsible for design and ongoing management of its integrity management programs both through its Competency Management and Development System and third party provided training. Key personnel are also members of industry committee's and associations and attend industry conferences.

Health and Safety Programs

Keyera is committed to conducting its operations in a manner that protects the health and safety of the public and the people who work at its facilities. It has a highly skilled workforce and provides ongoing training to maintain the necessary skills and understanding necessary for a safe and healthy work environment. Keyera has developed an industry leading Competency Management and Development System to assess and track the competency of its workers. (See "Other Information About Keyera – Training and Development Programs"). Keyera's Health, Safety and Environmental Policy sets an expectation that everyone must share in the responsibility to work safely and responsibly, while meeting or exceeding all laws and regulations. To this end, everyone at Keyera is expected to:

- include safety as a part of all business and operational decisions;
- identify hazards and take action to address all unsafe conditions, to protect the health and safety of workers, the public, and the environment; and
- report any situation that has or may result in an unsafe action, condition or loss and take action to correct or address the situation.

Keyera's programs address both personal and process safety. Keyera regularly reviews its safety performance, conducts safety audits and shares experiences and best practices within the organization and at times, with others in industry. Keyera has adopted a suite of policies, procedures and safe operating practices, which it reviews, evaluates and updates based on changes in laws and regulations, technology developments, industry standards and the operational needs of its facilities. It has formal incident reporting processes, which allow it to, among other things, identify and track incidents and near misses; identify, implement and follow up on appropriate corrective actions; and share learnings. Keyera also carries out investigations to understand factors that might cause or contribute to incidents and seeks to learn from its experiences, as well as industry learnings, in order to prevent the occurrence or recurrence of an incident. Reports of activities and performance under Keyera's Health and Safety Management System are also provided to both the Health, Safety and Environment Committee of Keyera's Board of Director's and directly to the Board of Directors on a quarterly basis.

Environmental Programs

Keyera recognizes that environmental protection, social responsibility and economic growth are all essential to the success of our business. It is committed to conducting our business in a way that balances diverse stakeholder expectations, respects the environment and emphasizes the health and safety of our

employees and the communities in which it operates. These commitments are described in Keyera's Health, Safety and Environment Policy.

Keyera values the importance of responsible environmental stewardship and has made significant investments in infrastructure to improve efficiencies and enhance environmental performance. As Keyera continues with the development and implementation of the Operational Excellence Management System (OEMS), it is working to integrate its environmental programs and management system into the overall OEMS framework. Keyera's approach is to focus on preventing environmental impacts and adopting appropriate risk mitigation strategies. Keyera strives to conduct its activities with a structured approach to identify and track areas of potential concern with an intentional strategy for managing them. This applies to strategic management of environmental quality, regulatory permitting, stakeholder engagement and air quality monitoring with continuous improvement.

Programs are in place to provide employees with training that includes health, safety and environmental matters. Keyera also has systems in place for reporting, tracking and monitoring its environmental and regulatory performance and tracks a range of environmental and regulatory performance metrics in order to evaluate performance, share information and identify opportunities for improvement. Learnings are shared across the organization and reports on environmental and regulatory performance are delivered to the Health, Safety and Environment Committee of Keyera's Board of Directors and directly to the Board of Directors on a quarterly basis.

Environment Planning and Liability Management

Keyera has adopted a proactive, risk-based approach to environment planning and liability management based on the following principles:

- Emphasizing up-front integrity and release prevention;
- Having an overall picture and management framework of environmental liabilities and an intentional strategy for managing them;
- Drawing on technical expertise, data collection and detailed delineation to provide a solid foundation for program planning
- Systematically classifying relative liability management risks and rewards;
- Utilizing a defined implementation process to improve or maintain environment quality and align with regulatory programs;
- Applying a life-cycle perspective to recognize best practices and pursue efficiency in coordinating planning and execution;
- Moving inactive sites through to closure
- Maintaining flexibility to adjust based on corporate priorities and overall business strategy

As part of this approach, Keyera manages a suite of water, soil and air programs at its facilities. It has also adopted strategic management plans at six locations that provide a roadmap for decision making and measuring outcomes.

Liability Management

Keyera's liability management program focuses on enhancing our environmental monitoring and management programs, developing appropriate site-specific risk mitigation programs, and addressing historical environmental impacts. Keyera engages in a comprehensive suite of regular monitoring programs completed on an annual basis. Keyera also continues to refine its liability management system, a program through which it applies a risk ranking approach, combined with other criteria, to prioritize annual decommissioning, abandonment, remediation and reclamation projects. Program results are regularly reported to Keyera management and to the Health, Safety and Environment Committee of the Board of Directors. Keyera management also reviews and approves the liability management program budget annually.

Keyera also participates in a limited benchmarking initiative in respect of its liability management program to provide additional context to assist in assessing cost effectiveness. (See “Decommissioning, Abandonment, Remediation and Reclamation Programs and Costs”).

Decommissioning, Abandonment, Remediation and Reclamation Programs and Costs

Keyera incurs certain decommissioning, abandonment, remediation and reclamation costs each year in connection with facility, well, pipeline and other physical asset components of its operations. These costs can include items such as groundwater remediation programs, soil remediation, well abandonment and removal of unutilized equipment, all of which help Keyera assess and proactively manage its environmental liabilities. These costs may be included as part of the operating expenses of the respective facilities where the work is undertaken, in which case they can be recovered from customers as part of the operating fee charged where flow-through-operating-cost fee structures are in place. This treatment of current environmental costs does not, however, provide for recovery of end-of-life costs expected after a facility is permanently decommissioned. (See “Risk Factors – Financial Risks – Environmental and Public Safety Considerations”).

End-of-life costs are accounted for through Keyera’s financial obligations and are reflected in its financial statements. Keyera makes provision for the future cost of its asset retirement obligations measured at the present value of Keyera’s best estimate of the cost to settle the obligation. Prior to December 31, 2019, Keyera utilized a risk-free discount rate based on the Government of Canada’s benchmark long-term bond yield to discount its asset retirement obligations. Effective December 31, 2019, Keyera voluntarily changed its accounting policy to utilize a credit-adjusted risk-free rate as permitted by accounting standards. While the provision is based on the best estimate of future costs and the economic lives of the facilities, there is uncertainty in the amount and timing of these costs. For further information refer to Keyera’s 2019 Annual Audited Financial Statements and associated Management Discussion and Analysis available on SEDAR at www.sedar.com.

It is difficult to predict asset retirement obligation costs with certainty, because they are a function of regulatory requirements and other factors in force and effect at the time of decommissioning, abandonment and/or reclamation. In determining its asset retirement obligation cost estimates, Keyera considers: (i) the cost of facility abandonment, including suspension and demolition costs, and (ii) environmental restoration, remediation and reclamation costs, in order to return the site to an equivalent surrounding land-use state. Keyera engages reputable third-party environmental consultants and experienced employees to collect, review and assess the relevant data in preparation of the estimates.

To support its facility estimates, Keyera has completed site specific liability assessments for many of its assets, including all of its larger facilities. Keyera complies with the liability assessment requirements in AER Directive D-001 – Requirements for Site-Specific Liability Assessments, AER’s License Liability Rating Program and Management Plan, and AER Directive D-024 – Large Facility Liability Management Program (collectively, the “LFP”), including completing updating assessments every five years for those facilities that are subject to AER Directive D-001. Other assessments are reviewed periodically and updated as necessary.

Other asset retirement obligations are regularly evaluated and updated and may be based on Keyera’s assessment based on experiences during operational suspension for turnarounds, acquisition estimates, analogues from similar sites and/or construction costs. Well abandonment estimates are provided by industry experts, based on actual and industry downhole abandonment historical cost expenditures, professional judgments and experiences. The process is overseen by the Health, Safety and Environment Committee of the Board of Directors.

Keyera’s Alberta operations are also subject to several programs designed to mitigate the cost to the public of abandoning and reclaiming facilities under the jurisdiction of the AER. Pursuant to a program commonly referred to as the “Orphan Well Fund”, holders of AER licenses for facilities that are not covered under the LFP, are required to pay an annual levy to assist in funding the clean-up of orphan facilities. At the Keyera facilities that are required to pay the levy, it is treated as an operating cost. In addition, the AER

requires all licensees to complete prescribed monthly asset-to-liability ratio testing for all licensed facilities (other than pipelines or related infrastructure). Licensees that do not pass the asset-to-liability ratio test are required to provide the AER with a deposit. As of the date hereof, Keyera has an asset-to-liability ratio greater than that required by the AER and has not been required to provide a security deposit.

British Columbia has also implemented a Liability Management Rating program similar to Alberta that includes midstream operators, such as Keyera. Given that operations at the Caribou gas plant were suspended in December 2015, Keyera has posted security under this program to secure the end of life liability associated with the plant.

Greenhouse Gas and Emissions Strategy

The regulatory framework in respect of greenhouse gases and other emissions is evolving rapidly (See "Regulatory Framework – Greenhouse Gas and Emissions Regulation"). Keyera endeavours to be proactive in addressing anticipated changes, engaging with governments and regulators and identifying opportunities to mitigate environmental impacts. Keyera has developed a greenhouse gas strategy which establishes the framework for our approach to minimizing greenhouse gas emissions while maintaining a sustainable and competitive business. Objectives of our greenhouse gas strategy include: (i) identifying and implementing cost effective greenhouse gas reductions in its operations; (ii) adopting economically viable conservation and energy efficient technologies; (iii) monitoring and reporting emissions reductions; (iv) internally sharing best practices; (v) combining reduction efforts with other emission regulations; (vi) encouraging continuous improvement in greenhouse gas inventory reporting methodologies and risk management; and (vii) identifying and evaluating business opportunities.

Keyera also has implemented an internal framework focussed on the identification, evaluation and implementation of emissions reduction opportunities (greenhouse gas, Methane, NOx, Benzene, etc.) across our operations. The focus of this framework is to increase efficiency and achieve compliance in a cost effective manner. Keyera is currently executing its strategy to reduce Nitrogen Oxides ("NOx") emissions associated with its engine fleet through a multi-phased execution plan.

Keyera continuously monitors legislative initiatives and regulatory trends across Canada and the U.S. to anticipate potential developments that could affect our business and operations. It is possible that future international, national or provincial emissions reduction requirements may require further reductions of emissions or emissions intensity. Keyera recognizes such reductions may not be technically or economically feasible and that failure to meet such emissions reduction requirements may result in penalties, the suspension of operations, and/or the necessity of purchasing greenhouse gas credits, all of which could materially adversely affect the oil and gas industry, including Keyera. (See "Risk Factors – Operational Risks – Environmental and Public Safety Considerations", "Risk Factors – Operational Risks – Weather Conditions", "Change in Laws", "Reputational Risk" and "Risk Factors – Financial Risks – Environmental Compliance and Remediation Costs").

Community Engagement

Each year, Keyera engages with thousands of stakeholders as part of its daily operations and new projects. Through its community engagement efforts, Keyera's objective is to cultivate and maintain meaningful, long term relationships with its neighbours, communities in which it operates and other stakeholders that may be affected by our operations. Keyera's social responsibility program is multi-pronged, including community engagement, community investment, local procurement programs, educational and workplace scholarship programs and supported employee volunteering.

Keyera engages with communities during new projects and through the lifecycle of its assets to build trust and to ensure Keyera understands regional issues. These relationships allow Keyera to anticipate and manage the social impact of its operations on communities. Keyera engages with stakeholders in a variety of ways, including one-on-one discussions, open houses, site visits and community meetings, and seeks feedback on impact mitigations strategies, procurement opportunities for communities

and community investment. Active stakeholder engagement allows Keyera to understand and respond to community concerns while building strong relationships with the communities in which Keyera operates.

Indigenous Communities

Keyera also recognizes that it constructs and operates facilities in areas in which Indigenous communities may be affected. Keyera works directly with the affected communities, engaging in respectful consultation to mitigate potential impacts to traditional rights, as well as identifying benefit opportunities and capacity-building initiatives.

Keyera's approach to Indigenous relations is guided by the following principles: (1) respect the diversity of cultures and seek to understand their customs, values and traditions; (2) engage in honest, open, ongoing communication with communities affected by our operations and engage in timely and meaningful consultation with them; and (3) offer reasonable support for strategies intended to encourage development within the communities, including training, employment, business development and community initiatives related to our activities.

For greenfield projects, Keyera engages in early engagement, often in advance of project sanctioning. This has enabled Indigenous communities to actively conduct, with Keyera's support, traditional land use assessments on right-of-way and project sites to identify potential impacts and to collaborate with Keyera on mitigation strategies as necessary.

In 2019, Keyera continued to grow its Indigenous Business Involvement (IBI) program for both greenfield projects and existing operations. In the Wapiti Area, the IBI program has identified Indigenous capacities in local areas and provided guidance regarding Keyera's procurement processes and vendor qualification requirements. This approach is designed to assist in preparing Indigenous communities to supply services for Keyera's operations and construction projects. The IBI program is being implemented in the KAPS pipeline project as we move towards regulatory approval and construction phases.

Keyera continues to work with Indigenous community representatives to identify community enrichment projects. In 2019, this included the sponsorship of indigenous youth economic development training, community infrastructure building initiatives and specific training programs in several communities.

REGULATORY FRAMEWORK

General Regulatory Context

Keyera is subject to a range of laws, regulations and requirements imposed by various levels of government and regulatory bodies in the jurisdictions in which it operates. While these legal controls and regulations affect numerous aspects of Keyera's activities, including but not limited to, emissions, the operation of wells, pipelines and facilities, construction activities, transportation of dangerous goods, emergency response, operational safety and environmental procedures, Keyera does not believe that they impact its operations in a manner materially different from other comparable businesses operating in the same jurisdictions.

As the majority of Keyera's operations and facilities are located in Alberta, disclosure in this AIF generally focuses on the Alberta regulatory regime. Keyera also has operations and carries on business in other jurisdictions including Texas (Hull Terminal) and Oklahoma (Oklahoma Liquids Terminal and Wildhorse Terminal). Keyera also ships products to customers across North America. Each of these jurisdictions has its own regulatory and environmental regimes to which Keyera is subject.

Greenhouse Gas and Emissions Regulation

Greenhouse gases, mainly carbon dioxide and methane, are components of the raw natural gas processed and handled at Keyera's facilities. Operations at Keyera's facilities also require the combustion

of fossil fuels in engines, turbines, heaters and boilers and the use of electricity, all of which release carbon dioxide, methane and other minor greenhouse gases. Keyera is subject to various greenhouse gas reporting requirements and carbon dioxide equivalent ("CO2e") emission intensity reduction targets. Emissions intensity refers to the amount of greenhouse gas, measured on a CO2e basis, emitted on a unit of production basis. Two of the primary factors that affect emissions intensity at Keyera's facilities are fuel gas consumption and throughput. Lower throughput and higher levels of fuel gas consumption result in higher emission intensities.

Keyera uses engineering consulting firms and internal resources to compile inventories of greenhouse gas emissions and reports these inventories in accordance with federal and provincial requirements. Third party audits and/or verifications of inventories are conducted for facilities that are required to meet regulatory targets.

Regulatory Framework Through 2019

In Alberta in 2019 Keyera's Large Final Emitter facilities ("LFEs") were regulated by the *Carbon Competitiveness Incentive Regulation* ("CCIR") under the *Climate Leadership Act*. The *CCIR* applies to facilities that emit 100,000 tonnes or more of greenhouse gases in 2003 or in any subsequent year. Product-based benchmarks, such as emissions per barrel of oil produced or kilowatt of electricity generated, are set for industries where there is more than one regulated facility producing a specific product. Generally, product-based benchmarks are expected to be set on a "best-in-class" basis or at 80% of the production weight average greenhouse gas emissions intensity of producing the product in an industry ("industry benchmark"). If a facility can produce the product with fewer emissions than best-in-class or 80% of the average, then it will be entitled to generate Emissions Performance Credits (EPCs). If a facility cannot meet the industry benchmark, there are the same compliance options as the Specified Gas Emitters Regulations ("SGER") program:

- purchasing emissions offsets.;
- purchasing fund credits from the Climate Change and Emissions Management Fund (the "CCEMF") at a cost of $30/tonne for 2019; and/or
- purchasing emissions performance credits ("EPCs"). EPCs are earned by a LFE with an emissions intensity below the net emissions target and can be sold internally or into the marketplace.

For gas processing facilities the ACCO created the Alberta Gas Processing Index. The Alberta Gas Processing Index is a modular production metric based on the throughput or production of certain defined gas plant units. The Alberta Gas Processing Index has 13 modules. Keyera facilities are impacted as follows:

- The Strachan, Rimbey, Brazeau River, KFS, and Nevis gas plants were under the CCIR for 2019. All of these facilities used the Alberta Gas Processing Index to determine their specific benchmarks.
- Since AEF is the only iso-octane facility in Alberta, the assigned iso-octane benchmark was based on the historical emissions intensity of AEF.

The *Federal Greenhouse Gas Pollution Pricing Act* (GGPPA) was implemented in Alberta starting January 2020 in response to the Government of Alberta abandoning the Climate Leadership Plan instituted by Alberta's previous government. The GGPPA is managed by Environment and Climate Change Canada (ECCC) and the Canada Revenue Agency (CRA). Starting January 2020, all of Keyera's stationary combustion emissions are now subject to carbon pricing.

Technology Innovation Emission Reduction (TIER) program came into effect January 2020 and is regulated by Alberta Environment and Parks (AEP). TIER replaces the previous Alberta government's Carbon Competitive Innovation Regulation (CCIR) program for facilities that emit more than 100 kt CO2e per year. The program uses an intensity (emissions/production) benchmark approach. The regulated

facilities will fall under a high performance or facility-specific benchmark. Facility-specific benchmarks are based on 2013 to 2015 emissions intensity with discretion to use alternate years. The Alberta Government indicated the TIER program will follow federal pricing guidance. In December 2019, the Canadian government determined that Alberta's TIER regulations were equivalent to the requirements of GGPPA and therefore, Alberta TIER regulated facilities will not be regulated under GGPPA. Five facilities were transitioned into TIER system (Rimbey, Strachan, KFS, AEF, and the MBL Cogen). An aggregated facility application submitted for the remaining facilities below 100kt CO2e and the Federal Carbon Tax exceptions was applied for in late 2019.

If a facility (or aggregate) can produce the product with fewer emissions than the assigned benchmark then it will be entitled to generate Emissions Performance Credits (EPCs). If a facility cannot meet the industry benchmark, there are the same compliance options as the SGER program:

- purchasing emissions offsets;
- purchasing fund credits from the Climate Change and Emissions Management Fund (the "CCEMF") at a cost of $30/tonne for 2020; and/or
- purchasing emissions performance credits ("EPCs"). EPCs are earned by a LFE with an emissions intensity below the net emissions target and can be sold internally or into the marketplace.

The Specified Gas Reporting Regulation (SGRR), requires facilities emitting 10,000 tonnes of CO_2 equivalent or more to submit a specified gas report to the Alberta Climate Change Office.

In addition to these Alberta regulations, Keyera also has emission reporting responsibilities under the *Canadian Environmental Protection Act* ("CEPA"). The reporting threshold for CO2e emissions under CEPA was reduced to 10,000 tonnes. Summaries of these federal emissions reports are publicly available.

Keyera also reports on combusted greenhouse gas equivalent of all products that it imports and exports in and out of the United States in accordance with U.S. Environment Protection Agency requirements.

Other Emissions Regulatory Developments

Keyera is monitoring developments with respect to the Joint Initiative on Methane Reduction and Verification. The Federal Environmental and Climate Change Canada Methane Regulations and the revised AER Directives 60 and 17 were released in 2018. Given the nature of Keyera's operations, it does not anticipate any significant impact associated with the methane reduction efforts.

In 2016, the Government of Canada also released Multi-sector Air Pollutants Regulations with national performance standards for NOx emissions. Within the regulations there are performance standards for two equipment types: gaseous-fuel-fired boilers and heaters, and stationary spark-ignition gaseous-fuel-fired engines. Reporting requirements came into effect in 2017. Flexible performance standards for engines have been utilized with an interim milestone of 2021 and final compliance deadline of 2026. Boilers and heaters will have performance standards starting in 2026. Keyera carefully monitors NOx emissions at its plants and equipment in order to manage its operations to meet the upcoming compliance timelines. Additionally, Keyera has established an interdisciplinary task force to develop a fleet management plan that is coordinated with Keyera's other efficiency and compliance efforts.

Overall Implications of Emissions Regulation for Keyera

Keyera anticipates its compliance costs will increase as a result of the evolving greenhouse gas emissions regulatory requirements. However, based on currently available information, Keyera does not expect the incremental direct cost of compliance between now and 2023 to be material. Keyera's analysis is based on various scenarios that Keyera has considered, taking into account there is carbon pricing on stationary combustion for all Keyera's facilities in Alberta, the estimated TIER compliance obligations

forecast, the increases in carbon pricing based on the federal framework, forecast throughput at Keyera's facilities and expected future emissions performance of Keyera facilities.

In addition to the expected direct costs associated with regulatory changes, there may also be indirect costs, as well as other consequences and implications for Keyera. For example, an increase to electricity costs (whether due to increased short term compliance costs, longer term phasing out of coal generated electricity or other factors) may render the potential increased cost implications more significant. Power costs are a large component of the operating costs at many of Keyera's facilities. Keyera therefore closely monitors these developments and is working on an overall power strategy in anticipation of pending changes in electrical generation in Alberta. Keyera is also conscious of the potential implications and costs associated with increased negative public sentiment toward emissions from the energy industry. To mitigate the impact of regulatory changes and associated risks, Keyera continues to evaluate new emission reduction opportunities at its facilities and how to integrate emissions considerations into overall lifecycle planning for its facilities.

Keyera will continue to evaluate these developments to evaluate potential financial and operational implications. Given the multitude of variables that could cause changes to outcomes, it is currently not possible to predict future incremental compliance costs with any certainty.

Environmental Regulation (Non-Emissions)

General Framework

The midstream industry is subject to provincial and federal environmental legislation and regulations. Among other things, the environmental regulatory regime provides for restrictions and prohibitions on releases or emissions of various substances produced in association with certain oil and natural gas industry operations. Environmental regulation affects the operation of facilities and limits the extent to which facility expansion is permitted. In addition, legislation requires that facility sites and pipelines be abandoned and reclaimed to the satisfaction of provincial authorities and local landowners. A breach of such legislation may result in notices of non-compliance, the imposition of fines, the issuance of clean-up orders or the shutting down of facilities and pipelines.

The AER is the main government agency that regulates midstream operations and facilities in the Province of Alberta. In addition, some activities and facilities are also regulated by the AEP. Among the primary pieces of legislation that form the regulatory framework are the *Oil and Gas Conservation Act* (Alberta), the *Pipelines Act* (Alberta) and the *Environmental Protection and Enhancement Act* (Alberta) ("EPEA"), along with all related regulations. In order to construct and operate most midstream facilities, a license and potentially an operating approval from the AER is required. The license and approval requirements will depend on such factors as the nature of the facility or installation, the type of activity and the type of product. To hold a license the applicant must demonstrate, at the time of application, that the impact of the facility on the environment will be within acceptable limits. Operating approvals are intended to address a facility's impact on the physical environment and limit emissions to air and water depending on the size of the facility and the nature of the product being handled. The AER also conducts regular inspections of the facilities that are subject to their regulation. The disposal of wastewater and gases into wells drilled into deep geologic formations is regulated by the AER. A number of Keyera's facilities hold approvals and permits for these disposal activities. Further, the use of water (surface or groundwater) is regulated under the *Water Act* (Alberta).

Under EPEA, environmental standards and compliance obligations for releases, clean-up and reporting are subject to scrutiny by the AER and the public. Liability for clean-up, remediation and reclamation costs may be imposed on a wide range of parties including present and past owners, or those that had charge, management or control of a substance that has been spilled or released. Regulators may issue shut-down orders where facilities or pipelines are not in compliance with the environmental laws or operating approvals, and fines under EPEA may be as high as $1,000,000 for each day that an offence under EPEA continues. Keyera has never been subject to enforcement actions of this nature.

The AER has also issued multiple Directives and Guides with strict requirements and standards concerning matters such as oilfield waste management and the suspension, abandonment and reclamation of oil and natural gas wells, pipelines, and facilities that must be factored into the cost of conducting operations in Alberta.

Keyera does not have any operations in areas considered critical habitats (such as the Caribou zone in Northern Alberta). When evaluating projects in areas that may have an impact on critical habitats, Keyera undertakes appropriate evaluation, monitoring and testing prior to proceeding with development activities and may modify its plans or operating parameters to mitigate potential impacts.

Sulphur Recovery

AER Interim Directive (ID) 2001-3 establishes sulphur recovery guidelines for sour gas plants and also sets the maximum allowable sulphur inlet limits that can be processed. With changing gas compositions and declining sour gas production, meeting the sulphur recovery requirements has been an increasing challenge for many sour gas plant operators, including Keyera. In June 2016, the AER announced a more flexible methodology for measuring compliance with the sulphur recovery guidelines would be available in appropriate circumstances. This new guidance allows operators to determine the calendar quarter sulphur recovery efficiency requirements at sour gas plants based on the highest actual daily sulphur inlet (tonnes/day) through a calendar quarter and associating that inlet tonnage to the ID 2001-3 sulphur recovery requirements. Keyera continues to carefully monitor sulphur recovery at its plants and takes active steps to manage its operations.

Noise Control Regulation

AER Directive 038: Noise Control establishes the regulatory framework with respect to noise control applicable to all operations and facilities under the jurisdiction of the AER. This directive sets certain parameters with respect to maximum permissible sound levels and measuring the noise associated with industrial developments regulated by the AER. Keyera manages its operations and plans capital expansions at its facilities, identifying noise impacts and mitigation measures is an important consideration. Directive 038 also recognizes that, under special circumstances, permissible sound levels from a resource facility could be adjusted from what would otherwise be calculated under this Directive 038. Alberta's Industrial Heartland area in the Fort Saskatchewan region has been identified as a special circumstance and as such a separate regional noise management plan has been developed for this area. Keyera's Fort Saskatchewan facility falls under this regional plan.

Transportation of Dangerous Goods

Petroleum products, including NGLs, crude oil, and iso-octane are subject to regulation under the transportation of dangerous goods ("TDG") legislation in Canada and the U.S., as well as other jurisdictions to the extent shipments are entering or leaving other jurisdictions (e.g. Mexico). Keyera has a significant fleet of rail cars under lease that it uses to move these products across Canada and the U.S., plus it also loads third party rail cars at many of its facilities. Keyera does not own or lease any product transportation trucks, but it does have truck loading/off-loading racks at a number of its facilities and also contracts with other companies to provide trucking services for products requiring transport. Because Keyera ships and receives these products to and from various locations across North America, it is required to comply with TDG laws in each of these jurisdictions.

TDG laws require parties handling, offering for transport, transporting or importing certain dangerous goods to have an approved Emergency Response Assistance Plan ("ERAP") in place. ERAPs are required for (i) Class II products such as propane and butane; and (ii) for class III products such as crude oil and condensate when transported by rail. An ERAP is intended to ensure that specialized emergency response personnel and equipment are available in a timely manner, in order to assist and/or supplement primary emergency responders responding to an incident.

Keyera monitors regulatory developments, and other recommendations that are introduced by regulatory agencies with respect to TDG matters, including safety data sheet requirements for the products it handles and rail car specifications. Keyera also monitors the practices and tariffs of railway companies and has observed that the major railway companies in Canada have implemented standard contract and/or tariff provisions aimed at shifting responsibility for certain damages and claims to shippers. (See “Risk Factors – Operational Risks – Transportation of Dangerous Goods”).

OTHER INFORMATION ABOUT KEYERA

Employees and Labour Relations

Keyera employs approximately 1,074 permanent employees in its operations. Approximately 50 employees employed by Keyera at the Rimbey gas plant are represented by Gas and Oil Union Local 504, approximately 30 employees employed by Keyera at the Strachan gas plant are represented by Gas and Oil Union Local 507 and approximately 20 employees employed by Keyera at the Minnehik Buck Lake gas plant are represented by Local 777, Unifor. The Rimbey and Strachan unions are separate bargaining units and are not associated with any national or international union. The collective agreements for employees at the Strachan gas plant and the Rimbey gas plant expire on December 31, 2023. The collective agreement for employees at the Minnehik Buck Lake gas plant expires on April 30, 2023. To date, Keyera has never experienced a labour-related work stoppage at any of its facilities. (See “Risk Factors – Operational Risks – Employees and Contractors”).

Keyera monitors employee engagement, including participating in an independent third party engagement survey every three years. Keyera has been recognized as a top employer in Alberta for the last eight years.

Training and Development Programs

A competent and skilled workforce is one of the most effective ways to promote safe, efficient and reliable operations. Keyera has been a leader in this area through its Competence Management and Development System (CMDS). This competency-based training system features comprehensive training that can be customized to suit worker profiles and involves both self-assessments and supervisor validation of competencies. In addition to providing training to its own workers, Keyera’s CMDS system has become an industry-wide training tool, with many other oil and gas companies subscribing to the service.

Keyera has also implemented a comprehensive leadership development program which provides leadership training and coaching opportunities for its leaders and emerging leaders. It also has a comprehensive executive leadership development and succession planning program underway.

Foreign Markets and Operations

As part of its NGL and iso-octane marketing activities, Keyera markets NGLs and iso-octane in the U.S. and also imports certain NGLs from the U.S. These marketing activities are conducted through Keyera’s U.S. subsidiary, KEI, which has an office in Houston. Keyera’s Marketing business can be affected by trends in the U.S. due to the fact that commodity prices, including NGLs and iso-octane, in Canada are influenced by pricing and markets in the U.S. KEI owns and operates the Hull Terminal and Hull Terminal pipeline system in Texas and the Oklahoma Liquids Terminal in Oklahoma. KEI is also currently constructing the Wildhorse Terminal in Oklahoma and has entered into contractual arrangements that provide it with terminalling and storage capacity in Texas, Kansas and Michigan, and is evaluating other opportunities in the U.S. In recent years, Keyera has also started loading rail cars which deliver product to Mexico. (See “Risk Factors– Operational Risks – Foreign Operations”).

Competition

The midstream oil and gas industry is highly competitive in all aspects, including the gathering, processing, fractionation, storage, transportation, and marketing of hydrocarbon products. Each of Keyera's gas processing plants is subject to competition from other gas processing plants which are either in the same general vicinity or have gathering systems that are or could potentially extend into geographic regions served by Keyera's facilities. As well, Keyera's pipelines, storage, terminal and NGL processing facilities are subject to competition from other existing pipelines and facilities, which competition is anticipated to continue to grow as other companies announce plans for expanded NGL processing, transportation, terminalling and storage services in the Edmonton/Fort Saskatchewan hub, as well as other interconnected geographic areas in western Canada and the U.S.

NGL and crude oil commodities that are marketed by Keyera compete with supplies from Canadian, U.S., and international sources. Keyera competes with local and international entities to acquire NGLs for processing and resale and to attract and retain customers. Competition for customers is not confined to NGL suppliers and marketers. The natural gas and gas products industry also competes with other industries seeking to provide substitute products or alternative sources of fuel, gasoline blending products, diluents, and feedstock to consumers. For example, in the iso-octane marketing business, alkylate is a common alternative competitive product. Alkylate is typically produced by reacting isobutane with refinery olefins in the presence of an acid catalyst to produce a relatively high octane gasoline component. Most North American refineries have some alkylate production capabilities.

In addition to the above, competition from non-hydrocarbon renewable based energy sources may have an adverse effect on the production of hydrocarbon products and, as a result, on the demand for Keyera's services. (See "Risk Factors – Operational Risks - Competition").

ETHICAL BUSINESS CONDUCT

Code of Business Conduct

The Board of Directors has adopted a Code of Business Conduct (the "Code") which applies to all directors, officers, employees and certain contractors of Keyera. The Code is available on SEDAR at www.sedar.com and on Keyera's website at www.keyera.com. Copies may also be obtained free of charge from Keyera's Investor Relations Department at Suite 200, 144 – 4th Avenue S.W., Calgary, Alberta T2P 3N4.

In support of the Code, Keyera has adopted business conduct policies covering various matters, including but not limited to integrity, ethics, disclosure, insider trading and conflicts of interest, and has adopted a number of specific procedures and guidelines to facilitate compliance with the Code and the various policies (collectively the "Conduct Policies").

The following is a high level summary of some of the expectations that are set out as part of Keyera's Conduct Policies:

- A respectful work environment is to be maintained and harassment, discrimination, abusive comments or other inappropriate conduct is not tolerated.
- Health, safety and environmental protection is an integral part of the way Keyera conducts its business. This includes assessing the potential impacts of its plans and operations on the areas in which it operate, listening to stakeholder concerns and attempting to address or mitigate such concerns as appropriate.
- Workers are to learn the safety procedures applicable to their job and abide by them by remaining fit for work while on duty and making safe behavior an integral part of every task performed.

- Workers must avoid situations that might involve or give the appearance of fraud, illegal activity or unethical conduct. Fraud, illegal activity or unethical conduct committed by others is not to be permitted or facilitated and by extension, Keyera does not engage third parties to carry out activities that Keyera could not legally or ethically do directly.
- Situations that create a conflict of interest or potential conflict are to be avoided and workers have a duty to avoid financial or other business relationships that might be adverse to the interests of Keyera, or have the potential for producing or creating the appearance of conflicting loyalties or interest, or which might interfere with effective job performance.
- Restrictions are imposed on the acceptance of gifts and entertainment from business associates and other stakeholders.
- Internal controls must be followed.
- Keyera does not give, offer or promise anything of value as a bribe, gratuity or kickback to any public official, their family members or organizations with which they may be affiliated.
- Keyera resources, finances or facilities may not be used to make political contributions to any political candidate, party or election campaign except lawful contributions that are authorized in writing by an officer. Lobbying activities must also be pre-approved.
- Insider trading, including trading in prescribed blackout periods, is prohibited. Directors, officers and certain other employees and consultants are required to notify and obtain the permission of the Chief Financial Officer before buying or selling any securities of Keyera.
- Workers have an obligation to protect Keyera's assets from damage, theft, fraud and improper use.
- Broad, timely and informative dissemination of material information is required to prevent selective disclosure, all in accordance with applicable securities rules and regulations.

New directors, officers, employees and certain contractors are required to receive an orientation about the Conduct Policies when they commence their engagement with Keyera. Keyera also requires employees, officers and certain contractors to periodically re-certify that they understand and have complied with the Conduct Policies. The Conduct Policies are reviewed annually and updated as necessary.

Whistleblower Protection

As part of its Conduct Policies, the Board of Directors has also established a whistleblower hotline, utilizing a third party service provider, to provide a forum for employees, officers, contractors and consultants who have reason to believe that something may have been done illegally or contrary to Keyera policy to report these concerns to a neutral third party on a confidential, anonymous basis for investigation. Quarterly reports from the whistleblower hotline are provided to the Audit Committee. All workers are expected to report any matter that may indicate a breach of Keyera's Conduct Policies. Keyera's Conduct Policies protect all workers who bring legitimate concerns forward from retaliation.

Supply Chain Policy

Keyera's Supply Chain Policy provides that purchasing will be done in a manner that:

- is consistent, fair, timely and economically efficient, while managing Keyera's exposure to Health, Safety and Environment (HSE), financial, operational, technical and reputational risks;
- complies with applicable laws, regulations and corporate policies;
- meets or exceeds Keyera's specified technical requirements;
- complies with Keyera's approval matrix;

- reflects Keyera's values and its commitment to communities, landowners, indigenous peoples and other stakeholders; and
- engages effective corporate-wide collaboration.

In addition, Keyera has screening processes in place that it can use to assess potential suppliers, including their qualifications, business conduct practices and to confirm compliance with trade controls. Keyera does not operate in conflict zones.

CAPITAL STRUCTURE OF KEYERA

The rights, privileges and restrictions on the Common Shares and the Preferred Shares are contained in the articles of Keyera Corp. which are available on SEDAR at www.sedar.com.

As of December 31, 2019 there were 217,915,793 Common Shares issued and outstanding; and no Preferred Shares (or any other shares ranking senior to the Common Shares) issued and outstanding. An overview of the capital structure of Keyera Corp. is described below.

Common Shares

Pursuant to its articles, Keyera Corp. is authorized to issue an unlimited number of Common Shares. The rights, privileges, restrictions and conditions attaching to the Common Shares are as follows:

- Voting: Shareholders have the right to receive notice of, attend and vote at all shareholder meetings, except meetings of holders of another class of shares. Each Common Share is entitled to one vote.
- Dividends: Subject to the preferences accorded to holders of First Preferred Shares, the Second Preferred Shares and any other shares of Keyera Corp. ranking senior to the Common Shares from time to time, the Shareholders are entitled to receive dividends, if, as and when declared by the Board of Directors.
- Liquidation, Dissolution or Winding-Up: Subject to the preferences accorded to holders of First Preferred Shares and holders of Second Preferred Shares and any other shares of Keyera Corp. ranking senior to the Common Shares from time to time, the Shareholders are entitled to share equally, share for share, in the remaining property of Keyera Corp. in the event of the voluntary or involuntary liquidation, dissolution or winding-up of the corporation.

As of the date hereof, the Common Shares were the only class of shares issued and outstanding.

Preferred Shares

In 2013, Shareholders approved a special resolution to amend Keyera Corp.'s articles to create two new classes of Preferred Shares (one class referred to as the "First Preferred Shares" and the second class referred to as the "Second Preferred Shares"). As of the date hereof, there are no issued and outstanding Preferred Shares. The number of Preferred Shares that may be authorized and issued is restricted. Specifically, Preferred Shares of any class may not be issued if:

- the aggregate number of First Preferred Shares and Second Preferred Shares that would then be outstanding would exceed 50% of the aggregate number of Common Shares then outstanding; or
- the maximum aggregate number of Common Shares into which all of the First Preferred Shares and Second Preferred Shares then outstanding could be converted in accordance with their terms (regardless of any restrictions on the time of conversion and regardless of any conditions to the conversion) would exceed 20% of the aggregate number of Common Shares then outstanding; or

- the aggregate number of votes which the holders of all of the First Preferred Shares and the holders of all the Second Preferred Shares then outstanding would be entitled to cast (regardless of any conditions) at any meeting of shareholders (other than a meeting at which only holders of one or more of the classes or series of Preferred Shares are entitled to vote) would exceed 20% of the aggregate number of votes which the holders of all of the Common Shares then outstanding would be entitled to cast at any such meeting.

Subject to the foregoing restrictions and to filing articles of amendment, the Board of Directors may issue Preferred Shares of either class in one or more series without par value and may, before such issuance, fix the designation, rights, privileges, restrictions and conditions attaching to each such series, including but not limited to: the amount (if any) specified as being payable preferentially to such series on the distribution of assets of Keyera Corp. in the event of the voluntary or involuntary liquidation, dissolution or winding-up of the corporation (as well as the extent of any further participation in such a distribution of assets); voting rights, if any; and dividend rights (including whether such dividends be preferential, or cumulative or non-cumulative), if any. In accordance with Keyera Corp.'s articles, Preferred Shares would be entitled to preference over Common Shares (and any other shares ranking junior to the Preferred Shares) with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of Keyera (whether voluntary or involuntary).

In connection with Keyera's creation and issuance of the 2019 Subordinated Hybrid Notes, Keyera created the first series of First Preferred Shares designated as "Preference Shares – Series 2019-A". The rights, privileges, restrictions and conditions attached to such series are set forth in Articles of Amendment filed by Keyera on June 13, 2019 and available on SEDAR at www.sedar.com. No First Preferred Shares of such series are outstanding. Such series of First Preferred Shares will only be issued in the circumstances set forth in the First Supplemental Note Indenture.

Credit Facilities

The Partnership has a $1.5 billion unsecured revolving credit facility with a syndicate of Canadian financial institutions and foreign banks, led by the Royal Bank of Canada as the administrative agent (the "Syndicated Credit Facility"). Pursuant to the terms of the Syndicated Credit Facility, the credit limit can be increased to $1.85 billion at the discretion of the lenders and subject to certain conditions being met. In December 2019, the Syndicated Credit Facility was further amended to extend the term from December 6, 2023 to December 6, 2024. The Partnership also has two unsecured revolving demand facilities, one with the Toronto Dominion Bank in the amount of $25 million and the other with the Royal Bank of Canada in the amount of $50 million (collectively with the Syndicated Credit Facilities, the "Credit Facilities"). Depending on the type of borrowing, the Credit Facilities bear interest based on the agent's or applicable lender's rates for Canadian prime commercial loans, U.S. base rate loans, letters of credit and bankers' acceptances and the LIBOR rate, plus a margin or stamping fee, as applicable.

Senior Unsecured Notes

Keyera's long term debt includes a number of long term senior unsecured notes, and included those issued under an uncommitted private shelf agreement with Prudential Capital Group (the "Prushelf"), that terminated on December 15, 2019. The long term senior unsecured notes (collectively, the "Senior Unsecured Notes") were issued by Keyera Partnership to private noteholders and are not listed or quoted on any exchange. Keyera may redeem the Senior Unsecured Notes before their respective maturity dates, subject to a make whole premium.

As of December 31, 2019, Keyera had $1,134 million and US$436 million ($565 million CAD equivalent) of Senior Unsecured Notes outstanding as follows:

Senior Unsecured Notes US Denominated Debt		
Amount	**Interest Rate**	**Maturity Date**
US$103 million	5.14%	September 2020
US$128 million	4.19%	June 2024
US$140 million	4.75%	November 2025
US$65 million	4.95%	November 2028

Senior Unsecured Notes Canadian Denominated Debt		
Amount	**Interest Rate**	**Maturity Date**
$2 million	5.68%	September 2020
$60 million	6.14%	December 2022
$30 million (Prushelf note)	3.50%	June 2023
$17 million	4.91%	June 2024
$100 million (Prushelf note)	4.92%	October 2025
$20 million	5.05%	November 2025
$30 million (Prushelf note)	4.15%	June 2026
$200 million	3.96%	October 2026
$400 million	3.68%	September 2027
$100 million (Prushelf note)	5.09%	October 2028
$100 million	4.11%	October 2028
$75 million	5.34%	April 2029

Medium Term Notes

On June 21, 2018, Keyera completed a public debt issuance of 10-year medium term notes in the principal amount of $400 million. The 2018 Medium Term Notes were offered through a syndicate of dealers under Keyera's Short Form Base Shelf Prospectus dated September 8, 2017, as supplemented by a Prospectus Supplement dated June 3, 2018 and a Pricing Supplement dated June 19, 2018, all of which are available on SEDAR at www.sedar.com.

Keyera's obligations under the 2018 Medium Term Notes are guaranteed by certain subsidiaries of Keyera Corp. Keyera may redeem the 2018 Medium Term Notes, either in whole or in part, upon not less than 10 or more than 60 days prior notice, (a) at any time prior to March 21, 2028 (the "Par Call Date") at a price equal to the greater of (i) par and (ii) the Canadian Yield Price (as defined below), and (b) at any time on or after the Par Call Date at a price equal to par, plus, in either case, accrued but unpaid interest, if any, to but excluding the date of redemption.

In respect of the 2018 Medium Term Notes, "Canada Yield Price" means, in effect, a price equal to the price of the 2018 Medium Term Notes calculated in accordance with generally accepted financial practice in Canada to provide a yield to maturity equal to the Government of Canada Yield (as defined below) plus the redemption premium set forth in the table below. In respect of the 2018 Medium Term Notes, "Government of Canada Yield" means, on any date, in effect, the yield to maturity on such date compounded semi-annually which a noncallable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100 percent of its principal amount on such date with a term to maturity equal to the remaining term to maturity of the 2018 Medium Term Notes. The Government of Canada Yield will be the average of the yields determined by two major Canadian investment dealers selected by Keyera.

Medium Term Notes Canadian Denominated Debt			
Amount	**Interest Rate**	**Redemption Premium (per annum)**	**Maturity Date**
$400 million	3.934%	0.440%	June 21, 2028

In certain circumstances following a Change of Control Trigger Event (as defined in the Note Indenture), Keyera will be required to make an offer to repurchase all or, at the option of any holder of the 2018 Medium Term Notes, any part of the 2018 Medium Term Notes at a purchase price payable in cash equal to 101 percent of the aggregate outstanding principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase. (See "Risk Factors – Financial Risks – Credit Ratings").

The terms of the 2018 Medium Term Notes are set forth in the Note Indenture available on SEDAR at www.sedar.com.

Subordinated Hybrid Notes

On June 13, 2019, Keyera completed a public debt issuance of fixed-to-floating rate subordinated notes in the principal amount of $600 million. The 2019 Subordinated Hybrid Notes were offered through a syndicate of dealers under Keyera's Short Form Base Prospectus dated September 8, 2017, as supplemented by a Prospectus Supplement, dated June 11, 2019, both of which are available on SEDAR at www.sedar.com.

Interest on the notes is fixed at 6.875% per annum until June 13, 2029. If the notes are not redeemed on or after such date, the interest rate will float and will be re-set on each interest payment date. The notes are subordinate in right of payment to all indebtedness that is not expressly subordinate, including the Credit Facilities debt, the Senior Unsecured Notes and the 2018 Medium Term Notes.

Keyera's obligations under the 2019 Subordinated Hybrid Notes are guaranteed by certain subsidiaries of Keyera Corp. On or after June 13, 2029, Keyera may, at its option, on giving not more than 60 nor less than 10 days' notice to the Noteholders, redeem the notes, in whole at any time or in part from time to time, on any interest payment date. The redemption price per $1,000 principal amount of notes redeemed will be 100% of the principal amount thereof, together with accrued and unpaid interest to, but excluding, the date fixed for redemption. Notes that are redeemed shall be cancelled and shall not be reissued. Keyera may only redeem the notes earlier in certain limited circumstances.

Fixed-to-Floating Rate Subordinated Hybrid Notes Canadian Denominated Debt		
Amount	**Interest Rate**	**Maturity Date**
$600 million	6.875%	June 13, 2079

So long as no event of default has occurred and is continuing, Keyera can elect to defer the interest payable on the notes subject to certain restrictions and conditions. Any deferred interest will accrue until paid. The notes, and any accrued and unpaid interest thereon, convert automatically into the Preference Shares – Series 2019-A in connection with an insolvency event.

The terms of the 2019 Subordinated Hybrid Notes are set forth in the First Supplemental Note Indenture available on SEDAR at www.sedar.com.

Convertible Debentures

Pursuant to the terms of the Debenture Indenture (available at www.sedar.com), Keyera may issue an unlimited amount of unsecured subordinated convertible debentures. As of the date hereof there are no outstanding unsecured subordinated convertible debentures.

Compliance with Covenants

The Syndicated Credit Facility is subject to two major financial covenants: "Debt to EBITDA" and "EBITDA to Interest Charges" ratios. The calculation for each ratio: (i) is based on specific definitions in the credit agreement governing the Syndicated Credit Facilities, (ii) is not in accordance with GAAP, and (iii) cannot be readily calculated by referring to Keyera's financial statements. The senior unsecured notes issued under the Partnership's note agreements (collectively the "Note Agreement") are subject to three major financial covenants: "Consolidated Debt to Consolidated EBITDA", "Consolidated EBITDA to Consolidated Interest Charges" and "Priority Debt to Consolidated Total Assets". The calculations for each of these ratios (i) are based on specified definitions in the Note Agreements, (ii) is not in accordance with GAAP and (iii) cannot be easily calculated by referring to Keyera's financial statements. In calculating "Debt" and "Consolidated Debt" for the financial covenant calculations under the Syndicated Credit Facility and the Note Agreements, working capital surpluses are required to be deducted and working capital deficiencies are required to be added back, as applicable. The Note Indenture in respect of Keyera's 2018 Medium Term Notes is subject to one major financial covenant: "Funded Debt to Total Capitalization". The calculation for this ratio: (i) is based on specific definitions in the Note Indenture, (ii) is not in accordance with GAAP, and (iii) cannot be readily calculated by referring to Keyera's financial statements. For additional information, regarding the calculation of these financial covenants, refer to the Syndicated Credit Facility and the Note Agreements which are available on SEDAR at www.sedar.com.

All covenants were met as of December 31, 2019. For more information on the calculation of the financial covenants see Keyera's Management Discussion and Analysis accompanying the 2019 Annual Audited Financial Statements which is also available on SEDAR at www.sedar.com. If Keyera or the Partnership are unable to comply with the covenants under the Credit Facilities or the Note Agreements Keyera's ability to declare and pay dividends will be affected. (See "Risk Factors – Financial Risks – Debt Matters"). Management expects that upon maturity of Keyera or the Partnership's credit facilities and other debt arrangements, adequate replacements will be established.

Credit Ratings

The following information with respect to Keyera's credit ratings is provided as it relates to Keyera's financing costs and liquidity. Specifically, credit ratings affect Keyera's ability to obtain short-term and long-term financing and impact the cost of such financing. A reduction in the current ratings on Keyera's debt by its rating agencies, particularly a downgrade below investment grade ratings, could adversely affect Keyera's cost of financing and its access to sources of liquidity and capital. In addition, changes in credit ratings may affect Keyera's ability to enter into, and the associated costs of entering into, normal course derivative or hedging transactions.

DBRS and S&P are rating agencies that provide credit ratings. Credit ratings are intended to provide investors with an independent measure of credit quality of any issues of debt securities. **The credit ratings assigned by the rating agencies are not recommendations to purchase, hold or sell the securities, nor do the ratings comment on market price or suitability for a particular investor. Any rating may not remain in effect for a given period of time or may be revised or withdrawn entirely by a rating agency in the future if in its judgement circumstances so warrant.**

DBRS

In June 2018, Keyera's 2018 Medium Term Notes received a "BBB" rating from DBRS with a "stable" trend. In June 2019, Keyera's 2019 Subordinated Hybrid Notes received a "BB (high)" rating from

DBRS with a "stable" trend. In the fourth quarter of 2019 DBRS confirmed Keyera's public "Issuer Rating" of "BBB" with a "stable" trend.

The BBB and BB (high) ratings are the fourth and fifth highest ratings of DBRS' ten rating categories for long-term debt and issuer rating, which range from "AAA" to "D". DBRS uses "high" and "low" designations on ratings from AA to C to indicate the relative standing within a particular rating category. The absence of a "high" or "low" designation indicates that a rating is in the middle of the category. In DBRS' view, the BBB rating indicates that Keyera's 2018 Medium Term Notes are of adequate credit quality and that Keyera as an issuer is of adequate financial strength. Whereas the BB (high) rating, in DBRS' view, indicates that the 2019 Subordinated Hybrid Notes are non-investment grade. The capacity for the payment of financial obligations is considered acceptable, however, the issuer may be vulnerable to future events.

S&P

In June 2018, Keyera's 2018 Medium Term Notes received a "BBB" rating from S&P. In June 2019, Keyera's 2019 Subordinated Hybrid Notes received a "BB+" rating from S&P. In the third quarter of 2019, S&P confirmed Keyera's "Long-term Corporate Credit Rating" of "BBB" with a "stable" outlook.

The BBB and BB+ ratings are the fourth and fifth highest ratings of S&P's eleven rating categories for both long-term debt and long-term issuer credit ratings, which range from "AAA" to "D". The ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. Issues of debt securities rated BBB are judged by S&P to exhibit adequate protection parameters whereas issues of debt securities rated BB+ have, in S&P's view, speculative characteristics, but is the least vulnerable of the speculative issues. Long-term issuers rated BBB are judged by S&P as having adequate capacity to meet financial commitments. However, for both issues of debt securities and for long-term issuers, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

Keyera has paid each of DBRS and S&P their customary fees in connection with the provision of the above ratings. Over the past three years, Keyera has not made payments in respect of other services to either DBRS or S&P. Neither DBRS nor S&P has announced that it is reviewing or intends to revise or withdraw their entity ratings. (See "Risk Factors – Financial – Credit Risk").

Shareholder Rights Plan

Keyera and its predecessors have had a rights plan in place since 2007. The current Rights Plan is dated as of March 14, 2017 and was approved by the Shareholders on May 9, 2017. Shareholders will be asked at the 2020 meeting of Shareholders to renew the Rights Plan for a further three years.

Certain material features of the Rights Plan are described below. This summary is not exhaustive and readers are referred to the Rights Agreement between Keyera Corp. and Computershare available on the Keyera website at www.keyera.com and on SEDAR at www.sedar.com for a complete description of the Rights Plan.

Overview

The Rights Plan provides a mechanism, similar to that required under securities laws, whereby a take-over bid must remain open for at least 105 days (unless shortened by Keyera in accordance with the legislation) and must remain open for a further 10 days after the acquiring person publicly announces that the shares deposited or tendered and not withdrawn constitute more than 50% of the shares outstanding held by independent Shareholders.

Keyera issued one Right for each outstanding Common Share on May 9, 2017 (the date the Rights Plan was approved by the Shareholders) and will continue to issue one Right for each Common Share issued after May 9, 2017 and prior to the earlier of the separation time (as described below) and the

termination of the Rights Plan. The Rights will automatically trade with and be transferred with their underlying shares unless and until an event occurs that causes a separation, which would include a flip-in event (as described below) or the announcement of an intention to commence a take-over bid (other than Permitted Bid). The Rights are not exercisable unless and until there is such a separation. The issuance of the Rights does not change the manner in which Shareholders currently trade their shares.

A flip-in event would occur if a person were to become an acquiring person, that is, if a person acquires beneficial ownership of at least 20% of the shares other than pursuant to certain exceptions such as a Permitted Bid or an exempt acquisition. If the person acquires shares under a Permitted Bid or exempt acquisition or one of the other specified exceptions, they are not considered to be an acquiring person and no flip-in event occurs. If a person does become an acquiring person, each Right then entitles each holder (other than the acquiring person) to purchase shares at a 50% discount. Each holder of a Right may then purchase that number of shares having a fair market value at the relevant time equal to twice the exercise price for an amount equal to the exercise price, in effect permitting shares to be acquired at a 50% discount to the market price at the time of exercise.

The acquiring person is not permitted to exercise any Rights. The Rights Plan provides that the acquiring person's Rights become null and void when the flip-in event occurs. The Rights Plan also provides that the Board of Directors may either waive the Rights Plan or redeem the Rights at a minimal price in certain circumstances. The Rights Plan thereby encourages unsolicited bidders to either make a Permitted Bid or to approach the Board of Directors with their offer and attempt to convince the Board of Directors to either waive the flip-in event or to redeem the Rights. If the offer is coercive or inadequate, the Board of Directors can choose not to cooperate with the bidder and not to agree to waive the Rights Plan or redeem the Rights.

Key Characteristic:

The key characteristics of the Rights Plan are described in more detail below:

- Creation and Issuance of Rights. Pursuant to the Rights Plan, Keyera issued one Right for each Common Share outstanding on May 9, 2017 (the date the Rights Plan was approved by Shareholders) and will continue to issue one Right for each Common Share issued after May 9, 2017 but prior to the separation time or the expiry of the Rights. Any certificates issued for shares after May 9, 2017 (but prior to the close of business at the separation time or the expiry of the Rights) will continue to include a legend evidencing the Rights. Certificates issued for shares while the pre-2017 version of the rights plan was in place may have a legend referencing such earlier plan, which is deemed to reference the current Rights Plan instead. Notwithstanding the foregoing, certificates representing shares that were issued prior to approval of the Rights Plan do not require a legend to evidence the Rights.

- Term of Rights Plan. The Rights Plan must be reconfirmed by Shareholders every three years to remain in effect. It may also be terminated earlier by the Board of Directors in certain circumstances.

- Separation Time. The Rights can become separated or unstapled from the shares to which they are attached and then trade separately from the shares. This separation time will generally only occur on the close of business on the 10th trading day after the earlier of: (a) the first date of public disclosure of facts indicating that a person has become an acquiring person (i.e. that there has been a flip-in event); (b) the date of commencement or first public announcement of a non-permitted take-over bid; or (c) the date on which a Permitted Bid ceases to qualify as a Permitted Bid. Unless and until the separation time occurs, the Rights will continue to be attached to and trade with the shares.

- Flip-in Event. When a person becomes an acquiring person, all Rights holders, other than the acquiring person, are entitled to purchase shares at a 50% discount to market price at the time of exercise.
- Acquiring Person. An acquiring person is a person that becomes the beneficial owner of 20% or more of the outstanding shares, subject to the following exemptions: a voting share reduction (generally, a repurchase or redemption of shares by Keyera which has the effect of increasing the person's or company's percentage ownership of Keyera); a permitted bid acquisition (an acquisition of shares made pursuant to a Permitted Bid or Competing Permitted Bid); an exempt acquisition (an acquisition in respect of which the Board of Directors has waived the application of the Rights Plan or an acquisition made pursuant to a Shareholder-approved transaction such as an amalgamation or arrangement or an acquisition made as an intermediate step in a larger transaction where the acquiring party has then distributed the shares out to its security holders); and a pro rata acquisition (generally, the acquisition of shares pursuant to a rights offering, public offering or private placement to the extent necessary to prevent dilution of the person's or company's shareholding).
- Beneficial Ownership, Exemptions for Portfolio Managers and Others, and Permitted Lock-up Agreements. In determining whether a person has become an acquiring person, all shares over which the person has beneficial ownership must be included. A person is deemed to beneficially own any shares which are owned by its associates or affiliates or by persons or companies "acting jointly or in concert" with such person for the purpose of acquiring shares and any shares which it has the right to vote or the right to acquire within 60 days. Specific exclusions clarify that portfolio managers, fund managers, trust companies, crown agents engaged in the management of investment funds and pension plan and registered plan administrators are not caught simply because they may have the right to vote shares managed by them for others. In addition, to the extent there were any Shareholders holding at least 20% of the outstanding shares as of May 9, 2017, such Shareholders would be grandfathered and would not trigger a flip-in event as a result of their current holdings, but would become an acquiring person upon the acquisition of additional shares amounting to more than 1% of the outstanding shares. Keyera is not aware of any such 20% Shareholder.

  A person may also be considered to be the beneficial owner of shares that are subject to a lock-up agreement. A lock-up agreement is an agreement under which a Shareholder (a "Locked-Up Shareholder") agrees to deposit or tender its shares to a particular bid (the "Lock-Up Bid"). The person who makes the Lock-Up Bid will be deemed to be the beneficial owner of the shares of the Locked-Up Shareholder unless the agreement it enters into with the Locked-Up Shareholder is a "permitted lock-up agreement". In order for a lock-up agreement to constitute a "permitted lock-up agreement", certain conditions must be met (a "Permitted Lock-Up Agreement").

  A Permitted Lock-Up Agreement is one which permits the Locked-up Shareholder to withdraw its shares from the lock-up to tender to another take-over bid or support another transaction that will provide greater value to the Locked-Up Shareholder than the Lock-Up Bid, subject to certain exceptions. If the Lock-Up Bid is for less than 100% of the shares, a Permitted Lock-Up Agreement must also permit the Locked-Up Shareholder to withdraw its shares from the lock-up to tender to another take-over bid or support another transaction offering to acquire a greater number of shares for at least the same consideration per share, again subject to certain exceptions. A Permitted Lock-Up Agreement is not allowed to require a Locked-Up Shareholder to pay excessive fees, penalties, expense reimbursement or other amounts if it fails to deposit or tender its shares to the Lock-Up Bid or withdraws shares previously tendered in order to deposit such shares to another take-over bid or support another transaction.
- Permitted Bids and Competing Permitted Bids. An offeror can avoid causing a flip-in event by making a bid that meets all of the requirements of the Rights Plan (a "Permitted Bid").

A Permitted Bid must: (i) be made by way of a take-over bid circular; (ii) be made to all Shareholders of record, other than the offeror, for all or a portion of the shares outstanding; (iii) be open for acceptance for at least 105 days (or such shorter period as permitted by securities regulations); (iv) require a minimum deposit of more than 50% of the shares held by independent Shareholders (i.e., generally, Shareholders who are not, or are not related to, the acquiring person); (v) unless the take-over bid is withdrawn, allow the shares to be deposited up to the close of business on the first date on which the deposited shares are taken up or paid for; (vi) allow the shares deposited pursuant to the take-over bid to be withdrawn until they are taken up and paid for; and (vii) if the required minimum amount of shares are deposited, require the offeror to make a public announcement of that fact and leave the take-over bid open for deposits of shares for an additional 10 days after the announcement.

The Rights Plan also allows for a competing Permitted Bid (a "Competing Permitted Bid") to be made while a Permitted Bid is in existence. A Competing Permitted Bid is a take-over bid that is made after a Permitted Bid has been made but prior to its expiry, termination or withdrawal and that satisfies all the requirements of a Permitted Bid as described above, except that no shares can be taken up or paid for prior to the close of business on the last day of the minimum initial deposit period that such take-over bid must remain open for deposits.

- Redemption Rights and Waiver. An offeror can also avoid causing a flip-in event by negotiating with the Board of Directors and convincing them to allow a take-over bid that is not a Permitted Bid but is made fairly to all holders of shares. In such circumstances, the Board of Directors can waive the flip-in event and deem the take-over bid to be an exempt acquisition such that the reduced exercise price does not come into effect. Any such waiver in respect of a particular take-over bid will also constitute a waiver of any other take-over bid made to all holders of shares during the period when the first take-over bid is outstanding. The Board of Directors can also waive the flip-in event in certain other circumstances; for example, if a person has inadvertently become an acquiring person and within a specified period of time reduces its shareholdings.

  Further, the Rights Plan permits the Board of Directors to redeem (buy back and cancel) the Rights for a nominal price ($0.00001 per Right) in certain circumstances. The redemption right must generally be made for all and not less than all the Rights and must be made prior to the occurrence of a flip-in event.

- Exercise Price. The exercise price is three times the current market value of the shares from time to time. Before a flip-in event, a Rights holder would receive one share upon the exercise of a Right, the effect of which is to render the Rights of little or no value at the time of issue. After a flip-in event, all Rights holders, other than the acquiring person, would be entitled to purchase shares at a 50% discount to the market value, effectively entitling the Rights holders to acquire six shares upon the exercise of each Right. The Exercise Price and the number of Rights are subject to adjustment from time to time upon the occurrence of certain events, including a subdivision or consolidation of the shares, the declaration of a dividend payable through the issuance of certain securities or the issuance of certain securities in exchange for or in lieu of shares.

- Trading of Rights. Until the separation time, the Rights will be evidenced by the outstanding certificates for shares and the Rights may be transferred with, and only with, the shares. Unless and until the separation time occurs (or earlier termination or expiration of the Rights), the surrender for transfer of a certificate representing shares will also constitute the transfer of the Rights associated with the shares represented by the certificate. If the separation time occurs, Keyera will either mail separate certificates evidencing the Rights or otherwise register the Rights in an uncertificated "book entry form", but in either case will maintain a separate register for the holders of Rights.

- Deemed Redemption. The Rights Plan provides that, in the event a person acquires shares pursuant to a Permitted Bid or an exempt acquisition, the Rights are no longer valid and are deemed to have been redeemed by the Board of Directors.

DIVIDENDS

Keyera Corp.'s general practice is to pay monthly cash dividends on the Common Shares from its distributable cash flow on the 15th of each calendar month (or the next business day should the 15th not be a business day) to Shareholders of record as of the dividend record date which is usually 20 to 26 days prior to the dividend payment date.

Keyera Corp.'s dividend policy is intended to provide Shareholders with relatively stable and predictable monthly dividends, while retaining a portion of cash flow to help fund maintenance capital and ongoing growth projects. The amount of dividends to be paid on the Common Shares, if any, is subject to the discretion of the Board of Directors and may vary depending on a variety of factors. In addition to the standard legislated solvency and liquidity tests that must be met, Keyera's ability to declare and pay dividends is also dependent on its compliance with the covenants under its Credit Facility, Note Agreements and Note Indenture. (See "Capital Structure").

In determining the level of dividends to be declared each month, the Board of Directors takes into consideration such factors as current and expected future levels of distributable cash flow (including income tax), capital expenditures, borrowings and debt repayments, changes in working capital requirements and other factors. Changes in non-cash working capital are primarily the result of seasonal fluctuations in product inventories or other temporary changes and are generally funded with short-term debt. These changes in non-cash working capital are therefore excluded in the determination of distributable cash flow. (See "Presentation of Financial Information").

Over the long term, Keyera Corp. expects to continue to pay dividends from its 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 and proceeds from additional debt or equity, as required. Although Keyera Corp. intends to continue to make regular monthly dividends to Shareholders, dividends are not guaranteed. (See "Risk Factors – Financial Risks – Cash Dividends Are Not Guaranteed").

Dividend History

The following table sets forth the per Common Share dividends declared on Keyera Corp.'s Common Shares for the three most recently completed years:

Month	2019	2018	2017
January	$0.1500	$0.1400	$0.1325
February	$0.1500	$0.1400	$0.1325
March	$0.1500	$0.1400	$0.1325
April	$0.1500	$0.1400	$0.1325
May	$0.1500	$0.1400	$0.1400
June	$0.1500	$0.1400	$0.1400
July	$0.1500	$0.1400	$0.1400
August	$0.1600	$0.1500	$0.1400
September	$0.1600	$0.1500	$0.1400
October	$0.1600	$0.1500	$0.1400
November	$0.1600	$0.1500	$0.1400
December	$0.1600	$0.1500	$0.1400
Total	**$1.8500**	**$1.7300**	**$1.6500**

To date in 2020, dividends of $0.1600 per Common Share were paid in January and February. The Board of Directors has declared a dividend of $0.1600 per Common Share payable on March 16, 2020.

Premium Dividend™ and Dividend Reinvestment Plan

Keyera Corp.'s Premium Dividend™ and Dividend Reinvestment Plan (collectively, the "**Plan**") consists of two components:

- The Dividend Reinvestment component of the Plan allows eligible Shareholders to direct that their dividends be reinvested in additional Common Shares issued from treasury at a small discount to the Average Market Price (as defined in the Plan) on the applicable dividend payment date.
- The Premium Dividend™ component of the Plan permits eligible Shareholders to elect to have additional Common Shares issued from treasury at a small discount to the Average Market Price (as defined in the Plan) and delivered to the designated Plan Broker, Canaccord Genuity Corporation, in exchange for a premium cash payment equal to 101% of the regular, declared cash dividend.

Participation in the Plan is voluntary and is only open to eligible Shareholders. Eligibility to participate in the Plan depends upon certain Shareholder residency criteria. Shareholders who are not enrolled in the Premium Dividend™ will continue to receive their regular dividends. Keyera Corp. reserves the right to limit the amount of new equity available under the Plan on any particular dividend date and to make other changes to the Plan as permitted thereunder. Accordingly, participation may be prorated in certain circumstances. In the event of proration, or if for any other reason all or a portion of the dividends cannot be reinvested under the Plan, Shareholders enrolled in the Plan will receive the regular declared dividend on each Common Share for which the dividend was payable but could not be reinvested.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed for trading on the TSX under the symbol "KEY". The following table sets forth the monthly high and low sales prices at close and total monthly volumes for the Common Shares traded on the TSX during 2019.

Calendar Period	Price per Share ($)		Share Trading
2019	**High (Close)**	**Low (Close)**	**Volume**
January	$28.48	$26.32	14,022,422
February	$32.31	$27.58	15,470,759
March	$33.29	$31.14	11,794,086
April	$32.73	$30.96	10,031,439
May	$33.99	$30.26	15,638,628
June	$33.76	$31.70	9,093,754
July	$35.65	$33.54	8,795,563
August	$33.99	$31.90	10,744,579
September	$33.58	$32.17	9,845,021
October	$31.78	$30.20	13,195,637
November	$33.86	$30.55	17,530,368
December	$34.38	$31.74	14,756,250

DIRECTORS AND OFFICERS OF KEYERA CORP.

Directors of Keyera Corp.

In accordance with its articles, Keyera Corp. must have a minimum of three directors and may have a maximum of twelve directors. There are currently 10 directors. At the Annual Meeting held on May 14, 2019, the following directors were elected: James Bertram, Douglas Haughey, Gianna Manes, Donald Nelson, Michael Norris, Thomas O'Connor, Charlene Ripley, David Smith, and Janet Woodruff to serve as directors until the next annual meeting. On August 6, 2019, the Board of Directors appointed Blair Goertzen to serve as a director until the next annual meeting. The names, municipalities of residence and principal occupations for the five most recently completed financial years and committee membership of the directors of Keyera Corp. as of the date hereof are set out below:

Name, Residence, Principal Occupation, Period of Service as a Director, Other Issuers of which the Director is a Director	Position on Committees of the Board of Directors
James V. Bertram Calgary, Alberta, Canada Mr. Bertram has been a director since March 28, 2003 and assumed the role of Chair on June 1, 2016. Mr. Bertram was the Chief Executive Officer of Keyera since its inception in 1998 until December 31, 2014 and Executive Chair from January 1, 2015 until June 1, 2016. He was previously employed at Gulf Canada as Vice President - Marketing. Prior to joining Gulf Canada, he was Vice President - Marketing of Amerada Hess Canada Ltd. Mr. Bertram is also a director of Emera Inc. and Methanex Corporation.	Mr. Bertram is: • Independent(1) • Chair • Not a member of any Committees
Douglas Haughey Calgary, Alberta, Canada Mr. Haughey has been a director since May 7, 2013 and was appointed Independent Lead Director on January 1, 2015. Mr. Haughey has more than 35 years of experience in the energy industry. Most recently he was CEO and director of Churchill Corporation, a position he held from August 2012 through May 2013. He was President & CEO and a director of Provident Energy Ltd. from April 2010 to April 2012. He also held various senior executive positions with Spectra Energy Corp. and its predecessor companies from 1999 to 2008, including the President & CEO and director of Spectra Energy Income Fund and President of Spectra's western Canadian natural gas midstream infrastructure and logistics business. Mr. Haughey is also the Chair of the Board of Fortis Inc. and also sits on the board of its wholly owned subsidiary Fortis Alberta Inc. He has an ICD.D designation from the Institute of Corporate Directors.	Mr. Haughey is: • Independent • Independent Lead Director(1) • Chair of the Compensation and Governance Committee
Blair Goertzen Red Deer, Alberta, Canada Mr. Goertzen has been a director since August 6, 2019. Mr. Goertzen has more than 30 years of experience in the energy industry. Most recently, he was President and CEO of Enerflex Ltd., a position he held from June 2011 until May 2019. Mr. Goertzen has also held senior leadership roles with IPEC Ltd., Precision Drilling and Enserv Corporation and has served as a Director to various public and private companies, including Enerflex Ltd., Zedcor Energy Inc. and IPEC Ltd.	Mr. Goertzen is: • Independent • Member of the Health, Safety and Environment Committee
Gianna Manes Calgary, Alberta, Canada Ms. Manes has been a director since May 9, 2017. Ms. Manes has been the President and CEO of ENMAX Corporation since 2012 and has more than 30 years of experience in the energy sector. Prior to joining ENMAX, she held a number of executive positions with Duke energy, a large North American power company based in Charlotte, North Carolina, including Senior Vice President and Chief Customer officer from 2008 to 2012. Ms. Manes has an ICD.D designation from the Institute of Corporate Directors.	Ms. Manes is: • Independent • Member of the Health, Safety and Environment Committee

Donald J. Nelson Calgary, Alberta, Canada Mr. Nelson has been a director since May 14, 2008. Mr. Nelson is a professional engineer with over 40 years of oil and gas experience. He is President of Fairway Resources Inc., a private company providing consulting services to the oil and gas industry. Mr. Nelson served as a director of Perpetual Energy Inc., a publicly-traded issuer in the oil and gas industry from 2002 to 2019. He also served as a director of the general partner of Taylor NGL Limited Partnership from 2003 to 2008 and held the office of Chairman of the Board of Directors from 2004 to 2008. From 1996 to 2002, he was with Summit Resources Limited holding the positions of President and CEO (1998 to 2002) and Vice President, Operations (1996 to 1998). Mr. Nelson also sits on the board of a private energy services company.	Mr. Nelson is: • Independent • Chair of the Health, Safety and Environment Committee • Member of the Compensation and Governance Committee
Michael Norris Toronto, Ontario, Canada Mr. Norris has been a director since May 7, 2013. Mr. Norris was Deputy Chair of RBC Capital Markets from 2003 through 2012. Prior to his appointment as Deputy Chair, Mr. Norris held numerous positions with RBC Capital Markets, including Head of the Energy Practice from 1992 through 1998 and Head of Global Investment Banking from 1998 through 2003. He joined RBC in 1987 as an investment banker, following a successful career with Mobil Oil and Gulf Canada. Mr. Norris is also a director of Recipe Unlimited Corp. and a number of private and non profit organizations.	Mr. Norris is: • Independent • Chair of the Audit Committee
Thomas O'Connor Denver, Colorado, U.S. Mr. O'Connor has been a director since January 6, 2014. He was the Chairman and Chief Executive Officer of DCP Midstream LLC and Chairman of DCP Midstream Partners LP. Prior to that he held executive positions at Duke Energy Corp., including CEO of Duke Energy Gas Transmission. Mr. O'Connor previously served as a director for QEP Resources Inc., Andeavor Logistics and 8point3 Energy Partnership CAFD. Presently he sits on the board of New Jersey Resources.	Mr. O'Connor is: • Independent • Member of the Audit Committee
Charlene Ripley Vancouver, British Columbia, Canada Ms. Ripley has been a director since June 12, 2017 and has been the Executive Vice President and General Counsel at SNC-Lavalin Group Inc. since October 2019. Prior to joining SNC-Lavalin Group Inc., Ms. Ripley was Executive Vice President, General Counsel at Goldcorp from April 2013 to April 2019. Prior to Goldcorp, Ms. Ripley served as Senior Vice President and General Counsel at Linn Energy (Houston) and as Vice President General Counsel, Corporate Secretary and Chief Compliance Officer at Anadarko Petroleum Corporation (Houston). Ms. Ripley is a member of the Law Society of British Columbia, the Law Society of Alberta and the Texas State Bar.	Ms. Ripley is: • Independent • Member of the Heath Safety and Environment Committee • Member of the Compensation and Governance Committee
David G. Smith Calgary, Alberta, Canada Mr. Smith is the Chief Executive Officer of Keyera Corp. He has held senior management roles, including Chief Financial Officer, with Keyera and its predecessors since the company's inception in 1998. Mr. Smith has more than 37 years of experience in the energy industry in Canada. He began his career with Imperial Oil Limited in 1982 and joined Gulf Canada Resources Limited in 1991. Mr. Smith is a director of Keyera Corp., Crew Energy Inc., Arts Commons (Calgary Centre for Performing Arts) and the United Way of Calgary and Area. He is a member of the Institute of Corporate Directors, Business Council of Canada and Business Council of Alberta. He holds a Bachelor of Mathematics degree from the University of Waterloo, a Master of Business Administration degree from Harvard University and the ICD.D designation from the Institute of Corporate Directors.	Mr. Smith is: • Not Independent • Not a member of any Committees

Janet Woodruff West Vancouver, British Columbia, Canada Ms. Woodruff has been a director since June 9, 2015. She is a corporate director with over 30 years of experience in the energy, transportation and health sectors, including her most recent role as acting Chief Executive Officer of Transportation Investment Corporation. Previously, Ms. Woodruff held executive roles at BC Hydro, B.C. Transmission Corporation, Vancouver Coastal Health and Westcoast Energy. She serves on the boards of Altus Group Limited and Ballard Power Systems. She is also a director of Fortis BC Inc. and Fortis BC Energy Inc. and Capstone Infrastructure Corporation, each of which are reporting issuers. Ms. Woodruff holds the ICD.D designation from the Institute of Corporate Directors and is a Fellow Chartered Professional Accountant of British Columbia.	Ms. Woodruff is: • Independent • Member of the Audit Committee

Notes: (1) Under Canadian securities laws, Mr. Bertram has been considered independent since June 1, 2019. Having regard to governance best practices which suggest a period longer than three years is appropriate in determining independence, Keyera decided to maintain Mr. Haughey as Independent Lead Director for 2020. For further information please see page 11 of Keyera's Information Circular dated March 27, 2019 which is available on SEDAR at www.sedar.com.

(2) Effective March 1, 2020, Mr. Smith will assume the role of Chief Executive Officer of Keyera Corp.

In accordance with the articles of Keyera Corp., directors are to be elected annually by the Shareholders. Between annual meetings, the Board of Directors has the authority to appoint one or more additional directors to serve until the next annual meeting provided that the number of directors so appointed does not exceed 1/3 of the number of directors holding office at the expiration of the last annual meeting.

Committees of the Board of Directors

Subject to applicable law, the Board of Directors may establish and delegate powers, duties and responsibilities to committees. The Board of Directors has established three committees: Audit Committee; Compensation and Governance Committee; and Health, Safety and Environment Committee. The written terms of reference for each committee are updated from time to time as required and are available on the Keyera website at www.keyera.com.

Audit Committee - The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities in relation to, among other things:

- the audit of Keyera's financial statements on a consolidated basis,
- the relationship between Keyera and the external auditor, including the policies, procedures and approvals with respect to any non-audit services that may be provided by the external auditor;
- Keyera's dividend policy, financial structure and financing strategy;
- Keyera's disclosure controls, internal controls and accounting procedures; and
- Keyera's financial risk assessment and management programs.

Compensation and Governance Committee - The purpose of the Compensation and Governance Committee is to assist the Board of Directors in fulfilling its oversight responsibilities in relation to, among other things the:

- compensation of directors and officers of Keyera;
- quality and effectiveness of Keyera's governance practices and policies; and
- identification and recommendation of nominees for election or appointment to the Board of Directors.

Health, Safety and Environment Committee - The purpose of the Health, Safety and Environment Committee is to assist the Board of Directors in fulfilling its oversight responsibilities in relation to, among other things the:

- review, monitoring, and assessment of Keyera's health, safety and environmental policies, practices and procedures;
- implementation of Keyera's health, safety and environmental policies, practices and procedures in light of regulatory requirements and industry standards;
- review of Keyera's integrity management systems;
- review of Keyera's asset retirement obligations;
- review of Keyera's emergency preparedness and transportation of dangerous goods matters; and
- materiality of reserves acquired by Keyera, and any reserves reporting requirements that may arise.

Conflicts of Interest

Circumstances may arise where members of the Board of Directors serve as directors or officers of corporations which are suppliers or customers of Keyera. No assurances can be given that such circumstances will not give rise to a conflict of interest. Keyera's Code of Business Conduct requires that any real or potential conflict of interest be disclosed and dealt with in accordance with the requirements of its Conflict of Interest Policy and applicable laws. The Compensation and Governance Committee closely monitors relationships among the members of the Board of Directors to ensure that business associations do not affect the Board's performance. In a circumstance where a director declares an interest in any material contract or material transaction being considered at a meeting, the director generally absents himself or herself from the meeting during the consideration of the matter, and does not vote on the matter. (See "Code of Business Conduct").

Share Ownership by Directors and Executive Officers

As at December 31, 2019, the directors and executive officers of Keyera Corp., as a group beneficially owned or exercised control or direction over 2,197,696 Common Shares representing approximately 1.01% of the Common Shares issued and outstanding as at December 31, 2019.

Cease Trade Orders, Bankruptcies, Fines or Sanctions

To Keyera Corp.'s knowledge, based on information supplied by the directors and executive officers, no director or executive officer has, within the 10 years preceding the date of this AIF, (i) become bankrupt, made a proposal under legislation relating to bankruptcy or insolvency or become subject to any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such nominee, or (ii) been a director or executive officer of any company or other entity that, while the nominee was acting in that capacity (or within a year of ceasing to act in that capacity), became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, save and except for Mr. Setoguchi, who was an officer of Laricina Energy Ltd. for a period of time ending one year less a day prior to the date on which Laricina filed for creditor protection under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA"). Laricina subsequently came out of CCAA protection on February 1, 2016

Further, to the knowledge of Keyera Corp., and based upon information provided to it by the directors and executive officers, no director or executive officer has, within the 10 years preceding the date of this AIF, been a director, chief executive officer or chief financial officer of a company that, during the time the director or executive officer was acting in such capacity or as a result of events that occurred while the director or executive officer was acting in such capacity, was subject to a cease trade order, an order

similar to a cease trade order or an order that denied the relevant company access to any exemption under securities laws that was in effect for a period of more than 30 consecutive days.

Officers of Keyera Corp.

The name, municipality of residence, position held and principal occupations for the five most recently completed financial years of the officers of Keyera Corp. (as of the date of this AIF) are set out below:

Name and Municipality of Residence	Position with Keyera Corp.	Principal Occupation
David G. Smith Calgary, Alberta	Chief Executive Officer	Chief Executive Officer since March 2020; President and Chief Executive Officer, Keyera, from January 2015 to February 2020; President and Chief Operating Officer, Keyera, prior thereto.
Dean Setoguchi Calgary, Alberta	President and Chief Commercial Officer	President and Chief Commercial Officer since March 2020; Senior Vice President, Chief Commercial Officer from December 2018 to February 2020; Senior Vice President, Liquids Business Unit, Keyera from April 2014 to December 2018; Senior Vice President, Chief Financial Officer, Laricina Energy, prior thereto.
Steven B. Kroeker Calgary, Alberta	Senior Vice President, Chief Financial Officer	Senior Vice President and Chief Financial Officer, Keyera since February 2015; Vice President and Chief Financial Officer, Keyera, from November 2012 to February 2015; Vice President, Corporate Development, Keyera, prior thereto.
Bradley W. Lock Calgary, Alberta	Senior Vice President, Chief Operating Officer	Senior Vice President, Chief Operating Officer since December 2018; Senior Vice President, Gathering and Processing, Keyera, from July 2013 to December 2018; Senior Vice President, Liquids Business Unit, Keyera, from March 2012 to July 2013; Senior Vice President, North Central Region, Keyera, prior thereto.
Nancy L. Brennan Calgary, Alberta	Senior Vice President, General Counsel and Corporate Secretary	Senior Vice President, General Counsel and Corporate Secretary, Keyera, since July 2019; Vice President, Corporate Legal and Corporate Secretary, Encana Corporation, July 2015 to June 2019; Vice President, Ethics and Compliance, Encana Corporation, prior thereto.
Dion Kostiuk Calgary, Alberta	Senior Vice President, Human Resources and Corporate Services	Senior Vice President, Human Resources and Corporate Services since March 2020; Vice President, Human Resources and Corporate Services, Keyera, prior thereto.
Graham Balzun Calgary, Alberta	Vice President, Corporate Responsibility	Vice President, Corporate Responsibility, Keyera, since April 2015; Vice President, Engineering and Corporate Responsibility, Keyera prior thereto.
Jarrod Beztilny Calgary, Alberta	Vice President, Operations, Gathering and Processing	Vice President, Operations, Gathering and Processing since December 2018; Vice President, Operations, Liquids Business Unit, Keyera from December 2015 to December 2018; General Manager, NGL Facility Operations, Keyera, prior thereto.
Kelly Hill Calgary, Alberta	Vice President, Information Technology	Vice President, Information Technology, Keyera since March 2019; General Manager, Information Technology, Keyera from November 2017 to March 2019; Director, Information Technology, Keyera from May 2014 to November 2017; Director, Enterprise Information Management, Encana Corporation, prior thereto.
John Hunszinger Edmonton, Alberta	Vice President, Operations, Liquids Infrastructure	Vice President, Operations, Liquids Infrastructure, Keyera since December 2018; Plant Director, Alberta EnviroFuels Facility, Keyera, prior thereto;

Name and Municipality of Residence	Position with Keyera Corp.	Principal Occupation
Rick Koshman Calgary, Alberta	Vice President, Corporate Development and Strategic Planning	Vice President, Corporate Development and Strategic Planning since March 2020; Vice President, Corporate Development from December 2018 to February 2020; Vice President, Engineering, Keyera from April 20, 2015 to December 2018; Vice-President, Major Projects, Athabasca Oil Sands, from October 2014 to March 2015; Vice President, Operations, Athabasca Oil Corporation, prior thereto.
Eileen Marikar Calgary, Alberta	Vice President, Finance	Vice President, Finance, Keyera, since March 2019; Vice President, Controller, Keyera, from February 2014 to March 2019; Controller, Keyera, from April 2012 to Feb 2014; Director of Accounting, Keyera prior thereto.
Brian Martin Calgary, Alberta	Vice President, Business Development	Vice President, Business Development since March 2020; Vice President, Business Development, Liquids Infrastructure from December 2018 to February 2020; Vice President, Business Development, Liquids Business Unit from June 2017 to December 2018; Vice President, Business Development, NGL Facilities from July 2013 to June 2017; Director, Liquids Infrastructure, Keyera prior thereto.
Brad Slessor Houston, Texas	Vice President, New Ventures and U.S. Operations	Vice President, New Ventures and U.S. Operations, Keyera, since March 2020; General Manager, KEI, Keyera, from March 2018 to February 2020; General Manager, Oil Sands and Petroleum Products Business Development, Keyera, from December 2016 to February 2018; Director, Oil Sands Business Development, Keyera, from July 2013 to November 2016; Commercial Manager, Oil Sands Business Development, Keyera, prior thereto.
Jamie Urquhart Calgary, Alberta	Vice President, Marketing	Vice President, Marketing since December 2018; Vice President, Operations, Gathering and Processing, Keyera from February 1, 2017 to December 2018; Director, Business Development, Gathering and Processing, Keyera from 2015 to February 2017; Power Generation/Marketing Consultant, Keyera from 2014 to 2015; Vice President, North American Terminal Operations, Canexus Corp., prior thereto.

Notes: (1) Suzanne Hathaway of Toronto, Ontario resigned effective March 1, 2019. Ms. Hathaway held the position of Senior Vice President, General Counsel and Corporate Secretary, Keyera from June 2017 to March 2019; Vice President, General Counsel and Corporate Secretary, Keyera, prior thereto.

(2) Mike Freeman of Calgary, Alberta retired effective July 1, 2019. Mr. Freeman held the position of Vice President, Commercial Strategy, Liquids Business Unit, Keyera from July 2018 to July 2019; Vice President, Commercial, Keyera, prior thereto.

AUDIT COMMITTEE INFORMATION

Audit Committee Members and Terms of Reference

The Audit Committee is appointed annually by the Board of Directors. The responsibilities and duties of the Audit Committee are set forth in the Audit Committee Terms of Reference attached hereto as Schedule A. The Audit Committee consists of four members, each of whom is independent and financially literate as defined by National Instrument 52-110 *Audit Committees*. The following table sets out the relevant education and experience of the members of the Audit Committee:

NAME	RELEVANT EDUCATION AND EXPERIENCE
Michael Norris • Independent • Financially Literate	Mr. Norris, the Chair of the Audit Committee, holds a Bachelor of Engineering from Queens University and Master of Business Administration from the Richard Ivey School of Business, University of Western Ontario. Mr. Norris was Deputy Chair of RBC Capital Markets from 2003 through 2012. Prior to his appointment as Deputy Chair, Mr. Norris held numerous positions with RBC Capital Markets, including Head of the Energy Practice from 1992 through 1998 and Head of Global Investment Banking from 1998 through 2003. Prior to RBC, Mr. Norris held roles at Mobil Oil and Gulf Canada Resources. Mr. Norris has experience serving on the boards of private and public companies, and non-profit organizations. His experience has provided him with extensive knowledge of financial and accounting issues, as well as disclosure and internal control procedures.
Thomas O'Connor • Independent • Financially Literate	Mr. O'Connor holds a Bachelor of Science degree in Biology, cum laude, and a Master of Science degree in Environmental Studies from the University of Massachusetts at Lowell and has completed the Harvard Business School Advanced Management Program. He was the Chairman and Chief Executive Officer of DCP Midstream LLC and Chairman of DCP Midstream Partners LP. Prior to that he held executive positions at Duke Energy Corp., including CEO of Duke Energy Gas Transmission. Mr. O'Connor has served on various public boards and is well versed in financial and accounting matters, as well as disclosure and internal control procedures.
Janet Woodruff • Independent • Financially Literate	Ms. Woodruff holds a Bachelor of Science (Honours) from the University of Western Ontario and a Masters of Business Administration from York University. She holds the Corporate Director (ICD.D) designation from the Institute of Corporate Directors and is also a member of the Chartered Professional Accountants of Canada. Ms. Woodruff is an experienced corporate director and executive with Board and C-suite experience in corporations in energy, transportation and health sectors, including her most recent role as acting Chief Executive Officer of Transportation Investment Corporation. Previously she held executive roles at BC Hydro, BC Transmission Corporation, Vancouver Coastal Heath and Westcoast Energy. Ms. Woodruff has served on various boards and has extensive knowledge in the areas of accounting, financial reporting, internal controls and disclosure.

Principal Accountant Fees and Services

In 2019 and 2018, fees billed for audit, audit-related, tax and other services provided to Keyera by Deloitte LLP were as follows:

Year Ended December 31	2019	2018
Audit Fees	$693,656	$616,175
Audit Related Fees	$143,222	$262,187
Tax Fees	$0	$0
All Other Fees	$87,893	$28,213
Total	**$924,771**	**$906,575**

A description of the nature of the services provided under each category is as follows:

- Audit Fees: Fees for the annual audit and quarterly review of Keyera financial statements and for audit services related to ongoing regulatory filings.
- Audit Related Fees: Fees for review and translation services related to non-routine regulatory filings such as prospectuses.
- Tax Fees: Fees for advice and assistance in preparing transfer pricing documentation for KEI and advice related to income tax and commodity taxes.
- All Other Fees**:** Fees for products and services provided by Keyera's auditors other than those described as "Audit Fees", "Audit Related Fees" and "Tax Fees".

Pre-Approval Policies

Pursuant to the Terms of Reference of the Audit Committee, the Audit Committee approves all audit plans and pre-approves significant non-audit engagements of the external auditors, including reviewing the fees paid for such engagements. The Audit Committee has delegated the responsibility for approving certain non-audit services to the Chair of the Audit Committee. All audit and non-audit services provided to Keyera for the year ended December 31, 2019 that were required to be pre-approved were pre-approved in accordance with the policies and Terms of Reference of the Audit Committee**.**

RISK FACTORS

In carrying out its business and operations, Keyera deals with a number of risks. Generally, Keyera's risks fall into two principal categories: (i) operational risks, including legal, regulatory and strategic risks; and (ii) financial risks. These categories are outlined below along with summaries of the specific risk factors within each general category. In some instances, risks may fall into both categories. In such cases we have classified risks based on the primary category in terms of how they affect Keyera. The most significant risks in each category are listed first, based on Keyera's current assessment of each risk. To the extent Keyera's business or operations are affected by these risks, there could be an adverse effect on Keyera's financial performance and cash flow available to pay dividends.

Keyera continually works to identify and evaluate significant risks and to develop and maintain appropriate strategies to mitigate the impact of potential risks to its business. Keyera's approach to risk management is integrated into its overall approach to decision making (both formal and informal) and also includes formal risk reviews with respect to certain matters. The summary provided below describes the main risks known to Keyera and also identifies some of the steps that Keyera takes to mitigate these identified risks.

Readers should carefully consider the risk factors set out below and consider all other information contained in this AIF and in Keyera's other public filings before making an investment decision. Readers are cautioned that this summary of risks may not be exhaustive, as there may be risks that are unknown and other risks that may pose unexpected consequences. Further, many of the risks are beyond Keyera's control and, in spite of Keyera's active management of its risk exposure, there is no guarantee that these risk management activities will successfully mitigate such exposure.

Operational Risks

Reliance on Producer Activity and Long Term Declines

The volumes of natural gas, NGLs, iso-octane, sulphur, crude oil, and other products produced, transported or processed by Keyera depend on production of natural gas and crude oil. Without reserve additions, production will decline over time as reserves are depleted. Most of Keyera's facilities are located in or depend on the WCSB. Although, new technology has allowed producers to access and produce reserves that were previously viewed as uneconomic, it is not clear the extent to which such advances in technology will offset the natural declines. As well, industry activity levels depend upon economic and regulatory conditions that permit and incent producers to explore for and develop reserves. Producers in the areas serviced by Keyera's gas plants may not be successful in exploring for and developing additional reserves, or may determine that the reserves are uneconomic to produce. Further, with current commodity pricing dynamics compounded by product egress challenges in the WCSB, some producers have slowed or modified their exploration and development plans in Western Canada. Keyera cannot predict the impact of future economic conditions on the energy and petrochemical industries or future demand for and prices of petroleum substances. These and other factors such as higher development costs or royalties, global and North American commodity inventory levels and infrastructure constraints, may discourage further producer exploration and development. A reduction in exploration and development activities or the curtailment of production (whether due to regulatory requirements, market constraints or voluntarily by producers) could result in declines in throughput at gas plants, pipelines, terminals and NGL processing facilities.

The rate and timing of production from proven natural gas reserves tied-in to the gas plants are at the discretion of the producers and are subject to regulatory constraints. The producers have no obligation to produce natural gas from these lands. Producers may suspend their drilling programs or shut in production as a result of lower product prices or higher production costs. Where possible, Keyera attempts to negotiate area dedications or take-or-pay arrangements with producers. However, a significant portion of the proven natural gas in the areas connected to Keyera's gas plants in West Central Alberta is not

contractually dedicated for processing at those gas plants and the majority of the reserves which are subject to processing obligations may be terminated on less than six months' notice.

Natural gas rich in NGLs typically improves the economics associated with natural gas production and is therefore more attractive to producers. While Keyera's gas processing facilities have the capacity to extract NGLs and are located in areas where the natural gas reserves are rich in NGLs, there is no guarantee that this factor will be sufficient to encourage continued gas exploration and development around Keyera's facilities. Keyera's future growth plans for its Liquids Infrastructure business depends partly on the growth of NGL production in the WCSB, including from Keyera owned gas plants.

There is also risk associated with Keyera's customers being able to perform their contracted obligations. For example, customers may not comply with their contracted obligations (counterparty risk) or may not deliver volumes consistent with their production profile (volume risk), all of which could adversely affect Keyera's financial results, including the returns on capital investments.

Keyera's future growth plans for its Liquids Infrastructure business depend to a significant degree on producer activities in the Alberta oil sands. Oil sands activity can be affected by many factors, including but not limited to commodity prices and pricing differentials, access to transportation and take-away capacity, environmental pressures (including but not limited to emissions and water use regulations, management of tailings ponds, and public perceptions with respect to the environmental impact of these operations), curtailment of oil production and cost escalation. Over the last few years, several oil sands producers announced delays in projects and overall interest in new investment in the oil sands appears to have declined. As well, oil sands producers are continuing to explore new technologies that would reduce the volume of condensate required as diluent. If these trends continue, they may result in lower than expected demand for Keyera's Liquids Infrastructure services and fewer opportunities to earn margin on condensate imports in Keyera's NGL Marketing business and fees from Keyera's condensate infrastructure.

Facilities Throughput and Utilization Rates

Some of Keyera's facilities may operate at lower throughputs compared to their respective licensed or operating capacities. This may be due to a multitude of factors, including: declines in production; decisions by producers to delay or shut in production; actual production delivered by customers to Keyera facilities not aligning with production profiles; operational issues or constraints in certain functional units within the facilities; operating conditions; changes in gas or NGL composition; low commodity prices; infrastructure or service bottlenecks and logistical issues; inventory or market constraints for particular commodities; and other reasons. Several of Keyera's facilities are in areas currently experiencing declining producer activity. There may also be times when facilities experience capacity constraints due to increasing throughput. In certain circumstances, the increased throughput may contribute to operating conditions that are not in line with the operational design of the facility.

The demand for midstream services depends, in part, on factors such as the quality of services offered, the cost of such services and the physical capabilities of the facilities. At Keyera's AEF facility, utilization may also be affected by demand for high octane, low vapour pressure gasoline additives, the willingness of customers to pay a premium price for this product, as well as availability of feedstock (butane) and storage and transportation (particularly rail service) capacity.

Keyera cannot predict the impact of future economic conditions, fuel conservation measures, alternative fuel requirements, governmental regulation or technological advances in fuel economy and energy generation devices, all of which could reduce the demand for oil, natural gas, NGLs, sulphur or iso-octane, thereby potentially reducing utilization rates at Keyera's facilities.

Use of utilization rates to estimate available raw gas processing capacity may be misleading as the ability of individual plant functional units, such as gas treating, NGL recovery or sulphur plant capacity, to handle additional raw gas volumes may become a limiting factor particularly if current plant operating conditions or gas composition depart significantly from original plant design operating conditions. Use of

throughputs to estimate revenues may be misleading as Keyera charges different fees for gas streams with different compositions.

Operational Matters and Hazards

Keyera's operations are subject to common hazards of the natural gas (sweet and sour), NGL and Crude oil handling business. Keyera also transports significant volumes of hydrocarbons by rail and truck which may be more prone to accidents and mishaps than pipeline transportation of hydrocarbons. The operation of Keyera's assets involves many risks, including the breakdown or failure of equipment, information systems or processes, the performance of equipment at levels below those originally intended (whether due to declining throughput, misuse, unexpected degradation or design, construction or manufacturing defects), failure to maintain an adequate inventory of supplies or spare parts, operator error, labour disputes, disputes with owners of interconnected facilities and carriers, releases of harmful substances into the environment, spills associated with the loading and unloading of harmful substances onto rail cars and trucks, and catastrophic events such as natural disasters, fires, explosions, derailments, fractures, well blowouts, acts of terrorists and saboteurs, and other similar events, many of which are beyond the control of Keyera. The occurrence or continuance of any of these events could increase the cost of operating Keyera's facilities and/or reduce its processing or throughput capacity, or result in damages, claims or fines, all of which could adversely affect Keyera's operations and financial performance.

The integration of Keyera's business and operations may also give rise to risks, as the impact of and operational upset or business interruption in one part of its business may create implications for other parts of Keyera's operation or business. For example, a significant disruption to the integrated value chains of butane, which includes being the feedstock for production of iso-octane at Keyera's AEF facility, and condensate, for Keyera's oil sand customers, could have impacts on Keyera's Gathering and Processing, Liquids Infrastructure and/or Marketing businesses. (See "Risk Factors – Operational – Operational Matters and Hazards", "Reliance on Other Facilities and Third Party Services", "Information Technology Systems and Cyber Security", "Change in Laws" and "Transportation of Dangerous Goods").

Keyera carries casualty and business interruption insurance with amounts of coverage customary for similar business operations to help defray the costs associated with the foregoing risks should they materialize; however, such insurance coverages may not be sufficient to compensate for all business or casualty losses or damages and/or may not be available. (See "Risk Factors – Financial Risks – Adequacy of Insurance").

Reliance on Other Facilities and Third Party Services

Keyera's facilities are connected to various third party pipeline systems, including the Alliance, Pembina, Inter Pipeline, Enbridge and TC Energy systems, as well as raw gas gathering systems that feed Keyera's gas plants. These connections are important to Keyera and its customers as they provide critical transportation routes, both from the perspective of delivering product to Keyera facilities (e.g. raw gas to feed Keyera's gas plants, NGL mix to feed Keyera's fractionation facilities, condensate deliveries to feed Keyera's condensate system) and providing product egress. Keyera also relies on a variety of third party facilities, both upstream and downstream from its operations and third party services. Risks may be created as a result of: differences in pressures, specifications or capacities which affect operations; planned and unplanned outages or curtailments at third party facilities that restrict deliveries from Keyera facilities; measurement and component balancing errors affecting product deliveries. As well, there may be issues with respect to scheduling and service delivery by third parties that affect Keyera's operations, such as the scheduling and availability of timely and reliable rail service by the railway companies on which Keyera relies to move product. Operational disruptions, apportionment, regulatory action and other events on third party systems and infrastructure may prevent the full utilization of Keyera's facilities, require Keyera to spend additional capital, or otherwise hamper Keyera's business activities.

Keyera is also impacted by the development or lack of development of pipeline infrastructure providing product egress from the WCSB. Without incremental project egress options, it is possible the

pricing differentials and supply/demand dynamics will continue to disadvantage the WCSB which may have an adverse effect on Keyera's business.

Keyera is unable to control operations, events, decisions, regulatory actions or public perceptions with respect to third party facilities making the mitigation of these risks challenging. Among the strategies that may be employed to assist in mitigating these risks include having multiple connections, service arrangements or transportation alternatives available in order to provide some flexibility during curtailments or interruptions. Where such alternatives are not available, Keyera's operations can be significantly affected. For example, the capacity constraints on the TC Energy sales gas system starting in 2014 and extending into 2018 reduced many producers' ability to secure take away capacity for their sales gas. If producers cannot secure adequate takeaway capacity for their sales gas, it adversely affects the volume of raw inlet gas and associated liquids that Keyera can accept at its facilities. Another example is curtailments at certain third party ethane facilities which have affected ethane deliveries and sales from Keyera facilities. Keyera relies predominantly on rail service to transport its iso-octane to its primary markets located outside of Alberta and therefore inadequate rail service could trigger a need to cutback operations at AEF. In 2019, CN's rail strike temporarily suspended propane rail shipments across CN's network, including Keyera's rail facilities.

Risks Arising from Co-ownership

Many of Keyera's facilities are jointly owned with third parties. Approvals must be obtained from such joint owners for proposals to make capital expenditures regarding such facilities. These approvals typically require that a capital expenditure proposal be approved by at least two or three owners holding a specified percentage of the ownership interests in the relevant facility, usually ranging between 50% and 70%. It may not be possible for Keyera to obtain the required levels of approval from co-owners of facilities for future proposals for capital expenditures, which may adversely affect Keyera's ability to expand or improve its existing facilities.

In addition, agreements for joint ownership often contain restrictions on transferring an interest in a facility. The most frequent restrictions are consent requirements and rights of first refusal. A consent requirement requires a transferor who is proposing to transfer an interest, to obtain the consents of facility co-owners prior to completing the transfer. A right of first refusal requires a transferor who is proposing to transfer an interest, to offer such interest on the same commercial terms to the other holders of interests in the facility prior to completing the transfer. Such provisions may restrict Keyera's ability to transfer its interests in facilities or to acquire a joint venture owner's interests in facilities, and may also restrict Keyera's ability to maximize the value of a sale of its interest.

Keyera has been increasing its ownership interests at many of its existing gas plants over the years, in many cases becoming the sole owner, in order to mitigate some of the risks arising from co-ownership. However, many of Keyera's current capital projects and business initiatives are joint ventures, and in several of these projects Keyera was not appointed or will not be appointed the operator.

In addition, some of Keyera's facilities are operated by third parties (such as Norlite pipeline, Base Line Terminal and the Edson and Alder Flats gas plants); therefore, to the extent a third party operator fails to perform its functions efficiently or becomes insolvent, Keyera's business and operations may be adversely affected. Efforts to mitigate this risk by contracting with competent operators and negotiating appropriate allocation of risk in its contracts may not be effective.

Natural Gas and NGL Composition

Each of Keyera's gas plants is designed to process raw natural gas feedstock within a certain range of composition specifications. The gas plants may require modification to operate efficiently if the composition of the raw gas being processed changes significantly. The configuration of each of Keyera's gas plants may not be optimal for efficient operation in the future if a change in inlet gas composition is outside a plant's acceptable range of composition specifications. Changes in gas composition, including the trend toward producers producing less sour gas and more sweet gas, can present challenges for

achieving sulphur recovery levels at certain facilities, and can also create challenges in maintaining competitive operating costs at sour gas facilities. Keyera may need to change its license parameters, including sulphur recovery levels, may decide to shut down sour processing equipment at its facilities as gas composition changes (as Keyera did in 2018 at the Strachan gas plant), or may need to adjust its fee structure to remain competitive (eg. not recovering all of its operating costs).

Keyera monitors plant throughput, gas composition, third party system performance and industry development activity in the capture areas surrounding its facilities on an ongoing basis. This information is used to assist with ongoing operational decisions, bringing on new production and new customers, evaluating expansion opportunities and assessing opportunities to modify or add new services to accept the inlet gas in the capture areas surrounding its facilities. Keyera has also amended its AER licenses at certain plants to deal with changes in gas composition, particularly to address declining concentrations of H_2S in the inlet gas, and may consider additional amendments in the future.

Keyera's NGL facilities are also exposed to risks associated with feedstock composition. If the NGLs handled at these facilities differ in composition or specification from the design of the facilities, there may be operational challenges and additional maintenance activities may be necessary. Further, because NGLs in Keyera's system may come from many sources, it is possible product originating from a non-NAFTA country could enter the system and result in customs duties being applied on imports and exports.

Reliance on Principal Customers and Suppliers

Keyera relies on a number of principal customers and suppliers in each of its business segments. Keyera enters into many contracts with its customers and suppliers which are often for a defined term or are subject to early termination upon notice. Keyera also relies on agreements with key customers to underpin capital projects.

There is no guarantee that any of the contracts that Keyera currently has in place will be renewed at the end of their term or replaced with other contracts in the event of early termination. Further, there is a risk that customers or suppliers will be unable to perform their obligations under the contracts. Customers may also seek relief from their contractual obligations or seek to restructure their contractual arrangements. If any of these circumstances were to arise, the revenue generated by Keyera's operating entities could be reduced or capital projects could be suspended. In either case, Keyera's financial results and the cash flow available to pay dividends to Shareholders could be adversely affected. In a low commodity price environment, counterparty risk becomes more significant.

There is no guarantee that Keyera will be able to renew or replace existing contracts or enter into new contracts or that existing contracts will generate the expected benefits. Keyera may be able to partially mitigate potential losses in some circumstances through the use of business interruption insurance; however, such insurance coverage may not be sufficient to compensate for all such losses or damages. (See "Risk Factors – Financial Risks – Adequacy of Insurance").

Competition

Keyera's Gathering & Processing, Marketing, and Liquids Infrastructure businesses operate in competitive markets and compete with other companies. Each of Keyera's gas plants is subject to competition from other gas processing plants which are either in the general vicinity of Keyera's plants or have gathering systems that currently or in the future, could potentially extend into Keyera's capture areas. In addition, competition from non-hydrocarbon based energy sources may have an adverse effect on the production of natural gas and gas products in Alberta and, as a result, on the demand for Keyera's services.

As well, in Keyera's Liquids Business Segment, its pipelines and storage, terminal and processing facilities are subject to competition from other pipelines and facilities, which competition is anticipated to continue to grow. The competition to attract NGL volumes is competitive, which has implications not only for Keyera's facilities, but also for the Marketing business. In recent years, Keyera was successful in

competing for NGL supply volumes, but there is no guarantee that the strategies that were employed will continue to be successful.

NGL and crude oil commodities that are marketed by Keyera compete with supplies from Canadian, U.S., and international sources. There is also competition from industries seeking to provide substitute products or alternative sources of fuel, gasoline blending products, diluents and feedstock. For example, in the iso-octane marketing business, alkylate is a common alternative competitive product. Alkylate is typically produced by reacting isobutane with refinery olefins in the presence of an acid catalyst to produce a relatively high octane gasoline component. Most North American refineries have some alkylate production capabilities. Keyera also competes with local and international entities to secure NGL supply for its marketing and NGL facilities business.

Overall, competition for business opportunities has continued to be aggressive. This competitive dynamic, may place downward pressure on expected returns when seeking to negotiate new projects and opportunities or force Keyera to reduce its fees (and associated) returns in order to retain customers.

Regulatory Compliance, Approvals and Interventions

Keyera is subject to a variety of laws and regulations that require it to obtain registrations, licenses, permits, inspections and other approvals in order to operate. There is no guarantee that such approvals can be obtained on a timely basis, or at all. Delays in processing applications may impact the schedule for capital projects. In some instances, regulatory delays, whether as a result of actions by a regulator or intervention by third parties, may result in project delays, project economics becoming less favourable or, in some cases, projects not proceeding at all.

The cost to comply with regulatory requirements can be significant. For example, carbon pricing, emissions reduction requirements, noise mitigation, measurement and reporting, all come with implementation and management costs. As well, proposed changes to federal and provincial environmental laws may adversely affect the ability of Keyera and others to advance projects which could adversely affect Keyera's growth opportunities. Regulatory uncertainty makes it challenging for industry, including Keyera, to make investment decisions and forecast compliance obligations (including costs) which compounds the challenges with the investment climate and industry activity in the WCSB. (See "Risk Factors - Operational Risks Changes in Laws").

Pipelines and facilities can be subject to common carrier and common processor applications and to rate setting by regulatory authorities in the event that agreement on fees or tariffs cannot be reached with producers. To the extent that producers believe processing fees or tariffs respecting pipelines and facilities are too high, they may seek rate relief through regulatory means. Keyera tries to reduce the likelihood of regulatory intervention by taking industry standards and guidelines into account and by working proactively with various stakeholders and its customers. Rates and tariffs for Keyera's pipelines and facilities are generally established to recover capital costs and earn a reasonable rate of return on investment. To date, no pipeline or facility operated by Keyera has ever been declared to be a common carrier or a common processor. Nevertheless, there is no guarantee that Keyera will be able to avoid challenges to its rates and tariffs. Further, Keyera may also be adversely affected by regulatory action taken with respect to third party systems and infrastructure. (See "Risk Factors – Operational Risks – Reliance on Other Facilities and Third Party Services").

Information Technology Systems and Cyber Security

Keyera utilizes a number of information technology systems for the management of its business and the operation of its facilities. The reliability and security of these systems is critical. If the functionality of these systems is interrupted or fails and cannot be restored quickly, or if the technologies are no longer supported, Keyera's ability to operate its facilities and conduct its business could be compromised.

Although the technology systems Keyera utilizes are intended to be secure, there is a risk that an unauthorized third party could access the systems. Such a security breach could lead to a number of adverse consequences, including but not limited to, the unavailability, disruption or loss of key functionalities within Keyera's control systems and the unauthorized disclosure, corruption or loss of sensitive company, customer or personal information. Keyera attempts to prevent such breaches through the implementation of various technology security measures, segregation of control systems from its general business network, utilization of the cloud and offsite data centers, engaging skilled consultants and employees to manage Keyera's technology applications, conducting periodic audits and adopting policies and procedures as appropriate; however, these measures may not be successful.

Keyera also relies on many third party service providers with respect to its information technology security and storage of information and data. While Keyera attempts to conduct appropriate due diligence on these third party service providers, there is no guarantee that there will not be a breach of security or service levels by these third parties which could result in risks to Keyera's systems and information.

To date, Keyera has not been subject to a cyber security breach that has resulted in a material impact on its business or operations; however, there is no guarantee that the measures it takes to protect its business systems and operational control systems will be effective in protecting against a breach in the future.

Environmental and Public Safety Considerations

Keyera's activities are regulated by federal, provincial, and municipal environmental legislation. This legislation imposes, among other things, restrictions, liabilities and obligations in connection with the handling, use, storage, transportation, treatment and disposal of hazardous substances and waste, and in connection with spills, releases and emissions of various substances into the environment. Environmental risks from Keyera's operating facilities typically include: air emissions, such as sulphur dioxide, nitrogen oxides, particulate matter and greenhouse gases; potential impacts on land, including land reclamation or restoration following construction; the use, storage or release of chemicals or hydrocarbons; the generation, handling and disposal of wastes and hazardous wastes; and water impacts.

Keyera uses freshwater for below ground cavern storage operation, as well as for other operational uses such as cooling water, boiler water or miscible flooding for production. All Keyera facilities are a low or low-medium overall water risk according to the WRI Aqueduct Risk Tool; however, there are some regions where Keyera has or could experience difficulty in obtaining withdrawals/operations permit due to regulatory constraints.

Environmental legislation also requires that facilities, pipelines and other properties associated with Keyera's operations be operated, maintained, abandoned and reclaimed to comply with changing regulations and standards to the satisfaction of applicable regulatory authorities. Many of Keyera's facilities are subject to licensing requirements imposed by provincial and/or federal regulators. These licenses must be renewed from time to time and there is no guarantee that the license will be renewed on the same or similar conditions. In addition, certain types of activities may require the submission and approval of environmental impact assessments or permit applications.

Provincial and federal governments may also take steps to impose stricter regulations and emission limits on greenhouse gas or other emissions in the near term. (See "Regulatory Framework - Greenhouse Gas and Emissions Regulation"). If it is determined that emissions exceed permitted limits, regulatory requirements will be triggered that require action to be taken to reduce emission levels to acceptable levels, unless an extension or relaxation is granted. There can be no assurance that any extension of time to achieve compliance would be granted and immediate compliance may not be possible and failure to comply with current or future regulations could have a material adverse effect on Keyera's business and financial results. Overall, there is some uncertainty surrounding the impact of environmental laws and regulations on Keyera's operations, and it is difficult to predict how these laws and regulations may evolve. At this time, Keyera does not anticipate that it will be affected in a manner materially different than any other comparable midstream business. However, because Keyera has many older facilities, particularly in its Gathering and

Processing Business Segment, it is possible that it will face more challenges in achieving future compliance or higher compliance costs compared to newer facilities. The risk created by greenhouse gas and emissions considerations may be interrelated to other risks faced by Keyera, including weather risk, reputational risk, changes in laws and operational risks discussed elsewhere in this "Risk Factors" section.

Given the nature of sour gas, certain public safety and environmental risks are inherent in the handling and gas sweetening processes at Keyera's facilities. As well, some of Keyera's pipelines and facilities run through or are immediately adjacent to heavily populated areas, including the City of Edmonton. Major equipment failure, a release of toxic substances or a pipeline rupture (including as a result of third party contact or impact to the pipeline) could result in damage to the environment and Keyera's facilities, death or injury and substantial costs and liabilities to third parties. Although Keyera may not be able to insure against all such events, Keyera carries control of well insurance and sudden and accidental pollution coverage under its commercial general liability insurance policy with limits and coverage that are customary for similar business operations to mitigate against the losses and damages associated with infrastructure failure, pollution, and pipeline failure. However, there can be no assurance that the types of insurance and the amounts for which Keyera is insured, or the proceeds of such insurance, will compensate Keyera fully for its losses. Further, if, at any time, appropriate regulatory authorities deem any one of the pipelines or facilities unsafe, they may order it to be shut in.

To help further mitigate these risks, Keyera has developed health, safety and environmental programs as well as internal operating, integrity, and maintenance guidelines. These programs are intended to promote safety and minimize the environmental impact of Keyera's operations. Keyera has also developed comprehensive safety training for its employees. Keyera conducts its operations and maintenance activities and monitors environmental impacts in accordance with these programs and acts to remediate environmental impacts. Keyera has also implemented air, soil and water monitoring programs that meet or exceed regulatory requirements. Keyera has ongoing active remediation activities at certain sites (See "Risk Factors – Financial Risks - Environmental Compliance and Remediation Costs" for a further discussion of the costs and risks associated with environmental matters) and has established an Operational Risk Management Committee which facilitates information sharing and provides guidance and direction on health, safety, environment and reliability matters.

Foreign Operations

Keyera is actively involved in U.S. NGL and iso-octane markets. Keyera makes a significant percentage of its propane and iso-octane sales into U.S. markets and also purchases NGLs in U.S. markets, particularly condensate, propane and butane. Keyera's reliance on these markets means that it is subject to downturns in the U.S. economy, adverse weather patterns in the U.S. (such as hurricanes and tropical storms), U.S. regulatory changes, protectionist actions by U.S. legislators and other political developments, all of which could have an adverse impact on Keyera's financial results.

Keyera has continued to expand its presence in the U.S. by: (a) the incorporation of its American subsidiary, KEI, with its office located in Houston, Texas, (b) the addition of contracted NGL terminalling and storage capacity at Mont Belvieu, Texas, Hutchinson, Kansas (which is near Conway), and Marysville, Michigan; (c) the acquisition and development of the Hull Terminal including pipelines connected to third party facilities at Mont Belvieu; (d) the acquisition of the Oklahoma Liquids Terminal near Tulsa, Oklahoma, including a connection to a third party facility; and (e) the development of the Wildhorse Terminal, in Cushing, Oklahoma, including connections to third party facilities. While the growth of Keyera's operations in the U.S. enhances its ability to access large U.S. markets, it also presents a number of risks, including increased regulatory and compliance obligations and costs, risks associated with potential non-compliance and civil liability exposure. The U.S. tends to be a litigious environment with larger damages awards compared to Canada. In some instances, Keyera may be subject to the exclusive jurisdiction of the U.S. courts. In addition, tax laws relating to Keyera's U.S. operations may be changed in a manner which adversely affects Keyera. With the evolving political dynamics in the U.S., including increasing protectionist sentiment, the reopening of trade agreements, and efforts to reduce or change regulation in many U.S. industries, the competitive position of Keyera and the Canadian energy industry overall may become increasingly uncertain and challenging in relation to the U.S.

While KEI has a relatively small staff in its Houston office, as well as employees and contractors at its Hull Terminal, Oklahoma Liquids Terminal and Wildhorse Terminal, portions of Keyera's U.S. operations are managed by Canadian personnel with limited expertise in U.S. regulation. Keyera has implemented strategies to reduce the exposure of its Canadian assets to civil claims in the U.S.; however, there is no guarantee that any of these activities will have the effect of reducing the risks associated with its operations in the U.S. or with Keyera's access to U.S. markets, particularly for propane and iso-octane sales and condensate and butane purchases.

Keyera loads railcars which are shipped to Mexico. While the sale of the product associated with these shipments is typically completed in Canada or the U.S., Keyera may be the consignor of the product for transportation purposes and therefore must comply with Mexican TDG requirements. As there is a somewhat different risk profile associated with doing business in Mexico, Keyera has worked with the rail leasing companies to permit its rail cars to travel into Mexico and with its insurers to secure insurance coverage. There is no guarantee that the steps Keyera has taken to mitigate the risks associated with its activities in Mexico will be effective.

Construction Project Timing and Cost

Many of Keyera's major projects are currently under development and the successful completion of several projects is dependent on a number of factors that are outside Keyera's control. The timing of completion and capital costs may change depending on many factors including, supply, demand, inflation, labour, materials and equipment availability, contractor non-performance, weather conditions, and cost of engineering services, and other factors that are out of Keyera's control. As these projects are undertaken, required approvals may not be obtained, may be delayed or may be obtained with conditions that materially alter the expected return associated with the underlying projects. Moreover, Keyera may incur financing costs during the planning and construction phases of its growth projects.

Generally, the cash flows Keyera expects these projects to generate will not materialize until after the projects are completed. In addition, construction delays or increased costs associated with capital projects could reduce project returns or prevent Keyera from meeting its contractual "in service" commitments. Further, these projects may be completed behind schedule or in excess of budgeted cost. For example, Keyera must compete with other companies for the materials and construction services required to complete these projects, and competition for these materials or services could result in significant delays and/or cost overruns. As a result, the cost estimates and completion dates for Keyera's major projects can change at different stages of the project. Accordingly, actual costs can vary from these estimates and these differences can be significant. Significant cost overruns may adversely affect the economics of particular projects, as well as Keyera's business operations and financial results. Further, there is a risk that maintenance will be required more often than currently planned or that significant maintenance capital projects could arise that were not previously anticipated. The company can face facility start up challenges which could defer volumes and cashflows.

Concentration of Assets in Alberta

The majority of Keyera's assets are concentrated in Alberta in the WCSB, which leaves the company exposed to the economic conditions of that province. Keyera mitigates this risk through a diversity of business activities within the province of Alberta and by owning and operating assets in the United States.

Weather Conditions

Weather conditions can affect the demand for and price of oil, natural gas, NGLs, and iso-octane. As a result, changes in weather patterns can affect throughput as well as Keyera's NGL marketing activities. For example, colder winter temperatures generally increase demand for natural gas and NGLs used for heating, which tends to result in increased throughput volumes at facilities and higher prices in the marketing business. In its facilities and NGL business, Keyera tries to position itself to be able to handle increased volumes of throughput and storage at its facilities to meet changes in seasonal demand; however, at any given time, facility and storage capacity is finite. Weather may also affect the operations and projects

of Keyera's customers and suppliers, thereby influencing the services and products Keyera provides and/or receives. (See "Health Safety and Environment – Greenhouse Gas and Emissions Programs" and "Regulatory Framework - Greenhouse Gas and Emissions Regulation").

While Keyera does not speculate on weather in its marketing business, it tries to time its inventory builds with the seasonality of supply and demand. For example, Keyera will typically build inventories of propane in the warmer months (when demand is typically lower), for delivery in the winter months (when demand is typically higher). While Keyera uses financial and physical contracts to mitigate the commodity price risks associated with these inventories, there is no guarantee that Keyera's inventory management activities will be effective in mitigating such risks.

Weather conditions, including extreme heat and extreme cold, can pose safety concerns for workers and can affect the performance and operation of Keyera's facilities. Weather conditions may also influence Keyera's ability to complete capital projects or facility turnarounds on time, potentially resulting in delays and increasing costs of such capital projects and turnarounds and in some cases, may result in Keyera being unable to meet its contractual "in service" dates.

Change in Laws

The oil and natural gas industry, including the midstream industry, is subject to regulation and intervention by governments in such matters as environmental protection, exploration and development activities, the licensing, operation and expansion of wells and facilities, and the abandonment of facilities. There is no guarantee that laws and administrative policies relating to the oil and natural gas industry, including the midstream industry, will not be changed in a manner which could adversely affect Keyera or its Shareholders. In addition to being affected by changes aimed directly at midstream facilities, Keyera could also be adversely affected by changes in regulations or policies directed at upstream activities, such as land sales, exploration and development in the capture areas surrounding Keyera's facilities, as well as changes directed at downstream activities, including retail and consumer uses. In addition, Keyera could be adversely affected by the imposition of additional emission limits for greenhouse gases in Canada or the U.S. (See "Health, Safety and Environment - Greenhouse Gas and Emissions Programs" and "Regulatory Framework - Greenhouse Gas and Emissions Regulation").

Changes to federal environmental assessment requirements have raised a number of concerns for the oil and gas industry and created uncertainty for project proponents and the ability to secure approvals for projects may be adversely affected. This could affect Keyera directly if any of its potential future projects become subject to the new environmental assessment requirements, as well as indirectly if the proposed new laws become a deterrent to the development of oil and gas in Canada. Overall regulatory uncertainty and ongoing regulatory change in Canada contributes to an uncertain investment climate, which has implications for industry activity levels, investor perceptions, and the ability to accurately forecast future costs and obligations. (See "Risk Factors - Operational Risks - Regulatory Compliance, Approvals and Interventions").

While CUSMA has been signed by Canada, the U.S. and Mexico, it has yet to be ratified by all the respective countries. Changes that limit access to U.S. markets or preferentially favour U.S, industries could have an adverse effect on the Canadian energy industry, including Keyera. (See also "Risk Factors – Foreign Operations"). Sanctions laws, which restrict the counterparties with whom Keyera can deal, have also continued to change and require diligence to ensure compliance. Because both businesses in which our counterparties engage and sanction lists can change with little notice, compliance can be challenging. Failure to comply may result in fines and penalties, and could also result in a breach of material contracts. To mitigate this risk Keyera has adopted processes to screen its counterparties to confirm compliance and seeks appropriate representations from its counterparties as circumstances require.

In the event of other legislative or regulatory changes, Keyera's ability to conduct business may be adversely affected, which could thereby have a negative effect on distributable cash flow and the dividends it provides to its Shareholders.

First Nations and Indigenous Communities: Consultation and Claims

Some of Keyera's facilities are located on or adjacent to reserve lands or other lands that have been traditionally used by Indigenous peoples. Indigenous peoples have claimed aboriginal title and rights to a substantial portion of lands in western Canada.

The interpretation of aboriginal and treaty rights is evolutionary and government policy (including the requirements that are imposed on industry) continues to change. In many circumstances, Indigenous communities are entitled to be consulted prior to resource development on Crown lands. The consultation processes and expectations of parties involved can vary considerably from project to project (and from community to community), which can contribute to process uncertainty, increased costs, delay in receiving required approvals, and potentially, an inability to secure the required approvals for some projects.

Further, the successful assertion of aboriginal title or other claims could have a significant adverse effect on natural gas production or oil sands development in Alberta, which in turn could have a material adverse effect on Keyera's business and operations, including the volume of natural gas and NGLs handled through Keyera's facilities. Additionally, some types of claims may affect or limit Keyera's ability to secure locations for capital projects.

Transportation of Dangerous Goods

Keyera's operations include rail/truck loading, offloading and terminalling facilities used to transport various petroleum products. These petroleum products are considered dangerous goods under TDG laws. Keyera ships a high volume of product by truck and rail and loads a significant number of rail cars and trucks at its facilities. When Keyera loads petroleum products, it may be considered the consignor, in which case it has specific responsibilities under the TDG laws, including the responsibility to ensure that the product is properly classified, the shipment is properly labeled and the product is loaded in an appropriate tank. Keyera also owns and operates rail infrastructure and must comply with applicable laws (including TDG laws) relating to the maintenance and inspection of these facilities.

Keyera may face liability for personal injuries, damage to property, lost product in the event of an incident involving rail cars or trucks loaded by Keyera, where Keyera is the consignor or importer of the product, where Keyera owns the product that is involved in an incident, or where an incident occurs on Keyera's proprietary rail infrastructure. As well, under various environmental statutes in both Canada and the U.S., Keyera could be held responsible for environmental damage caused by hydrocarbons loaded at its facilities or being carried on its leased rail cars. Keyera may also be exposed to regulatory action in the event that it fails to comply with TDG laws. In the event that Keyera is ultimately held liable for any damages resulting from its activities relating to TDG, for which insurance is not available, or increased costs or obligations are imposed on Keyera as a result of new regulations, Keyera's business, operations and financial performance could be adversely affected.

Keyera regularly assesses the risks associated with the transportation of dangerous goods and has established a transportation of dangerous goods/logistics committee which provides a level of oversight. Keyera employs a number of risk mitigation measures; however there is no guarantee that these mitigation measures will be effective.

Acquisition and Integration Risk

Keyera has previously expanded its business through acquisitions and may seek to further expand its business through acquisitions. Keyera intends to consider and evaluate opportunities for acquisitions but there can be no assurances that an attractive acquisition candidate will be available in the future or Keyera will have the ability to acquire such acquisition candidate on economically acceptable terms. Acquisitions may require significant capital, which would preclude Keyera from using those funds for other purposes, and the negotiations of an acquisition and post-closing integration of new business operations could disrupt Keyera's business by diverting management's attention from day-to-day operations. Any

potential impairment of tangible assets, goodwill and other intangible assets related to any such acquisition would reduce Keyera's overall earnings, which could negatively affect Keyera's capitalization and results of operations.

Employees and Contractors

A skilled workforce is important to the ongoing success of Keyera. If Keyera is unable to attract and retain skilled employees and contractors in variable employment markets, Keyera's business and operations could be adversely affected. Further, the cost of retaining employees and hiring contractors in some locations can place inflationary pressure on Keyera's costs.

Given the demand for many of these skilled individuals, Keyera devotes a significant amount of resources and planning to the recruitment, retention, and training of its employees and contractors to secure the required level of staffing and skills necessary to support its businesses and projects. As a result, Keyera maintains a relatively good relationship with its employees and tries to cultivate a work environment in which employees have internal growth opportunities. To date, Keyera has generally been successful in achieving a voluntary turn-over rate below industry averages. Keyera also tries to cultivate good relationships with dependable contractors in order to try to benefit from reliability and continuity of service. Nevertheless, if Keyera is not able to attract skilled employees and contractors, its ability to execute its business plans may be impaired.

Dependence on Key Personnel

The success of Keyera has been largely dependent on the skills and expertise of its key personnel to manage the overall business and achieve positive margins. The continued success of Keyera will be dependent on its ability to retain such personnel. Costs associated with retaining key personnel could adversely affect Keyera's business operations and financial results.

Labour Relations

Keyera has unions at three of its gas plants. Unionized labour disruptions could restrict the ability of the gas plants to process natural gas and therefore affect Keyera's financial results. (See "Other Information About Keyera - Employees and Labour Relations"). The collective agreements for employees at the Strachan gas plant and the Rimbey gas plant expire on December 31, 2023. The collective agreement for employees at the Minnehik Buck Lake gas plant expires on April 30, 2023. Overall, Keyera maintains a relatively good relationship with its unions and unionized employees and to date has never experienced a strike or work stoppage at its unionized plants.

Civil Unrest or Activism

Civil unrest or activism may have significant effects on general economic conditions and may cause fluctuations in consumer confidence and spending and market liquidity, each of which could adversely affect Keyera's business. Increased environmental activism against oil and gas construction projects, including but not limited to pipelines, and operations could potentially result in reduced demand for Keyera's services, increased legislation or denial or delay of permits and right-of-ways, any of which could adversely affect Keyera's business, operations or financial results.

Political Uncertainty

Recent political and social events and decisions made in Canada, the U.S. and elsewhere, including steps taken by the current U.S. federal government as it relates to trade partnerships and tax rates and changes to federal, provincial or municipal governments in Canada, have, and can continue to create future uncertainty on global financial and economic markets. This uncertainty may impact the energy industry in Canada and may have an adverse affect on Keyera's business and financial results.

Reputational Risk

Keyera believes its reputation as a reliable and responsible energy infrastructure services provider with a track record of creating shareholder value, is one of its most valuable assets. Maintaining a positive reputation in the eyes of its customers, regulators, communities and the general public is an important aspect of the implementation of Keyera's business strategy. Keyera's reputation may be adversely impacted by the actions and activities it undertakes, as well as the activities of its employees. In addition, Keyera's reputation could be affected by the actions and activities of other companies operating in the energy industry and by general public perceptions of the energy industry, over which Keyera has no control. For example, negative publicity related to pipeline incidents, unpopular expansion plans or new projects, transportation of hydrocarbons by rail, as well as opposition from organizations opposed to oil and gas, oil sands or pipeline development, all have the potential to affect the perception of Keyera by its stakeholders. The increasing debate and focus on climate change has contributed to increasing negative public sentiment toward the hydrocarbon-based energy sector and higher levels of scrutiny with respect to emissions and overall environmental performance. If Keyera's reputation is diminished, it could result in: loss of customers; revenue loss; delays in obtaining regulatory approvals with respect to growth projects, increased operating, capital, financing or regulatory costs; lower shareholder confidence; or loss of public support for Keyera's business and operations. (See "Health, Safety and Environment – Environmental Programs" and "Regulatory Framework - Greenhouse Gas and Emissions Regulation").

Expansion of Operations

Keyera's operations and expertise are currently focused primarily on oil and gas infrastructure activities. Over the last several years Keyera has expanded its operations in many ways: (a) acquired non-material interests in certain reserves to facilitate the purchase of certain facilities, (b) partnered with Enbridge in the Norlite pipeline, (c) partnered with Kinder Morgan in the Base Line Terminal, (d) acquired a 50% interest in the South Grand Rapids Pipeline; (e) expanded its service offerings with respect to the handling and transportation of dilbit, synbit and solvent; (f) constructed the Keylink NGL gathering pipeline system to serve Keyera and third party gas plants; (g) partnered with SemCAMS to construct KAPS, an NGL and condensate gathering system; and (h) US based assets including the acquisition of the Oklahoma Liquids Terminal and construction of the Wildhorse Terminal.

In the future it is possible that Keyera could engage in activities other than its current core business areas. Expansion of Keyera's business into new areas may present new risks or significantly increase the exposure to one or more of the existing risks, any of which may adversely affect Keyera's future operational and financial conditions.

Financial Risks

Market Risk and Marketing Activities

Keyera enters into contracts to purchase and sell natural gas, NGLs, crude oil and iso-octane. Most of these contracts are priced at floating market prices. These activities expose Keyera to market risks resulting from movements in commodity prices between the time volumes are purchased and the time they are sold, from fluctuations in the margins between purchase prices and sales prices, balancing product purchases and sales contracts, and, in some cases, may also expose Keyera to currency exchange risk. (See "Risk Factors - Financial Risks –Currency Risk").

(a) Product Price - The prices of the products that are marketed by Keyera are subject to fluctuations resulting from seasonal demand changes, transportation constraints, changes in crude oil, natural gas, NGL and iso-octane markets, changes to basis differentials and other factors. Further, Keyera normally has a long position in most of the NGL products that it markets, and may store NGLs in order to meet seasonal demand and take advantage of seasonal pricing differentials, resulting in inventory price risk. Iso-octane margins are driven by the price of butane (the primary feedstock) and RBOB, as well as the iso-octane premiums above RBOB. Because liquids blending margins are earned by capturing spreads between different product qualities, Keyera's liquids

blending business is subject to volatility in price differentials between the various product streams. These exposures could result in variability in the operating income generated by the marketing business segment and Keyera's distributable cash flow.

(b) Volume - Keyera purchases from producers and other customers a substantial volume of NGLs for resale to third parties, including other marketers and end-users. In many circumstances, particularly in the Marketing business, purchase and sale contracts are not perfectly matched as they are entered into at different times, locations and values. A producer or supplier could fail to deliver contracted volumes or could deliver in excess of contracted volumes, or a purchaser could purchase less than contracted volumes. Any of these actions could cause Keyera's purchases and sales to be unbalanced. While Keyera attempts to balance its purchases and sales, if its purchases and sales are unbalanced, Keyera will face increased exposure to commodity price risks and could have increased volatility in its operating income and distributable cash flow.

To some extent, Keyera can mitigate certain elements of risk exposure through the integration of its marketing business with its facilities businesses (which is a fee-for-service business). In spite of this integration, Keyera remains exposed to market, commodity price, and exchange rate risk. Keyera manages this commodity risk in a number of ways, including the use of financial and physical contracts and by offsetting some physical and financial contracts in terms of volumes, timing of performance and delivery obligations. Keyera's risk management strategy utilizes the following hedging strategies:

(a) Butane and Condensate - Because butane and condensate prices are often based on the price of crude oil, crude oil financial contracts are common hedging strategies that Keyera uses for these products. This hedging strategy is subject to basis risk between crude oil and the condensate or butane being hedged and therefore cannot be expected to perfectly offset future butane and condensate price movements.

(b) Propane – For several years, Keyera has used propane physical and financial contracts to hedge its propane inventory. Although propane contracts are expected to eliminate commodity basis risk, they may be exposed to geographic basis risk (depending on the contract terms), plus the ability to enter into propane contracts may not be as liquid as other financial contracts, such as crude oil.

(c) Iso-octane – Keyera's hedging objective for iso-octane is to secure attractive margins and 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 motor gasoline or RBOB. RBOB is the highest volume refined product sold in the U.S. It also has the most liquid forward financial contracts. Accordingly, Keyera expects to continue to utilize WTI and RBOB financial contracts to hedge a portion of its iso-octane sales.

As the NGL and iso-octane markets evolve during the year, Keyera monitors and adjusts its hedging strategy to protect the value of its inventory and the future operating margins. There is no guarantee that hedging and other efforts to manage the marketing and inventory risks will generate profits or mitigate all the market and inventory risk associated with these activities. While hedging and other efforts to manage market and inventory risk are intended to mitigate Keyera's risk exposure, because of the inherent nature and risk of such transactions, those activities can result in losses. If Keyera hedges its commodity price exposure, it may forego the benefits that may otherwise be experienced if commodity prices were to increase and it is subject to credit risks associated with the counterparties with whom it contracts. (See "Risk Factors – Financial Risks – Credit Risk"). For additional information on Keyera's hedging strategies, refer to the Management Discussion and Analysis accompanying the 2019 Annual Audited Financial Statements which is available on SEDAR at www.sedar.com.

Operating, Capital and General and Administrative Costs

Operating and capital costs associated with Keyera's facilities represent significant components of the cost of providing services. These costs may vary considerably from current and forecast values and

rates. In general, as facilities age, costs associated with operating and maintaining such facilities may increase over time. In addition, fluctuations in the prices of electricity and fuel can cause significant fluctuations in operating costs.

General and administrative costs may vary considerably from current and forecast values as a result of fluctuations in employment markets and the demand for trades which affect compensation that must be paid to attract and retain employees and contractors. As well, the cost of Keyera's long term incentive plan ("LTIP") can vary considerably due to the fact that the value of the payments required to satisfy the grants are dependent on two main factors: i) market price of the Common Shares, and ii) the number of Common shares awarded for corporate performance based on a multiplier linked to Keyera's average annual pre-tax distributable cash flow per share over a three year performance period and Keyera's total shareholder return relative to its peers.

Maintenance capital requirements and maintenance expenses may vary from year to year depending on such factors as the scheduling of maintenance turnarounds, operating conditions and gas composition. The costs of Keyera's inspection, monitoring and maintenance programs have been expensed in the period they are incurred. Maintenance turnarounds, and repairs or replacements, including catalysts at AEF, with enduring value are capitalized rather than expensed in accordance with Keyera's capitalization policies and applicable accounting standards.

Working capital requirements are strongly influenced by the volume of NGLs, iso-octane and oil held in storage and related commodity prices. In addition to the working capital required for inventory, Keyera requires working capital to finance its other business activities, including its risk management program. Growth capital expenditures vary depending upon available opportunities and financing.

Financial results may be adversely affected if significant increases in operating, capital or general and administrative costs are incurred and not recovered. Although operating costs are often recovered through the tariffs charged on processing and transportation, some processing arrangements do not permit the flow-through of operating costs. Even at facilities where flow-through arrangements are in place, to the extent the costs charged to producers escalate, they may seek lower cost alternatives or shut-in production of their natural gas.

With ongoing maintenance consistent with historical levels, it is anticipated that Keyera's assets can continue to operate safely for decades to come. Keyera prepares annual budgets for each facility in which it has an interest and budgets for each capital project proposed or undertaken. Keyera relies on knowledgeable, competent staff to establish realistic cost projections for budgeting purposes and to operate facilities in an efficient manner. Keyera also monitors input costs such as the prices of electricity and fuel, and may use physical and financial contracts to manage these costs as and when considered appropriate by its risk management committee. While these activities may help to mitigate Keyera's risk exposure, they do not remove the risks associated with unanticipated increases or fluctuations in such costs and can result in losses. If Keyera uses physical and financial contracts to hedge its input costs, it may forego the benefits that may otherwise be experienced if input costs were to decrease and it is subject to credit risks associated with the counterparties with whom it contracts. (See "Risk Factors – Financial Risks – Credit Risk").

Adequacy of Insurance

Keyera currently maintains customary insurance of the types and amounts consistent with prudent industry practice which includes: (i) property and business interruption insurance; and (ii) comprehensive general liability insurance providing coverage for actions by third parties (including sudden and accidental pollution coverage which specifically insures against certain claims for damage from leaks or spills). Also, Keyera usually purchases customary coverage to cover potential losses during the construction of new infrastructure. In addition, Keyera maintains director and officer liability coverage consistent with industry practice. There can be no assurance that such insurance coverage will be available in the future on commercially reasonable terms or at commercially reasonable rates. The insurance coverage obtained with respect to Keyera's business and facilities will be subject to limits and exclusions or limitations on coverage that are considered to be reasonable, given the cost of procuring insurance and current operating

conditions. There can be no assurance that the insurance proceeds received by Keyera in respect of a claim will be sufficient in any particular situation to satisfy the indebtedness of Keyera or fully protect against catastrophic events or prolonged shutdowns. Losses beyond the scope of Keyera's insurance coverage could have a material adverse effect on its business, operations and financial performance. In addition, Keyera may suffer losses for which it has no coverage; such losses could also have a material adverse effect on Keyera's financial results.

With the growth in Keyera's operating activities in the U.S., Keyera has expanded its insurance coverage to include coverages for its U.S. operations. Because of the litigation environment in the U.S., the potential for higher damages awards and Keyera's assets in the U.S., premiums for this coverage are notably higher than coverage for Canadian operations and there is no guarantee that the coverages Keyera has obtained will be sufficient to satisfy any claims that may be brought as a result of these operations.

Keyera does not insure against soil and groundwater contamination, except for contamination resulting from catastrophic failures. In certain areas in which Keyera has operations, it carries limited or no coverage for terrorism and for injury to workers.

Decommissioning, Abandonment and Reclamation Costs

Keyera is 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 costs of which may be substantial. (See "Health, Safety and Environment – Keyera's Environmental Programs). It is not possible to predict these costs with certainty since they are a function of regulatory requirements at the time of decommissioning, abandonment and reclamation and the actual costs may exceed current estimates which are the basis of the asset retirement obligation shown in Keyera's financial statements. A detailed discussion of the assumptions and basis for calculating the fair value of the asset retirement obligations are included in the 2019 Management Discussion and Analysis accompanying Keyera's 2019 Annual Audited Financial Statements which is available on SEDAR at www.sedar.com.

Keyera may, in the future, determine it is prudent or may be required by applicable laws or regulations to establish and fund one or more decommissioning, abandonment and reclamation reserve funds to provide for payment of future decommissioning, abandonment and reclamation costs. The creation and maintenance of these reserves could decrease cash flow available to pay dividends to Shareholders and to service debt obligations in the future. Further, even if such reserve funds were established, they may not be sufficient to satisfy the future decommissioning, abandonment and reclamation costs and Keyera will be responsible for the payment of the balance of such costs.

Environmental Compliance and Remediation Costs

Keyera allocates funding for its environmental programs each year. However, there is the risk that unforeseen matters may arise requiring Keyera to set aside additional funds. Compliance obligations under applicable environmental laws can result in significant costs associated with installing and maintaining pollution controls, fines and penalties resulting from any failure to comply, and potential limitations on operations. Remediation obligations can also result in significant costs associated with the investigation and remediation of contaminated properties. Compliance with environmental legislation and incident response can require significant expenditures. Activities that do not meet regulatory standards or that breach such legislation may result in the imposition of fines, penalties and suspension of operations. It is also possible that increasingly strict environmental and safety requirements could be implemented, which could result in substantial increases in the cost of compliance, including increased capital expenditures and operating expenses. There is also the risk of civil liability for environmental matters.

Keyera also undertakes remediation projects that are identified through its liability management system as part of its ongoing efforts to manage its environmental risk. However, it is not possible for Keyera to estimate the amount and timing of all future expenditures related to environmental matters due to various factors, including: (i) uncertainties in estimating pollution control and clean-up costs, including at sites where only preliminary site investigation or agreements have been completed; (ii) the potential discovery of new

sites or additional information at existing sites; (iii) the uncertainty in quantifying liability under environmental laws that impose joint and several liability on all potentially responsible parties; (iv) the evolving nature of environmental laws and regulations, including the interpretation and enforcement thereof; and (v) the potential for litigation on existing or discontinued assets. Based on current operations and practices, the cost of complying with environmental regulations and Keyera's exposure to civil liability for environmental matters have not had and are not expected to have a material adverse effect on its financial results; however, no assurance can be given that such costs will not materially adversely affect financial results in the future. (See "Health, Safety and Environment – Environmental Programs" and "Regulatory Framework - Greenhouse Gas and Emissions Regulation").

Debt Matters

Keyera relies on debt financing for some of its business activities, including capital and operating expenditures. The credit facilities and long term senior unsecured notes have defined terms and there are no assurances that Keyera will be able to refinance any or all of the borrowings at their maturity. In addition, there are no assurances that Keyera will be able to comply at all times with the covenants applicable under its current borrowings; nor are there assurances that Keyera will be able to secure new financing that may be necessary to finance its operations and capital growth program. Any failure of Keyera to secure refinancing, to obtain new financing or to comply with applicable covenants under its borrowings could have a material adverse effect on Keyera's financial results, including its ability to maintain dividends to Shareholders. Further, any inability of Keyera to obtain new financing may limit its ability to support future growth. (See "Capital Structure of Keyera ").

Borrowings or additional borrowings made by or on behalf of Keyera will affect the leverage of the business. Interest and principal payments on such borrowings will take precedence over cash dividends to Shareholders and may increase the level of financial risk in the operations of Keyera. Keyera's short-term and long term debt prohibit the payment of dividends at any time at which a default or event of default would exist under such debt, or if a default or event of default would exist as a result of paying a dividend.

If Keyera is unable to refinance debt obligations at the time of maturity or is unable to refinance on equally favourable terms, the level of cash dividends to Shareholders may be affected. The revolving credit facilities are currently scheduled to mature in 2024, the long term senior unsecured notes mature on various dates between 2020 and 2029, the 2018 Medium Term Notes mature on June 21, 2028 and the 2019 Subordinated Hybrid Notes are redeemable on June 13, 2029 and mature on June 13, 2079. ("See "Capital Structure of Keyera").

Keyera believes that the existing credit facilities will be sufficient for its immediate requirements and has no reason to believe that it will not be able to renew its existing credit facilities or refinance its long term debt (which includes hybrid notes, public senior debt and private notes) on commercially reasonable terms. However industry and global market conditions means Keyera, along with other oil and gas companies, may have restricted access to capital and increased borrowing costs. Keyera's ability to raise debt is dependent upon, among other factors, the overall state of the capital markets, the quality of Keyera's public credit ratings and investor appetite for investments in the energy industry and Keyera's securities in particular. The ability to make scheduled payments on or to refinance debt obligations depends on the financial condition and operating performance of Keyera, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond its control. As a result, Keyera may be unable to maintain a level of cash flow from operations sufficient to permit it to pay the principal, premium, if any, and interest on its indebtedness. These conditions could have an adverse effect on the industry in which Keyera operates and its business, including future operating and financial results. There can be no assurance that Keyera's cash flow will be adequate for future financial obligations or that additional funds will be able to be obtained.

Credit Ratings

Keyera has been assigned issuer ratings by DBRS Limited and S&P Global that are investment grade. The issuer ratings are based on an assessment by each of DBRS Limited and S&P Global of

Keyera's financial strength, as well as a number of factors not entirely within Keyera's control, including conditions affecting the industry in which Keyera operates generally and the wider state of the economy. Any rating may be revised or withdrawn entirely by a rating agency in the future if in its judgement circumstances so warrant. As a result, there is a risk that Keyera's issuer ratings could be withdrawn or downgraded below investment grade in the future. In such an event, Keyera's ability to access capital, its cost of borrowing, its financing strategy and its ability to enter into normal course derivative, hedging or other credit-based transactions (including the associated costs of such transactions) may be adversely affected.

In June 2018 Keyera received a "BBB" rating from DBRS with a "stable" trend and a "BBB" rating from S&P on its 2018 Medium Term Notes. However, Keyera's ratings on its 2018 Medium Term Notes are subject to withdrawal or downgrade. Such a downgrading or withdrawal could trigger a "Rating Event" (as defined in the Note Indenture) and/or may adversely affect the cost of future medium term notes or other debt or the market price for its Common Shares or other securities. In June 2019, Keyera received a "BB (high)" rating from DBRS with a "stable" trend and a "BB+" rating from S&P on its 2019 Subordinated Hybrid Notes. However, Keyera's ratings on its 2019 Subordinated Hybrid Notes are subject to withdrawal or downgrade. Such a downgrading or withdrawal may adversely affect the cost of future subordinated hybrid notes or other debt or the price for its Common Shares or other securities. Further, if Keyera were to seek a rating for any securities in the future, there is no guarantee that such securities would receive the same or similar ratings as Keyera's issuer or existing securities ratings. (See "Capital Structure of Keyera - Credit Rating").

Credit Risk

Keyera takes on credit risk with respect to its fee-for-service business, the purchase and sale of commodities in its marketing business, hedging of commodity price changes, as well as other financial contracts into which it enters. In particular, Keyera is exposed to credit-related losses in the event that counterparties to contracts become insolvent, are subject to creditor protection laws (i.e. *Companies' Creditor Arrangement Act*), or otherwise fail to fulfill their present or future financial obligations to Keyera. The majority of Keyera's accounts receivable are due from entities in the oil and gas business and are subject to normal industry credit risks. Concentration of credit risk is mitigated to some degree by having a broad base of domestic and international customers. With respect to counterparties for financial instruments used for economic hedging purposes, Keyera attempts to limit its credit risk by dealing with recognized futures exchanges, or investment grade financial institutions, or by adherence to credit policies that significantly reduce overall counterparty credit risk. Management believes these measures reduce Keyera's overall credit risk; however, there can be no assurance that these processes will protect against all losses from non-performance.

The credit worthiness assessment of a counterparty considers the available qualitative and quantitative information about the counterparty including the financial status and external credit ratings. Depending on the outcome of each assessment, Keyera, in accordance with its credit policy, may: (i) set and adjust limits on exposure to its counterparties, (ii) request collateral/security (i.e. letters of credit, guarantees or other credit enhancements), where appropriate; (iii) require customers to prepay for products or services; and (iv) use contractual arrangements that permit the netting of exposures associated with a single counterparty as well as other remedies. In Keyera's facilities business, the standard operating, transportation and processing agreements provide for an operator's lien on customer products transported or processed through Keyera's facilities. While these liens provide a degree of risk mitigation protection, there are legal risks associated with the enforcement of such liens. While Keyera takes active steps to monitor and manage its credit risk, it is possible that credit exposure to counterparties (or any one of them), may result in Keyera suffering losses, in which case its operations and financial results may be adversely affected.

Interest Rates

Keyera takes on interest rate risk in association with its debt financing. Amounts paid in respect of interest on debt reduce cash flow available for dividends to Shareholders. Interest rates are influenced by

Canadian and global economic conditions beyond Keyera's control. Floating rate debt obligations expose Keyera to changes in interest payments, which could have an adverse effect on Keyera's financial results, as variations in interest rates could result in changes in the amount required to service debt. As part of its efforts to mitigate the risk exposure associated with interest rate fluctuations, Keyera: (i) generally funds long term assets with long term, fixed-rate debt or equity, (ii) limits floating-rate debt exposure, which is historically comprised of drawdowns under the Credit Facility, (iii) ladders the maturity dates of its long term unsecured notes to manage re-financing risks; and (iv) uses derivative instruments, including forward currency contracts and cross currency swaps, to hedge against the effect of future exchange rate movements. There is no guarantee these mitigation measures will be effective.

Currency Risk

Currency risk arises on financial instruments that are denominated in a foreign currency. Keyera's functional currency is the Canadian dollar. Operating margins in the Gathering and Processing and Liquids Infrastructure segments are generally not subject to foreign currency risk, as all sales and virtually all purchases are denominated in Canadian dollars. However, Keyera may be exposed to foreign currency fluctuations with respect to capital projects in these segments, as some equipment and services may be sourced or priced in U.S. dollars.

Keyera's foreign currency risk largely arises from the Marketing segment where a significant portion of sales and purchases are denominated in or based on U.S. dollars. Currency risk is actively managed by using forward currency contracts and cross currency swaps. Keyera has adopted a risk management policy in relation to its marketing activities, including the exposure to foreign exchange risk associated with these activities.

Keyera is also exposed to foreign currency risk related to its U.S. dollar denominated long term debt. To manage this currency exposure, Keyera entered into cross currency swap contracts relating to principal and future interest payments for substantially all of the U.S. dollar denominated debt. These cross currency swap contracts are discussed further in the Liquidity and Capital Resources section of the 2019 Annual Management Discussion and Analysis available on SEDAR at www.sedar.com. Management monitors the exposure to foreign currency risk and regularly reviews its risk management strategies and all outstanding positions. Even though Keyera has taken these steps, fluctuations in foreign exchange may still have an adverse effect on its financial results.

Market Price

The market price of the Common Shares may fluctuate due to a variety of factors relating to Keyera's business, including announcements of new developments, fluctuations in Keyera's operating results, sales or issuance of equity securities in the marketplace, failure to meet analysts' expectations, general market conditions, and investors' confidence in the WCSB, the energy industry generally or the worldwide economy. There can be no assurance that the market price of the Common Shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to Keyera's performance. For these reasons, investors should not rely on past trends in the price of Common Shares to predict the future price of Common Shares or Keyera's financial results.

Ability to Divest Certain Assets

As part of its asset optimization program, Keyera may desire to divest assets to optimize its operations and financial performance. Keyera may not, however, be able to sell assets or, if Keyera is able to sell assets, to raise optimal amounts of capital from such asset sales. Additionally, the timing to close asset sales could be significantly different than Keyera's expected timeline.

Cash Dividends Are Not Guaranteed

Dividends are not guaranteed and will fluctuate with the performance of the Partnership and other subsidiaries of Keyera Corp. The Board of Directors has the discretion to determine the amount of dividends to be declared and paid to Shareholders each month. In determining the level of dividends, the Board of Directors will take into consideration numerous factors including current and expected future levels of earnings, operating cash flow, income taxes, maintenance capital, growth capital expenditures, debt repayments, working capital requirements, current and potential future environmental liabilities, the impact of interest rates and/or foreign exchange rates; crude oil, natural gas, NGL and iso-octane prices, and other factors. Keyera's short and long term borrowings prohibit Keyera from paying dividends at any time at which a default or event of default would exist under such debt, or if a default or event of default would exist as a result of paying the dividend. (See "Risk Factors – Financial Risks – Debt Matters").

If external sources of capital, including borrowings and the issuance of additional Common Shares or Preferred Shares, become limited or unavailable on commercially reasonable terms, Keyera's ability to sustain its dividends and make the necessary capital investments to maintain or expand its business may be impaired. The extent to which Keyera is required to use cash flow to finance capital expenditures or acquisitions may reduce the cash flow available to declare and pay dividends to Shareholders. Dividends may be increased, reduced or suspended or eliminated entirely depending on Keyera's operations and the performance of its assets and businesses.

Sales of Additional Common Shares or Preferred Shares

Keyera Corp. may issue additional Common Shares or Preferred Shares in the future. As of December 31, 2019, there are no Preferred Shares issued and outstanding. Such additional Common Shares and Preferred Shares may be issued without the approval of Shareholders. Shareholders do not have pre-emptive rights in connection with such additional issuances of Common Shares or Preferred Shares. It is not possible to predict the size of future issuances of Common Shares, Preferred Shares or the effect, if any, that future issuances of Common Shares or Preferred Shares will have on the market price of the Common Shares or Preferred Shares. Issuances of a substantial number of Common Shares or Preferred Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Common Shares or Preferred Shares. As well, with any additional issuance of Common Shares or Preferred Shares, Shareholders will experience dilution, compared to funding via debt.

Changes in Tax Legislation

Tax laws may be amended (its interpretation may change), retroactively or prospectively, resulting in tax consequences that materially differ from those contemplated by Keyera across the jurisdictions in which Keyera has operations or sales which may create a risk of non-compliance and re-assessment. While Keyera believes that its tax filing positions are appropriate and supportable, it is possible that tax authorities may: (a) amend tax legislation (or its interpretation may change), or (b) successfully challenge Keyera's interpretation of tax legislation which may affect Keyera's estimate of current and future income taxes affecting the financial condition, prospects, and cash flow available to pay dividends to Keyera's Shareholders.

Litigation Risk

Keyera is, in the course of their business, subject to lawsuits and other claims. Defence and settlement costs associated with such lawsuits and claims can be substantial, even with respect to lawsuits and claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have an adverse effect on Keyera's operating results or financial performance.

Dependence on Subsidiaries

Keyera Corp. depends on the operations and assets of its subsidiaries. Keyera's primary Canadian businesses and assets are owned and operated by the Partnership; however, Rimbey LP owns and operates the Rimbey Pipeline and ADT Ltd. owns and operates the Alberta Diluent Terminal. Keyera's U.S. subsidiary, KEI, owns and operates Keyera's facilities located in the U.S. and carries out Keyera's oil, NGL and iso-octane marketing activities in the U.S. The ability of Keyera Corp. to pay dividends to Shareholders and the actual amount of such dividends will be dependent upon, among other things, the financial performance of its subsidiaries.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Keyera is subject to various legal proceedings and regulatory actions arising in the normal course of business. While the final outcome of such legal proceedings and regulatory actions cannot be predicted with certainty and there can be no assurance that such matters will be resolved in Keyera's favour, it is the opinion of Keyera's management that the resolution of such proceedings and regulatory actions will not have a material impact on Keyera's consolidated financial position, results of operations or liquidity. No penalties or sanctions material to Keyera have been imposed by a court or regulatory body, nor has Keyera entered into a settlement agreement in relation to any securities legislation.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, officer or principal shareholder of Keyera Corp., nor any associate or affiliate of any such person, has had any material interest, direct or indirect, in any transaction with Keyera Corp. within the three most recently completed financial years that has materially affected or is reasonably expected to materially affect Keyera Corp.

INTERESTS OF EXPERTS

Deloitte LLP is the external auditor of Keyera Corp. Deloitte LLP has advised they are independent with respect to Keyera Corp. within the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Alberta.

TRANSFER AGENT AND REGISTRAR

Computershare is the transfer agent and registrar for Keyera Corp. Computershare has principal offices in Calgary, Alberta and Toronto, Ontario where transfers of securities may be recorded.

MATERIAL CONTRACTS

The following material contracts have been entered into on behalf of Keyera and are available under the Keyera Corp. profile on SEDAR at www.sedar.com:

Agreement	Amendment	SEDAR Filing Date
Amended and Restated Partnership Agreement dated January 1, 2011		February 17, 2011
	First Amendment dated December 21, 2011	February 16, 2012
	Second Amendment dated December 23, 2011	February 16, 2012
	Third Amendment dated January 2, 2016	February 10, 2016
	Fourth Amendment dated January 2, 2016	February 10, 2016
	Fifth Amendment dated January 1, 2017	February 14, 2017
Shareholder Rights Plan dated March 14, 2017		May 11, 2017
Note Purchase Agreement dated September 4, 2007		February 17, 2011
	First Amending Agreement dated March 31, 2017	November 16, 2017
	Second Amending Agreement dated December 14, 2018	January 31, 2019
Note Purchase Agreement dated September 8, 2010		February 17, 2011
	First Amending Agreement dated March 31, 2017	November 16, 2017
	Second Amending Agreement dated December 14, 2018	January 31, 2019
Note Purchase Agreement dated June 19, 2012		February 14, 2013
	First Amending Agreement dated March 31, 2017	November 16, 2017
Note Purchase Agreement dated November 20, 2013		February 13, 2014
	First Amending Agreement dated March 31, 2017	November 16, 2017
Note Purchase Agreement dated October 13, 2016		February 14, 2017
	First Amending Agreement dated March 31, 2017	November 16, 2017
Note Purchase Agreement dated September 20, 2017		February 15, 2018
Uncommitted Private Shelf Facility dated November 5, 2010		February 17, 2011
	First Amendment dated January 4, 2011	February 15, 2018
	Second Amendment dated June 8, 2011	February 16, 2012
	Third Amendment dated October 10, 2013	February 13, 2014
	Fourth Amendment dated December 15, 2016	February 14, 2017
	Fifth Amending Agreement dated March 31, 2017	November 16, 2017
Assumption Agreement dated January 1, 2011*		February 17, 2011
Amended and Restated Credit Agreement dated January 1, 2011		February 8, 2011
	First Amending Agreement dated November 2, 2011	November 28, 2011
	Second Amending Agreement dated December 14, 2012	February 14, 2013
	Third Amending Agreement dated December 6, 2013	February 13, 2014
	Fourth Amending Agreement dated December 9, 2014	February 11, 2015
	Fifth Amending Agreement dated December 9, 2015	February 10, 2016
	Sixth Amending Agreement dated December 6, 2016	February 14, 2017
	Seventh Amending Agreement dated March 31, 2017	August 29, 2017
	Eighth Amending Agreement dated December 8, 2017	February 15, 2018
	Ninth Amending Agreement dated December 13, 2018	January 31, 2019
	Tenth Amending Agreement dated June 12, 2019	January 17, 2020

	Eleventh Amending Agreement dated December 11, 2019	January 28, 2020
Note Indenture		June 28, 2018
First Supplemental Note Indenture		June 13, 2019

* The Assumption Agreement dated January 1, 2011, between the Partnership, Keyera Corp. and the relevant noteholders relates to the September 4, 2007 Note Purchase Agreement, September 8, 2010 Note Purchase Agreement, and November 5, 2010 Uncommitted Private Shelf Facility.

ADDITIONAL INFORMATION

1. Additional information in relation to Keyera may be found on SEDAR at www.sedar.com.

2. Additional information including directors' and officers' remuneration and indebtedness, principal holders of securities and securities authorized for issuance under equity compensation plans (all where applicable) is contained in the Keyera Corp. information circular dated March 27, 2019 filed on SEDAR at www.sedar.com. Information for 2019 will be included in Keyera Corp.'s information circular to be mailed to Shareholders (and filed on SEDAR) in connection with the annual meeting of Shareholders to be held on May 12, 2020.

3. Additional financial information is provided in Keyera's 2019 Audited Annual Consolidated Financial Statements and accompanying Management Discussion and Analysis filed on SEDAR at www.sedar.com.

SCHEDULE A
AUDIT COMMITTEE TERMS OF REFERENCE

Purpose

The purpose of the Audit Committee of the Board of Directors (the "**Committee**") is to assist the Board of Directors (the "Board") of Keyera Corp. in fulfilling its responsibilities in relation to financial matters. The Committee's role includes monitoring and overseeing the quality of the financial reporting and systems of internal control and the financial risk management of Keyera Corp. and its subsidiaries, including Keyera Partnership (collectively Keyera Corp. and its subsidiaries being referred to as "**Keyera**"). The Committee shall serve as the ultimate authority to which Keyera Corp.'s internal and external auditors are accountable.

Mandate

Management is responsible for preparing the interim and annual financial statements of Keyera and for maintaining systems of risk assessment, risk management and internal controls to provide reasonable assurance that assets are protected and that transactions are authorized, recorded, and reported properly. The Committee is responsible for reviewing and monitoring management's actions and for overseeing the work of the external auditor.

1. <u>Financial Performance and Reporting</u>. The Committee has responsibility for monitoring and reviewing financial performance and reporting by Keyera. The Committee shall:

   (a) receive quarterly reports from management with respect to the financial performance of Keyera;

   (b) review with management and the external auditors the financial reporting of Keyera in connection with the annual audit and the preparation of financial statements, including, without limitation, the judgment of the external auditors as to the quality and appropriateness of the accounting principles as applied in that financial reporting;

   (c) receive the report of the external auditors on the annual financial statements of Keyera;

   (d) review with the external auditors, (i) the annual financial statements of Keyera; (ii) the audit of those financial statements; and (iii) the report of the external auditors thereon; in order to confirm that the external auditors are satisfied with the disclosure to them of appropriate information and the content of the financial statements;

   (e) review with management and make recommendations to the Board of Directors relating to (i) the audited annual financial statements of Keyera, and (ii) Management's Discussion and Analysis ("MD&A") in respect of Keyera's annual financial statements, and (iii) the accompanying report of the Chief Executive Officer and press release;

   (f) receive the report of the external auditors on Keyera's interim financial statements;

   (g) review with management and the external auditors (i) Keyera's interim financial statements, (ii) the review of those financial statements, and (iii) the auditor's report on their review and review with management the MD&A in relation thereto (along with the

accompanying report of the Chief Executive Officer and press release) and make recommendations to the Board relating to the interim financial statements, MD&A and related documents;

(h) review and make recommendations to the Board with respect to Keyera's Annual Information Form and those aspects of Information Circular related to the Committee (including with respect to the appointment of auditors);

(i) review and make recommendations to the Board of Directors relating to any prospectus required to be filed in connection with an offering of securities by Keyera;

(j) receive a report from the general counsel each quarter and review with management, and, if necessary, the external auditors and legal counsel, any litigation, claim or contingency, including tax assessments (collectively "Claims"), that could have a material effect upon the financial position of Keyera and the manner in which such Claims may be, or have been, disclosed in the financial statements;

(k) review with management accounting practices, policies, significant estimates and instances of management override of controls and the financial impact thereof; and

(l) review accounting, tax and financial aspects of the operations of Keyera as the Committee considers appropriate.

2. Financing Strategy and Oversight. The Committee has responsibility for overseeing Keyera's financing strategy. The Committee shall:

(a) review with management Keyera's dividend policy, dividend recommendations, financial structure, proposed financings and overall financing strategy.

3. Relationship with the External Auditors. The Committee has responsibility for the relationship with the external auditors relating to audit, review and attest services. The Committee shall:

(a) subject to applicable law and the rights of shareholders and the Board, be directly responsible, for the appointment, compensation, and retention of the external auditors and oversight of their work relating to their audit (including resolution of disagreements between management and the external auditors regarding financial reporting), their preparation or issuance of an audit report, or their performance of other audit, review or attest services for Keyera;

(b) be responsible for requiring the external auditors to report directly to the Committee;

(c) review and approve the audit plans of the external auditors of Keyera;

(d) meet separately with the external auditors to discuss matters of mutual interest, and to consider any matter that the external auditors recommend that the Committee bring to the attention of the full Board;

(e) pre-approve significant non-audit engagements, including audit-related activities and other services, of the external auditors and review the fees paid and other terms for these engagements;

(f) review and discuss with the external auditors all significant relationships that the external auditors and their affiliates have with Keyera in order to determine the external auditors' independence, including, without limitation, (A) requesting, receiving and reviewing, on a periodic basis, a statement from the external auditors delineating all relationships that may reasonably be thought to bear on the independence of the external auditors with respect to Keyera, (B) discussing with the external auditors any disclosed relationships or services that the external auditors believe may affect the objectivity and independence of the external auditors, and (C) recommending that the Board take appropriate action in response to the external auditors' report to satisfy itself of the external auditors' independence;

(g) periodically consider whether external auditors should be precluded from providing non-audit services to Keyera;

(h) assess the effectiveness and performance of the external auditors; and

(i) determine whether restrictions should be placed on the recruitment by Keyera of employees and management from the external auditors.

4. Internal Audit and Controls. The Committee has an oversight responsibility for the design, maintenance and assessment of internal controls and the internal audit function by Keyera's management. The Committee shall:

(a) oversee the internal audit function;

(b) review and consider, as appropriate, any significant reports and recommendations issued by Keyera or any external party relating to internal audit issues, together with management's response thereto;

(c) receive a report each quarter on management overrides of internal controls and review with management and the external auditors any issues arising from overrides;

(d) review with management, and the external auditors, the effectiveness of the disclosure controls and internal controls of Keyera, and review whether those controls are in compliance with legal and regulatory requirements and with the policies of Keyera;

(e) establish procedures for the receipt, retention and treatment of complaints received by Keyera regarding accounting, internal controls or auditing matters, including the confidential, anonymous submission by employees of Keyera of concerns regarding illegal activity or questionable accounting or auditing matters;

(f) review with management, prior to consideration by the Board, the proposed appointment, re-assignment or removal of the Chief Financial Officer of Keyera Corp.;

(g) review the adequacy of internal controls and procedures related to the expense accounts of officers of Keyera at the level of Vice-President and above, including officers' use of corporate assets, and consider the results of any reviews by the external auditors; and

(h) review the financial aspects of any transactions of Keyera that involve related parties (other than wholly-owned subsidiaries).

5. Risk Management. The Committee has a responsibility for monitoring and reviewing financial risk assessment and management programs. The Committee shall:

   (a) review with management the identification, assessment and management of significant financial risks and exposures;

   (b) review the processes implemented or proposed by management to identify material financial risks associated with Keyera's businesses, and review management's implementation of appropriate processes and systems to manage and mitigate those risks;

   (c) review the management of risks associated with Keyera's information technology systems, including the effectiveness of Keyera's cyber security practices; and

   (d) review management's program to obtain appropriate insurance to mitigate risks and coverage, deductibles and key issues regarding corporate insurance policies.

Committee and Procedures

1. Composition of Committee.

   The Committee shall consist of not less than three and not more than six Directors, at least one-half of whom are resident Canadians (as defined in the *Business Corporations Act* (Alberta)), all of whom are independent of Keyera within the meaning of applicable laws, rules, policies, guidelines and requirements, as affirmatively determined by the Board. In addition, all members of the Committee shall be financially literate as determined by the Board from time to time. Determinations as to whether a particular Director satisfies the requirements for membership on the Committee shall be made by the full Board.

2. Appointment of Committee Members

   Members of the Committee shall be appointed from time to time and shall hold office at the pleasure of the Board. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board. The Board shall fill any vacancy if the membership of the Committee is less than three Directors.

3. Committee Chair

   The Board shall appoint a Chair for the Committee.

4. Absence of Committee Chair

If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.

5. Secretary of Committee

The Committee shall appoint a Secretary who need not be a Director of Keyera Corp.

6. Meetings

The Committee shall meet at least four times per year and shall meet at such other times during each year as it deems appropriate. In addition, the Chair of the Committee may call a special meeting of the Committee at any time. The Committee shall ensure that it meets the external auditors on a regular basis in the absence of management.

7. Quorum

A majority of the members of the Committee shall constitute a quorum.

8. Notice of Meetings

Notice of the time and place of every meeting shall be given in writing (including by way of written facsimile communication) to each member of the Committee at least 24 hours prior to the time fixed for such meeting, provided however, that a member may in any manner waive a notice of a meeting; and attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

9. Attendance at Meetings

At the invitation of the Chair of the Committee, one or more officers of Keyera may attend any meeting of the Committee. Any independent director may attend any meeting of the Committee.

10. Procedure, Records and Reporting

Subject to any statute or the articles and by-laws of Keyera Corp., the Committee shall fix its own procedures at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next quarterly meeting of the Board). The minutes of its meetings shall be distributed to all directors. All independent Directors shall be provided with access to any materials distributed to members of the Committee.

11. Assessment

The Audit Committee should assess from time to time its own performance, considering responsiveness to the Terms of Reference of the Audit Committee and the effectiveness of relationships and communications with management, the internal auditors, the external auditors and the Board of Directors.

12. Delegation

The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

13. Independent Advisors

The Committee has the authority to retain independent legal, compensation or other advisors to advise the Committee or a member of the Committee independently on any matter. The Committee (subject to the Board's oversight) has the authority to retain and terminate such advisors, including the authority to approve fees and other terms of the retainer.

14. Review of Terms of Reference

The Committee shall review and reassess the adequacy of these Terms of Reference at least annually, and otherwise as it deems appropriate, and recommend changes to the Board.