

Keyera Corp.**Condensed Interim Consolidated Statements of Financial Position**

(Thousands of Canadian dollars)

(Unaudited)

As at	Note	June 30, 2018 \$	December 31, 2017 \$
ASSETS			
Cash		269,923	326,381
Trade and other receivables		488,779	435,620
Derivative financial instruments	12	21,493	11,561
Inventory	4	238,132	147,831
Other assets		22,807	16,604
Total current assets		1,041,134	937,997
Derivative financial instruments	12	108,075	90,109
Property, plant and equipment		5,300,116	4,792,398
Intangible assets	3	94,200	—
Goodwill		53,624	53,624
Deferred tax assets	11	15,358	—
Total assets		6,612,507	5,874,128
LIABILITIES AND EQUITY			
Trade and other payables, and provisions		686,055	526,395
Derivative financial instruments	12	52,129	35,398
Dividends payable		29,029	28,637
Current portion of finance lease liability	6	—	1,474
Current portion of long-term debt		125,943	—
Current portion of decommissioning liability		7,208	9,584
Total current liabilities		900,364	601,488
Derivative financial instruments	12	1,374	220
Long-term debt	7	2,095,481	1,795,530
Decommissioning liability		462,731	456,455
Other long-term liabilities	6	22,448	58,922
Deferred tax liabilities		536,027	482,233
Total liabilities		4,018,425	3,394,848
Equity			
Share capital	8	2,743,994	2,647,836
Accumulated deficit		(149,912)	(168,556)
Total equity		2,594,082	2,479,280
Total liabilities and equity		6,612,507	5,874,128

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

These unaudited condensed interim consolidated financial statements were approved by the board of directors of Keyera Corp. on August 8, 2018.

(Signed) Michael Norris
Director

(Signed) David G. Smith
Director

Keyera Corp.**Condensed Interim Consolidated Statements of Net Earnings and Comprehensive Income**

(Thousands of Canadian dollars)

(Unaudited)

	Note	Three months ended June 30,		Six months ended June 30,	
		2018 \$	2017 \$	2018 \$	2017 \$
Revenues	16	1,077,787	777,923	2,161,798	1,621,543
Expenses	16	(860,292)	(618,127)	(1,721,890)	(1,257,325)
Operating margin		217,495	159,796	439,908	364,218
General and administrative expenses		(18,289)	(16,533)	(37,162)	(33,868)
Finance costs	14	(18,309)	(16,933)	(36,371)	(34,673)
Depreciation, depletion and amortization expenses		(50,848)	(39,986)	(96,991)	(79,566)
Net foreign currency (loss) gain on U.S. debt	13	(272)	8,549	(8,139)	9,028
Long-term incentive plan expense	10	(6,668)	(10,171)	(11,904)	(12,918)
Impairment expense	5	—	(17,890)	—	(17,890)
Gain on disposal of property, plant and equipment	5	—	22,151	—	22,166
Loss on settlement of finance lease	6	(286)	—	(286)	—
Earnings before income tax		122,823	88,983	249,055	216,497
Income tax expense	11	(16,050)	(21,921)	(54,567)	(53,093)
Net earnings		106,773	67,062	194,488	163,404
Other comprehensive income		—	—	—	—
Net earnings and comprehensive income		106,773	67,062	194,488	163,404

Earnings per share

Basic earnings per share	9	0.52	0.36	0.94	0.87
Diluted earnings per share	9	0.52	0.36	0.94	0.87

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

Keyera Corp.

Condensed Interim Consolidated Statements of Cash Flows

(Thousands of Canadian dollars)
(Unaudited)

	Note	Three months ended June 30,		Six months ended June 30,	
		2018 \$	2017 \$	2018 \$	2017 \$
Cash provided by (used in):					
OPERATING ACTIVITIES					
Net earnings:		106,773	67,062	194,488	163,404
Adjustments for items not affecting cash:					
Finance costs	14	3,631	3,583	7,194	7,197
Depreciation, depletion and amortization expenses		50,848	39,986	96,991	79,566
Long-term incentive plan expense	10	6,668	10,171	11,904	12,918
Unrealized loss (gain) on derivative financial instruments	12	7,885	7,870	(10,014)	(23,831)
Unrealized loss (gain) on foreign exchange		3,737	(14,508)	16,706	(18,955)
Deferred income tax expense	11	7,631	19,235	38,436	49,272
Impairment expense	5	—	17,890	—	17,890
Gain on disposal of property, plant and equipment	5	—	(22,151)	—	(22,166)
Loss on settlement of finance lease	6	286	—	286	—
Decommissioning liability expenditures		(1,057)	(521)	(2,876)	(5,964)
Changes in non-cash working capital	15	(85,476)	(126,848)	(63,800)	(38,941)
Net cash provided by operating activities		100,926	1,769	289,315	220,390
INVESTING ACTIVITIES					
Acquisitions		(212,355)	(2,770)	(222,355)	(57,857)
Capital expenditures		(277,377)	(161,627)	(522,182)	(343,074)
Proceeds on disposal of property, plant and equipment	5	—	6,015	4,444	6,015
Changes in non-cash working capital	15	13,399	12,827	74,751	116,097
Net cash used in investing activities		(476,333)	(145,555)	(665,342)	(278,819)
FINANCING ACTIVITIES					
Borrowings under credit facility		—	1,609,000	—	1,874,000
Repayments under credit facility		—	(1,414,000)	—	(1,734,000)
Proceeds from issuance of long-term debt	7	400,000	—	400,000	—
Financing costs related to credit facility/long-term debt		(2,339)	(138)	(2,339)	(1,099)
Issuance costs related to equity offering		(91)	—	(166)	250
Proceeds from issuance of shares related to DRIP	8	46,267	44,929	93,667	90,547
Repayment of finance lease liabilities		(876)	(561)	(1,439)	(1,124)
Dividends paid to shareholders		(86,689)	(75,837)	(172,794)	(149,803)
Net cash provided by financing activities		356,272	163,393	316,929	78,771
Effect of exchange rate fluctuations on foreign cash held		851	(704)	2,640	(953)
Net (decrease) increase in cash		(18,284)	18,903	(56,458)	19,389
Cash at the start of the period		288,207	16,963	326,381	16,477
Cash at the end of the period		269,923	35,866	269,923	35,866
Income taxes paid in cash		—	1,516	346	2,154
Interest paid in cash		29,387	34,019	42,466	42,599

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

Keyera Corp.**Condensed Interim Consolidated Statement of Changes in Equity**

(Thousands of Canadian dollars)

(Unaudited)

	Share Capital \$	Accumulated Deficit \$	Total \$
Balance at December 31, 2016	1,987,341	(145,833)	1,841,508
Common shares issued pursuant to dividend reinvestment plans	90,547	—	90,547
Issuance costs adjustment related to 2016 equity offering	250	—	250
Net earnings and total comprehensive income	—	163,404	163,404
Dividends declared to shareholders	—	(151,525)	(151,525)
Balance at June 30, 2017	2,078,138	(133,954)	1,944,184

	Share Capital \$	Accumulated Deficit \$	Total \$
Balance at December 31, 2017	2,647,836	(168,556)	2,479,280
Common shares issued pursuant to dividend reinvestment plans	93,667	—	93,667
Issuance costs related to 2017 equity offering	(166)	—	(166)
Net earnings and total comprehensive income	—	194,488	194,488
Dividends declared to shareholders	—	(173,187)	(173,187)
Other adjustments	2,657	(2,657)	—
Balance at June 30, 2018	2,743,994	(149,912)	2,594,082

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

Keyera Corp.

Notes to the Condensed Interim Consolidated Financial Statements As at and for the three and six months ended June 30, 2018 and 2017

(All amounts expressed in thousands of Canadian dollars, except as otherwise noted)

(Unaudited)

1. GENERAL BUSINESS DESCRIPTION

The operating subsidiaries of Keyera Corp. include Keyera Partnership (the “Partnership”), Keyera Energy Ltd. (“KEL”), Keyera Energy Inc. (“KEI”), Keyera Rimbey Ltd. (“KRL”), Keyera RP Ltd. (“KRPL”), Rimbey Pipeline Limited Partnership (“RPLP”), Alberta Diluent Terminal Ltd. (“ADT”) and Alberta EnviroFuels Inc. (“AEF”). Keyera Corp. and its subsidiaries are involved in the business of natural gas gathering and processing; transportation, storage and marketing of natural gas liquids (“NGLs”) and iso-octane in Canada and the United States; the production of iso-octane; and liquids blending in Canada and the United States (“U.S.”).

Keyera Corp. and its subsidiaries are collectively referred to herein as “Keyera”. The address of Keyera’s registered office and principal place of business is Suite 200, Sun Life Plaza West Tower, 144 – 4th Avenue S.W., Calgary, AB, Canada.

Pursuant to its Articles of Amalgamation, Keyera Corp. is authorized to issue an unlimited number of common shares (the “Shares”). The Shares trade on the Toronto Stock Exchange under the symbol “KEY”.

Keyera is approved to issue two classes of preferred shares (one class referred to as the “First Preferred Shares”, a second class referred to as the “Second Preferred Shares”), and collectively both classes being referred to as the “Preferred Shares”. Each are issuable in one or more series without par value and each with such rights, restrictions, designations and provisions as the board of directors may at any time and from time to time determine, subject to an aggregate maximum number of authorized Preferred Shares. No preferred shares had been issued as at June 30, 2018.

2. BASIS OF PREPARATION

These condensed interim consolidated financial statements are in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. The accounting policies applied are in accordance with International Financial Reporting Standards (“IFRS”) and are consistent with Keyera Corp.’s consolidated financial statements as at and for the year ended December 31, 2017, except for the adoption of new IFRS standards, amendments and interpretations effective January 1, 2018.

These condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2018 and 2017 do not include all disclosures required for the preparation of annual consolidated financial statements and should be read in conjunction with Keyera Corp.’s consolidated financial statements as at and for the year ended December 31, 2017.

The condensed interim consolidated financial statements were authorized for issuance on August 8, 2018 by the board of directors.

Adoption of new standards

Refer to the unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2018 for details of new IFRS standards adopted by Keyera.

Future accounting pronouncements update

Keyera is progressing its assessment of the following significant new accounting standard that has been issued, but is not yet effective.

IFRS 16, Leases

In January 2016, the International Accounting Standards Board (“IASB”) issued IFRS 16, Leases, which provides a single lease accounting model for lessees, requiring the recognition of most leases as finance leases on the consolidated statement of financial position.

This will result in the recognition of a lease liability and the corresponding recognition of a leased asset called a right-of-use asset. On the consolidated statement of net earnings and comprehensive income, lease expense will be recognized and will consist of two components, depreciation expense of the right-of-use asset and interest expense related to the lease liability. Finance lease exemptions exist for short-term leases where the term is 12 months or less and for leases of low value items.

For lessors, the accounting treatment remains the same whereby a lessor continues to classify a lease as either a finance or operating lease. IFRS 16 comes into effect on January 1, 2019. Early adoption is permitted as long as an entity has adopted IFRS 15, Revenue from Contracts with Customers (“IFRS 15”) on or before the initial application of IFRS 16.

Expected impact

Keyera has developed a detailed implementation plan and has commenced its assessment of existing contracts to identify arrangements that would qualify as a lease under the new standard. For contracts that have been identified as being within the scope of the new standard, Keyera is continuing its detailed assessments of such contracts to determine the potential effects on Keyera’s consolidated financial statements upon adoption. Furthermore, Keyera is currently evaluating information technology system and process changes that may be necessary to meet the requirements of the new guidance. Once all contracts within the scope of IFRS 16 have been identified and analyzed, Keyera will address any necessary changes to its policies, processes, internal controls, information technology systems, key operating metrics, financial covenants, and significant judgments and estimations required. IFRS 16 will be adopted by Keyera on January 1, 2019 using the modified retrospective approach, whereby the cumulative effect of initially applying the standard will be recognized at the date of initial application, including the election of allowable practical expedients. Keyera is on target with its implementation plan for IFRS 16 as Keyera’s management believes that it has sufficient resources allocated to the project to ensure timely completion.

3. BUSINESS COMBINATION

On June 19, 2018, Keyera completed the acquisition of the Oklahoma Liquids Terminal, a logistics and liquids blending terminal for cash consideration of \$109,934 (US\$82,688), subject to final adjustments, plus up to US\$10,000 in additional consideration over the next five years. 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. The terminal is operated by the Liquids Infrastructure segment and provides the logistical and blending services to Keyera’s Marketing segment for a fee. The majority of the cash flow generated from the terminal will be recorded in the Marketing segment. The terminal also has exclusive access to a nearby rail-to-truck transloading facility.

The transaction was accounted for as a business combination using the acquisition method of accounting. The purchase price allocation was based on management's best estimates of the fair values of identifiable assets acquired and liabilities assumed as of the acquisition date. The associated decommissioning liability assumed was negligible. The purchase price allocation is subject to finalization.

Purchase Price Allocation (Thousands of dollars)	As at June 19, 2018	
	Canadian \$	US \$
Inventory	8,451	6,357
Property, plant and equipment	18,126	13,633
Intangible assets	94,200	70,855
Total assets acquired	120,777	90,845
Cash consideration	109,934	82,688
Estimated additional consideration	10,843	8,157
Total consideration	120,777	90,845

Intangible Assets

The intangible assets acquired relate to identifiable contracts. These assets will be amortized on a straight-line basis over their expected useful lives, which is expected to be 12 years. Amortization is recorded in depreciation, depletion and amortization expenses.

4. INVENTORY

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

As at	June 30, 2018	December 31, 2017
	\$	\$
NGLs and iso-octane	232,608	142,356
Other	5,524	5,475
Total inventory	238,132	147,831

For the period ended June 30, 2018, \$238,132 of inventory was carried at cost (December 31, 2017 – \$147,831) and \$nil was carried at net realizable value (December 31, 2017 – \$nil). The cost of inventory expensed for the three months and six months ended June 30, 2018 was \$743,497 and \$1,508,070 (three and six months ended June 30, 2017 – \$501,104 and \$1,026,261).

5. PROPERTY, PLANT AND EQUIPMENT

Impairment

No impairment expenses were recorded for the three and six months ended June 30, 2018.

In the second quarter of 2017, Keyera identified through its impairment review that the Caribou facility, a cash generating unit ("CGU") within the Gathering and Processing segment, was impaired as the carrying value of the facility was greater than its recoverable amount. The recoverable amount for the CGU was determined based on its fair value less costs of disposal. Keyera impaired the CGU to the estimated fair value of the facility. The impairment loss recognized in this segment was \$17,890 for the three and six months ended June 30, 2017.

Disposal of property, plant and equipment

In May 2017, Keyera disposed of the Paddle River facility and the Judy Creek pipeline for total proceeds of \$6,000, which resulted in a gain of \$22,166 for the three and six months ended June 30, 2017. The Paddle River facility had been shut down since February 2015 along with the Judy Creek pipeline, which was non-operational and was considered a non-core asset within Keyera's Gathering and Processing segment.

6. OTHER LIABILITIES

As at	June 30, 2018	December 31, 2017
	\$	\$
Finance lease liabilities	—	54,029
Less: current portion of finance lease liabilities	—	(1,474)
Long-term portion of finance lease liabilities	—	52,555
Long-term incentive plan liability	14,084	6,367
Other	8,364	—
Total other liabilities	22,448	58,922

In 2015, Keyera entered into an arrangement for the use of a pipeline for transportation services in the Edmonton/Fort Saskatchewan area. Effective December 1, 2016, the arrangement was classified as a finance lease as this was the date Keyera was entitled to exercise its right to use the pipeline for its sole benefit, and the risks and rewards incidental to ownership were transferred to Keyera.

The arrangement included a put option which provided the lessor with the right to require Keyera to purchase the pipeline within six months of the pipeline's in-service date for the approximate amount of \$41,250. The pipeline became operational in January 2018 and in March Keyera received notice that the lessor was exercising the put option. Keyera purchased the pipeline in its current condition in May 2018.

7. LONG-TERM DEBT

On June 21, 2018, Keyera closed a public note offering of 10-year senior unsecured medium term notes to investors in Canada. The \$400,000 senior unsecured notes bear interest at 3.934% and mature on June 21, 2028. Interest is paid semi-annually.

The associated financing costs of approximately \$2,302 have been deferred and are amortized using the effective interest method over the remaining term of the debt.

8. CAPITAL

	Number of Common Shares	Share Capital \$
Balance at December 31, 2017	204,547,142	2,647,836
Common shares issued pursuant to dividend reinvestment plans	2,799,592	93,667
Issuance costs related to 2017 equity offering	—	(166)
Other adjustments	—	2,657
Balance at June 30, 2018	207,346,734	2,743,994

9. EARNINGS PER SHARE

Basic earnings per share was calculated by dividing net earnings by the weighted average number of shares outstanding for the related period.

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Basic and diluted earnings per share	0.52	0.36	0.94	0.87
Net earnings – basic and diluted	106,773	67,062	194,488	163,404

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
	Weighted average number of shares – basic and diluted	206,646	187,445	205,960

10. SHARE-BASED COMPENSATION AND PENSION PLANS

Long-Term Incentive Plan

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

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

The LTIP is accounted for using the liability method and is measured at fair value at each statement of financial position date until the award is settled. The fair value of the liability is measured by applying a fair value pricing model whereby one of the valuation inputs was the June 30, 2018 share price of Keyera, which was \$36.58 per share (December 31, 2017 – \$35.42 per share).

The compensation cost recorded for the LTIP was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Performance Awards	5,742	9,232	10,157	11,493
Restricted Awards	926	939	1,747	1,425
Total long-term incentive plan expense	6,668	10,171	11,904	12,918

Employee Stock Purchase Plan

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

Defined Contribution Pension Plan

For the three and six months ended June 30, 2018, Keyera made pension contributions of \$2,404 and \$4,790 (three and six months ended June 30, 2017 – \$2,258 and \$4,505) on behalf of its employees. The contributions were recorded in general and administrative expenses.

Deferred Share Unit Plan

Effective January 1, 2016, Keyera implemented a deferred share unit (“DSU”) plan, for non-employee directors. Each DSU vests on the date the grant is awarded but cannot be redeemed until a director ceases to be a member of the board of directors. The grant value is determined based on a 20 day weighted average trading share price. DSUs are settled in cash (on an after-tax basis) based on the 20 day weighted average Keyera share price up to the date of settlement. For the three and six months ended June 30, 2018, Keyera recorded \$496 and \$692 (three and six months ended June 30, 2017 – \$302 and \$479) in general and administrative expenses related to the DSU plan.

The following table shows the number of DSUs granted:

As at	June 30, 2018	December 31, 2017
Balance at beginning of period	46,171	19,827
Granted	17,745	26,344
Balance at end of period	63,916	46,171

11. INCOME TAXES

The components of the income tax expense were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Current	8,419	2,686	16,131	3,821
Deferred	7,631	19,235	38,436	49,272
Total income tax expense	16,050	21,921	54,567	53,093

With the acquisition of the Oklahoma Liquids Terminal in June, Keyera considers it probable that there will be sufficient future taxable profits in its U.S. subsidiary to utilize tax losses that had not been previously recognized for deferred income tax purposes. As a result, Keyera recorded a deferred income tax asset of \$15,358 in the second quarter of 2018. The corresponding deferred tax recovery of \$15,358 has been included in deferred income tax expenses for the three and six months ended June 30, 2018.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments include cash, trade and other receivables, derivative financial instruments, trade and other payables, dividends payable, credit facilities, finance lease liabilities, current and long-term debt, and certain other long-term liabilities. Derivative financial instruments include foreign exchange contracts, cross-currency swaps, NGLs, crude oil, motor gasoline and natural gas price contracts, electricity price contracts and physical fixed price commodity contracts. Derivative instruments are classified as fair value through profit or loss in the consolidated statement of net earnings and comprehensive income and are measured at fair value. All other financial instruments are measured at amortized cost.

Financial Instruments

(a) Fair value

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

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

The fair value hierarchy has the following levels:

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

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

Financial instruments with fair value equal to carrying value

The carrying values of cash, trade and other receivables, trade and other payables and dividends payable approximate their fair values because the instruments are either near maturity, have 5 to 30 days payment terms or have no fixed repayment terms. The carrying value of the credit facility approximates fair value due to their floating rates of interest.

Fair value of senior fixed rate debt

The fair value of long-term debt is based on third party estimates for similar issues or current rates offered to Keyera for debt of the same maturity. The total fair value of Keyera's unsecured senior notes and medium term notes at June 30, 2018 was \$2,272,360 (December 31, 2017 – \$1,831,467) and this was determined by reference to inputs other than quoted market prices in active markets for identical liabilities under Level 2 of the fair value hierarchy.

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

	Notional Volume ¹	Weighted Average Price \$	Fair Value Hierarchy Level ²	Net Fair Value \$	Carrying Value Asset \$	Liability \$
As at June 30, 2018						
Marketing (NGLs and Iso-octane)						
Financial contracts:						
Seller of fixed price WTI swaps (maturing by December 31, 2019)	3,239,400 Bbls	84.36/Bbl	Level 2	(32,303)	24	(32,327)
Buyer of fixed price WTI swaps (maturing by March 31, 2019)	18,000 Bbls	77.58/Bbl	Level 2	256	256	—
Seller of fixed price NGL swaps (maturing by December 31, 2018)	2,090,000 Bbls	42.22/Bbl	Level 2	(8,632)	159	(8,791)
Buyer of fixed price NGL swaps (maturing by December 31, 2019)	2,011,000 Bbls	50.76/Bbl	Level 2	10,390	10,654	(264)
Seller of fixed price RBOB basis spreads (iso-octane) (maturing by December 31, 2019)	3,405,000 Bbls	21.74/Bbl	Level 2	(1,757)	4,010	(5,767)
Physical contracts:						
Seller of fixed price NGL forward contracts (maturing by July 31, 2018)	25,000 Bbls	36.15/Bbl	Level 2	(148)	—	(148)
Buyer of fixed price NGL forward contracts (maturing by July 31, 2018)	40,000 Bbls	69.44/Bbl	Level 2	468	468	—
Currency:						
Seller of forward contracts (maturing by June 30, 2019)	US\$217,000,000	1.29/USD	Level 2	(4,296)	678	(4,974)
Buyer of forward contracts (maturing by July 31, 2018)	US\$10,000,000	1.26/USD	Level 2	556	556	—
Liquids Infrastructure						
Electricity:						
Buyer of fixed price swaps (maturing by December 31, 2019)	112,872 MWWhs	41.37/MWWh	Level 2	2,324	2,324	—
Gathering and Processing						
Electricity:						
Buyer of fixed price swaps (maturing by December 31, 2018)	17,664 MWWhs	44.65/MWWh	Level 2	389	389	—
Emission Performance Credits:						
Seller of emission performance credits	282,597 credits	23.54/credit	Level 2	592	592	—
Corporate and Other						
Electricity:						
Buyer of fixed price swaps (maturing by December 31, 2019)	22,008 MWWhs	41.47/MWWh	Level 2	472	472	—
Crude Oil & NGLs:						
Seller of fixed price swaps (maturing by December 31, 2018)	75,000 Bbls	66.77/Bbls	Level 2	(1,232)	—	(1,232)
Long-term Debt:						
Buyer of cross-currency swaps (maturing September 8, 2020 – November 20, 2028)	US\$565,073,450	0.98/USD - 1.22/USD	Level 2	108,986	108,986	—
				76,065	129,568	(53,503)

Notes:

¹ All notional amounts represent actual volumes or actual prices and are not expressed in thousands.

² A description of the fair value hierarchy is discussed in the fair value section.

	Notional Volume ¹	Weighted Average Price \$	Fair Value Hierarchy Level ²	Net Fair Value \$	Carrying Value Asset \$	Liability \$
As at December 31, 2017						
Marketing (NGLs and Iso-octane)						
Financial contracts:						
Seller of fixed price WTI swaps (maturing by March 31, 2019)	2,095,175 Bbls	69.81/Bbl	Level 2	(11,138)	—	(11,138)
Buyer of fixed price WTI swaps (maturing by March 31, 2018)	73,500 Bbls	71.63/Bbl	Level 2	293	293	—
Seller of fixed price NGL swaps (maturing by March 31, 2018)	1,337,154 Bbls	45.35/Bbl	Level 2	(7,719)	64	(7,783)
Buyer of fixed price NGL swaps (maturing by March 31, 2018)	404,000 Bbls	48.77/Bbl	Level 2	3,913	3,978	(65)
Seller of fixed price RBOB basis spreads (iso-octane) (maturing by December 31, 2019)	3,380,000 Bbls	19.69/Bbl	Level 2	(15,163)	479	(15,642)
Physical contracts:						
Seller of fixed price NGL forward contracts (maturing by March 31, 2018)	26,188 Bbls	43.94/Bbl	Level 2	(138)	—	(138)
Currency:						
Seller of forward contracts (maturing by June 30, 2018)	US\$103,500,000	1.27/USD	Level 2	2,214	2,287	(73)
Liquids Infrastructure						
Electricity:						
Buyer of fixed price swaps (maturing by December 31, 2019)	157,680 MWhs	40.41/MWh	Level 2	2,134	2,194	(60)
Gathering and Processing						
Electricity:						
Buyer of fixed price swaps (maturing by December 31, 2018)	35,040 MWhs	44.65/MWh	Level 2	335	377	(42)
Emission Performance Credits:						
Seller of emission performance credits	340,520 credits	22.53/credit	Level 2	1,010	1,010	—
Corporate and Other						
Electricity:						
Buyer of fixed price swaps (maturing by December 31, 2019)	35,040 MWhs	41.95/MWh	Level 2	422	443	(21)
Crude Oil & NGLs:						
Seller of fixed price swaps (maturing by December 31, 2018)	135,000 Bbls	66.55/Bbl	Level 2	(656)	—	(656)
Long-term Debt:						
Buyer of cross-currency swaps (maturing September 8, 2020 – November 20, 2028)	US\$575,335,900	0.98/USD - 1.22/USD	Level 2	90,545	90,545	—
				66,052	101,670	(35,618)

Notes:

¹ All notional amounts represent actual volumes or actual prices and are not expressed in thousands.

² A description of the fair value hierarchy is discussed in the fair value section.

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

Unrealized gains (losses), representing the change in fair value of derivative contracts, are recorded in the following consolidated statement of net earnings and comprehensive income line items and the related reportable operating segments:

Derivative Contracts Related To	Reportable Operating Segments	Consolidated Net Earnings and Comprehensive Income Line Item
Natural gas, crude oil and NGLs, and iso-octane	Marketing; Corporate and Other	Marketing revenue; Corporate and Other revenue
Electricity	Liquids Infrastructure; Gathering and Processing; Corporate and Other	Liquids Infrastructure expenses; Gathering and Processing expenses; Corporate and Other revenues and expenses
Cross-currency swaps	Corporate and Other	Net foreign currency gain/(loss) on U.S. debt
Emission performance credits	Gathering and Processing	Gathering and Processing expenses

	Three months ended		Six months ended	
	June 30,		June 30,	
Unrealized gain (loss)	2018	2017	2018	2017
	\$	\$	\$	\$
Marketing revenue	(16,272)	(1,602)	(7,729)	33,369
Liquids Infrastructure expenses	(426)	1,056	190	1,056
Gathering and Processing expenses	(96)	76	(362)	14
Corporate and Other:				
Corporate and Other revenues and expenses	(574)	328	(526)	1,554
Net foreign currency gain/(loss) on U.S. debt	9,483	(7,728)	18,441	(12,162)
Total unrealized (loss) gain	(7,885)	(7,870)	10,014	23,831

Risk Management

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

(b) Commodity price risk

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

Significant amounts of electricity and natural gas are consumed by certain facilities. In order to mitigate the exposure to fluctuations in the prices of electricity and natural gas, price swap agreements may be used. These agreements are accounted for as derivative instruments.

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

(c) Foreign currency risk

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

The Gathering and Processing and Liquids Infrastructure segments have very little foreign currency risk as sales and purchases are primarily denominated in Canadian dollars.

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

	Three months ended June 30,		Six months ended June 30,	
	2018 \$	2017 \$	2018 \$	2017 \$
U.S. dollar sales and purchases				
Sales priced in U.S. dollars	425,117	174,648	812,507	399,520
Purchases priced in U.S. dollars	(190,903)	(121,781)	(298,723)	(211,553)

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

Keyera is also exposed to foreign currency risk related to its U.S. dollar denominated long-term debt and U.S. dollar denominated LIBOR loans when drawn under Keyera's bank credit facility. To manage this currency exposure, Keyera has entered into long-term cross-currency swap contracts relating to the principal portion and future interest payments of the U.S. dollar denominated debt as well as short-term cross-currency swaps relating to the LIBOR loans drawn under the credit facility. These cross-currency contracts are accounted for as derivative instruments. Refer to note 13 for a summary of the foreign currency gains (losses) associated with the U.S. dollar denominated long-term debt.

(d) Interest rate risk

The majority of Keyera's interest rate risk is attributed to its fixed and floating rate debt, which is used to finance capital investments and operations. Keyera's remaining financial instruments are not significantly exposed to interest rate risk. The floating rate debt creates exposure to interest rate cash flow risk, whereas the fixed rate debt creates exposure to interest rate price risk. As at June 30, 2018, fixed rate borrowings comprised 100% of total debt outstanding (December 31, 2017 – 100%). The fair value of future cash flows for fixed rate debt fluctuates with changes in market interest rates. It is Keyera's intention to not repay fixed rate debt until maturity and therefore future cash flows would not fluctuate.

(e) Credit risk

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

Keyera's maximum exposure to credit risk, which is a worst case scenario and does not reflect results expected by Keyera, is \$488,779 at June 30, 2018 (December 31, 2017 – \$435,620). Keyera does not typically renegotiate the terms of trade receivables. There were no significant renegotiated balances outstanding at June 30, 2018. With respect to counterparties for derivative financial instruments, the credit risk is managed through dealing primarily with recognized futures exchanges or investment grade financial institutions and by maintaining credit policies which significantly reduce overall counterparty credit risk. In addition, Keyera incorporates the credit risk associated with counterparty default, as well as Keyera's own credit risk, into the estimates of fair value.

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

(f) Liquidity risk

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

Risk Management Sensitivities

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

Risk sensitivities	Impact on income before tax June 30, 2018		Impact on income before tax June 30, 2017	
	Increase \$	Decrease \$	Increase \$	Decrease \$
Commodity price changes				
+ 10% in electricity price	956	—	731	—
- 10% in electricity price	—	(956)	—	(731)
+ 10% in NGL, crude oil and iso-octane prices	—	(36,814)	—	(23,195)
- 10% in NGL, crude oil and iso-octane prices	36,814	—	23,195	—
Foreign currency rate changes				
+ \$0.01 in U.S./Canadian dollar exchange rate	—	(1,187)	—	(38)
- \$0.01 in U.S./Canadian dollar exchange rate	1,187	—	38	—
Interest rate changes				
+ 1% in interest rate	—	—	—	(1,319)
- 1% in interest rate	—	—	1,319	—

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

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Foreign currency (loss) gain resulting from:				
Translation of long-term debt and interest payable	(10,794)	14,958	(27,835)	19,511
Change in fair value of the cross-currency swaps – principal and interest portion	9,483	(7,728)	18,441	(12,162)
Gain from cross-currency swaps – interest portion ¹	1,039	1,319	1,255	1,679
Total foreign currency (loss) gain on U.S. debt	(272)	8,549	(8,139)	9,028

Note:

¹ Foreign currency gains (losses) resulted from the exchange of currencies related to the settlement of interest payments on the long-term cross-currency swaps.

14. FINANCE COSTS

The components of finance costs were as follows:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Interest on bank overdrafts and credit facilities	1,318	2,784	2,485	5,347
Interest on long-term debt	20,706	17,743	40,885	35,369
Interest capitalized	(6,750)	(7,199)	(12,389)	(13,272)
Other interest (income) expense	(30)	536	(725)	1,061
Total interest expense on current and long-term debt	15,244	13,864	30,256	28,505
Unwinding of discount on decommissioning liability	2,646	2,682	5,277	5,431
Unwinding of discount on long-term debt	419	387	838	737
Non-cash expenses in finance costs	3,065	3,069	6,115	6,168
Total finance costs	18,309	16,933	36,371	34,673

For the three and six months ended June 30, 2018, \$6,750 and \$12,389 of borrowing (interest) costs were capitalized (three and six months ended June 30, 2017 – \$7,199 and \$13,272) at a weighted average capitalization rate of 4.87% on funds borrowed (three and six months ended June 30, 2017 – 4.34%).

15. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Inventory	(109,470)	(69,958)	(81,850)	(50,128)
Trade and other receivables	(28,990)	(7,354)	(53,159)	44,446
Other assets	20,418	(11,191)	(17,723)	(21,068)
Trade and other payables, and provisions	32,566	(38,345)	88,932	(12,191)
Changes in non-cash working capital from operating activities	(85,476)	(126,848)	(63,800)	(38,941)

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Trade and other payables, and provisions	13,399	12,827	74,751	61,043
Other assets	—	—	—	55,054
Changes in non-cash working capital from investing activities	13,399	12,827	74,751	116,097

16. SEGMENT INFORMATION

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

Marketing

The Marketing segment is primarily involved in the marketing of NGLs, such as propane, butane, and condensate, and iso-octane to customers in Canada and the United States, as well as liquids blending.

Gathering and Processing

The Gathering and Processing segment includes raw gas gathering systems and processing plants located in the natural gas production areas primarily on the western side of the Western Canada Sedimentary Basin. The operations primarily involve providing natural gas gathering and processing, including liquids extraction and condensate stabilization services to customers. This segment also includes sales of ethane volumes extracted from the Rimbey facility and sold to a third party customer under a long-term commercial arrangement.

Liquids Infrastructure

The Liquids Infrastructure segment provides fractionation, storage, transportation and terminalling services for NGLs and crude oil. As well, it provides processing services to Keyera's Marketing business related to NGLs, iso-octane and liquids blending. These services are provided to customers through an extensive network of facilities that include underground NGL storage caverns, NGL fractionation facilities, NGL and crude oil pipelines as well as rail and truck terminals, the AEF facility, a 50% interest in the Base Line Terminal, and the Oklahoma Liquids Terminal.

Corporate and Other

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

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

Reclassification

Certain information provided for prior years has been reclassified to conform to a change in presentation adopted as a result of the transition to IFRS 15.

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

	Marketing	Gathering & Processing	Liquids Infrastructure	Corporate and Other	Inter-segment Eliminations	Total
	\$	\$	\$	\$	\$	\$
Three months ended June 30, 2018						
Segmented revenue	927,554	107,988	115,880	5,921	(79,556)	1,077,787
Segmented expenses	(853,417)	(44,087)	(39,309)	(3,035)	79,556	(860,292)
Operating margin	74,137	63,901	76,571	2,886	—	217,495
General and administrative expenses	—	—	—	(18,289)	—	(18,289)
Finance costs	—	—	—	(18,309)	—	(18,309)
Depreciation, depletion and amortization expenses	—	—	—	(50,848)	—	(50,848)
Net foreign currency loss on U.S. debt	—	—	—	(272)	—	(272)
Long-term incentive plan expense	—	—	—	(6,668)	—	(6,668)
Loss on settlement of finance lease	—	—	(286)	—	—	(286)
Earnings (loss) before income tax	74,137	63,901	76,285	(91,500)	—	122,823
Income tax expense	—	—	—	(16,050)	—	(16,050)
Net earnings (loss)	74,137	63,901	76,285	(107,550)	—	106,773

	Marketing	Gathering & Processing	Liquids Infrastructure	Corporate and Other	Inter-segment Eliminations	Total
	\$	\$	\$	\$	\$	\$
Three months ended June 30, 2017						
Segmented revenue	627,651	116,689	99,398	7,918	(73,733)	777,923
Segmented expenses	(606,618)	(49,867)	(32,325)	(3,050)	73,733	(618,127)
Operating margin	21,033	66,822	67,073	4,868	—	159,796
General and administrative expenses	—	—	—	(16,533)	—	(16,533)
Finance costs	—	—	—	(16,933)	—	(16,933)
Depreciation, depletion and amortization expenses	—	—	—	(39,986)	—	(39,986)
Net foreign currency gain on U.S. debt	—	—	—	8,549	—	8,549
Long-term incentive plan expense	—	—	—	(10,171)	—	(10,171)
Impairment expense	—	(17,890)	—	—	—	(17,890)
Gain on disposal of property, plant and equipment	—	22,151	—	—	—	22,151
Earnings (loss) before income tax	21,033	71,083	67,073	(70,206)	—	88,983
Income tax expense	—	—	—	(21,921)	—	(21,921)
Net earnings (loss)	21,033	71,083	67,073	(92,127)	—	67,062

	Marketing	Gathering & Processing	Liquids Infrastructure	Corporate and Other	Inter-segment Eliminations	Total
	\$	\$	\$	\$	\$	\$
Six months ended June 30, 2018						
Segmented revenue	1,858,648	215,342	225,356	13,162	(150,710)	2,161,798
Segmented expenses	(1,718,659)	(80,894)	(66,982)	(6,065)	150,710	(1,721,890)
Operating margin	139,989	134,448	158,374	7,097	—	439,908
General and administrative expenses	—	—	—	(37,162)	—	(37,162)
Finance costs	—	—	—	(36,371)	—	(36,371)
Depreciation, depletion and amortization expenses	—	—	—	(96,991)	—	(96,991)
Net foreign currency loss on U.S. debt	—	—	—	(8,139)	—	(8,139)
Long-term incentive plan expense	—	—	—	(11,904)	—	(11,904)
Loss on settlement of finance lease	—	—	(286)	—	—	(286)
Earnings (loss) before income tax	139,989	134,448	158,088	(183,470)	—	249,055
Income tax expense	—	—	—	(54,567)	—	(54,567)
Net earnings (loss)	139,989	134,448	158,088	(238,037)	—	194,488
Six months ended June 30, 2017						
Segmented revenue	1,326,694	229,416	200,425	16,299	(151,291)	1,621,543
Segmented expenses	(1,237,226)	(96,257)	(68,777)	(6,356)	151,291	(1,257,325)
Operating margin	89,468	133,159	131,648	9,943	—	364,218
General and administrative expenses	—	—	—	(33,868)	—	(33,868)
Finance costs	—	—	—	(34,673)	—	(34,673)
Depreciation, depletion and amortization expenses	—	—	—	(79,566)	—	(79,566)
Net foreign currency gain on U.S. debt	—	—	—	9,028	—	9,028
Long-term incentive plan expense	—	—	—	(12,918)	—	(12,918)
Impairment expense	—	(17,890)	—	—	—	(17,890)
Gain on disposal of property, plant and equipment	—	22,166	—	—	—	22,166
Earnings (loss) before income tax	89,468	137,435	131,648	(142,054)	—	216,497
Income tax expense	—	—	—	(53,093)	—	(53,093)
Net earnings (loss)	89,468	137,435	131,648	(195,147)	—	163,404

DISAGGREGATION OF REVENUE

The following table shows revenue disaggregated by the major service lines offered by Keyera in its four reportable operating segments:

	Marketing	Gathering & Processing	Liquids Infrastructure	Corporate and Other	Total
	\$	\$	\$	\$	\$
Three months ended June 30, 2018					
Marketing of NGLs and iso-octane	927,554	—	—	—	927,554
Gas handling and processing services ¹	—	96,060	22,866	—	118,926
Fractionation and storage services	—	1,874	42,612	—	44,486
Transportation and terminalling services	—	—	50,079	—	50,079
Other ²	—	10,054	323	5,921	16,298
Revenue before inter-segment eliminations	927,554	107,988	115,880	5,921	1,157,343
Inter-segment revenue eliminations	(6,051)	(4,625)	(61,609)	(7,271)	(79,556)
Revenue from external customers	921,503	103,363	54,271	(1,350)	1,077,787
	Marketing	Gathering & Processing	Liquids Infrastructure	Corporate and Other	Total
	\$	\$	\$	\$	\$
Three months ended June 30, 2017					
Marketing of NGLs and iso-octane	627,651	—	—	—	627,651
Gas handling and processing services ¹	—	96,617	24,017	—	120,634
Fractionation and storage services	—	1,994	38,219	—	40,213
Transportation and terminalling services	—	—	36,873	—	36,873
Other ²	—	18,078	289	7,918	26,285
Revenue before inter-segment eliminations	627,651	116,689	99,398	7,918	851,656
Inter-segment revenue eliminations	(1,953)	(5,693)	(57,751)	(8,336)	(73,733)
Revenue from external customers	625,698	110,996	41,647	(418)	777,923

Notes:

¹ Processing services revenue recognized in Keyera's Liquids Infrastructure segment represents the processing fees charged to Keyera's Marketing segment for the production of iso-octane at the Keyera AEF facility.

² Other revenue in Keyera's Gathering and Processing segment includes sales of ethane volumes extracted from the Rimbey facility and sold to a third party customer, and other miscellaneous revenue. Other revenue recognized in Keyera's Corporate and Other segment relates to the production of oil and gas reserves.

	Marketing	Gathering & Processing	Liquids Infrastructure	Corporate and Other	Total
	\$	\$	\$	\$	\$
Six months ended June 30, 2018					
Marketing of NGLs and iso-octane	1,858,648	—	—	—	1,858,648
Gas handling and processing services ¹	—	187,266	39,187	—	226,453
Fractionation and storage services	—	3,749	87,595	—	91,344
Transportation and terminalling services	—	—	97,910	—	97,910
Other ²	—	24,327	664	13,162	38,153
Revenue before inter-segment eliminations	1,858,648	215,342	225,356	13,162	2,312,508
Inter-segment revenue eliminations	(7,066)	(10,156)	(118,261)	(15,227)	(150,710)
Revenue from external customers	1,851,582	205,186	107,095	(2,065)	2,161,798
	Marketing	Gathering & Processing	Liquids Infrastructure	Corporate and Other	Total
	\$	\$	\$	\$	\$
Six months ended June 30, 2017					
Marketing of NGLs and iso-octane	1,326,694	—	—	—	1,326,694
Gas handling and processing services ¹	—	185,654	49,936	—	235,590
Fractionation and storage services	—	4,775	78,649	—	83,424
Transportation and terminalling services	—	—	71,262	—	71,262
Other ²	—	38,987	578	16,299	55,864
Revenue before inter-segment eliminations	1,326,694	229,416	200,425	16,299	1,772,834
Inter-segment revenue eliminations	(1,953)	(12,357)	(119,685)	(17,296)	(151,291)
Revenue from external customers	1,324,741	217,059	80,740	(997)	1,621,543

Notes:

¹ Processing services revenue recognized in Keyera's Liquids Infrastructure segment represents the processing fees charged to Keyera's Marketing segment for the production of iso-octane at the Keyera AEF facility.

² Other revenue in Keyera's Gathering and Processing segment includes sales of ethane volumes extracted from the Rimbey facility and sold to a third party customer, and other miscellaneous revenue. Other revenue recognized in Keyera's Corporate and Other segment relates to the production of oil and gas reserves.

Geographical information

Keyera operates in two geographical areas, Canada and the U.S. Keyera's revenue from external customers and information about its non-current assets by geographical location are detailed below based on the country of origin.

Revenue from external customers located in	Three months ended June 30,		Six months ended June 30,	
	2018 \$	2017 \$	2018 \$	2017 \$
Canada	935,741	690,507	1,839,194	1,386,642
U.S.	142,046	87,416	322,604	234,901
Total revenue	1,077,787	777,923	2,161,798	1,621,543

Non-current assets ¹ as at	June 30, 2018 \$	December 31, 2017 \$
Canada	5,188,450	4,752,164
U.S.	259,490	93,858
Total non-current assets	5,447,940	4,846,022

Note:

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

Information about major customers

For the three and six months ended June 30, 2018 and 2017, Keyera did not earn revenues from a single external customer that accounted for more than 10% of its total revenue.

17. COMMITMENTS AND CONTINGENCIES

Keyera has assumed various contractual obligations in the normal course of its operations. Since December 31, 2017, Keyera has committed to approximately \$306 million in purchase obligations associated with orders on long-lead items related to the construction of the Wildhorse Terminal and Wapiti gas plant as well as expansion of the Simonette gas plant. In addition, Keyera has committed between \$500 and \$600 million in purchase obligations related to the Pipestone plant and liquids hub which is being constructed by Encana. These expenditures are expected to occur between 2018 and 2021.

At December 31, 2017, Keyera had a finance lease liability included in its contractual obligations. The finance lease liability related to Keyera's use of a pipeline for its sole benefit. During the first quarter of 2018, the finance lease liability was revalued and reclassified to current liabilities as the lessor exercised its put option under the lease arrangement, requiring Keyera to purchase the pipeline for \$41 million. In May 2018, Keyera settled the finance lease liability by purchasing the pipeline.

18. SUBSEQUENT EVENTS

On July 11, 2018, Keyera declared a dividend of \$0.14 per share, payable on August 15, 2018, to shareholders of record as of July 23, 2018.

On August 8, 2018, Keyera declared a dividend of \$0.15 per share, payable on September 17, 2018, to shareholders of record as of August 22, 2018.