
Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") was prepared as of November 3, 2020, and is a review of the results of operations and the liquidity and capital resources of Keyera Corp. and its subsidiaries (collectively "Keyera"). The MD&A should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements ("accompanying financial statements") of Keyera for the three and nine months ended September 30, 2020 and the notes thereto as well as the audited consolidated financial statements of Keyera for the year ended December 31, 2019, and the related MD&A. The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), also referred to as GAAP, and are stated in Canadian dollars. Effective December 31, 2019, Keyera voluntarily changed its accounting policy with respect to the discounting of its decommissioning liability. As a result, certain comparative information has been restated in this MD&A. Refer to the "Voluntary Change in Accounting Policy" section of this document for a description of changes and the effect on Keyera's consolidated financial statements. Additional information related to Keyera, including its Annual Information Form, is available on SEDAR at www.sedar.com or on Keyera's website at www.keyera.com.

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

Keyera's Business

Keyera operates an integrated Canadian-based energy infrastructure business with extensive interconnected assets and depth of expertise in delivering energy infrastructure solutions. Keyera operates assets in the oil and gas industry between the upstream sector, which includes oil and gas exploration and production, and the downstream sector, which includes the refining and marketing of finished products. Keyera is organized into three highly integrated operating 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 natural gas liquids ("NGLs"), before the sales gas is delivered into long-distance 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, 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 Alberta EnviroFuels ("AEF"), its liquids blending facilities and its 50% interest in the crude oil storage facility at the 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.

The Gathering and Processing and Liquids Infrastructure segments provide energy infrastructure solutions to customers on a fee-for-service basis.

Overview

The ongoing COVID-19 pandemic has significantly affected the global economy and the full extent of the impact remains unknown at this time. To date, Keyera's pandemic response and business continuity plans have been successfully implemented to ensure the safety of its employees, customers and other stakeholders. Keyera continues to plan for the evolving risks associated with COVID-19 and is incorporating information from public health authorities to ensure the safety of its stakeholders. Readers are referred to the section of this MD&A titled: "Risk Factors: Risks related to the COVID-19 pandemic", for further discussion of risks associated with the COVID-19 pandemic that could affect Keyera's business operations and financial condition.

Despite the current economic situation, Keyera posted solid third quarter 2020 financial results due to the resilience of the Liquids Infrastructure business and Keyera's disciplined and effective risk management program that continued to protect margins in the Marketing segment. The financial results in the Gathering and Processing segment were weak in the third quarter largely due to a six-week unplanned maintenance outage at the Wapiti gas plant. Keyera estimates that the financial impact of this outage on the third quarter results was approximately \$16 million. For the third quarter of 2020, net earnings were \$33 million (Q3 2019 – \$154 million) and Adjusted EBITDA was \$196 million (Q3 2019 – \$269 million).

Since the beginning of March, the energy industry has been challenged not only by the pandemic but also due to a sharp decrease in global oil prices. However, the global crude oil supply response was greater than initially anticipated and in June supported a recovery in commodity prices from the extreme lows experienced in March, April and May of this year. As the economic and commodity price environment remains uncertain due to the continued rise in COVID-19 cases globally, Keyera continues to focus on the following priorities:

- ensure the health and safety of its employees and contractors as the pandemic continues to evolve, and continue to be a safe, reliable and environmentally conscious operator of its facilities;
- improve reliability across all operated assets as Keyera recognizes the importance of the essential services it provides to its customers, and takes great pride in its strong track record of operating facilities at over 98% reliability in 2019;
- increase the competitiveness and profitability of the Gathering and Processing segment by optimizing its portfolio of assets in the south¹ region;
- reduce Keyera's overall cost structure including its operating costs across all facilities as well as general and administrative expenses;
- maintain disciplined capital allocation, focused on growth in the Liquids Infrastructure segment, without issuing common equity to fund growth capital projects; and
- maintain the current monthly dividend, while preserving Keyera's strong financial position, investment grade credit ratings, and low dividend payout ratio. As of September 30, 2020, Keyera's Net Debt to Adjusted EBITDA ratio for covenant test purposes was 2.4x² and its payout ratio was 54% year to date.

During the second quarter of 2020, Keyera made significant progress in enhancing its long-term competitive positioning by reducing its overall cost structure. Keyera implemented a number of measures to reduce both operating and general and administrative ("G&A") expenses, while continuing to advance the optimization of gas plants in the Gathering and Processing segment. Refer to Keyera's second quarter 2020 MD&A for detailed information associated with these cost reduction efforts, including the deferral of the maintenance turnarounds at AEF and the Simonette gas plant from 2021 to 2022.

¹ South region gas plants include all Keyera facilities in the Gathering and Processing segment except for the Edson, Wapiti, Simonette and Pipestone gas plants.

² Keyera's Net Debt to Adjusted EBITDA calculation for covenant test purposes excludes 100% of the company's subordinated hybrid note.

Keyera expects the following for 2020:

- realized margin from the Marketing segment is expected to range between **\$300 million and \$340 million**. Due to the preventative maintenance outage at AEF described below, the realized margin is now expected to be in the lower end of the guidance range;
- a cash tax recovery of between **\$35 million and \$45 million** (2019 – \$98 million cash tax expense);
- maintenance capital expenditures to range between **\$20 million and \$25 million** (2019 – \$105 million); and
- growth capital expenditures to range between **\$500 million and \$550 million** as well as the additional planned investment of approximately **\$70 million (US\$50 million)** related to the butane distribution infrastructure at Kinder Morgan’s Galena Park facility.

In September, AEF began experiencing reduced performance that resulted in the facility operating at a lower capacity utilization. In early October, the facility was taken offline to complete preventative maintenance work that is intended to facilitate AEF’s continued reliable operations at full capacity. The repair costs associated with this outage are estimated to be approximately \$15 million, \$10 million of operating expense and \$5 million of maintenance capital, that will be included in the fourth quarter 2020 results. Refer to the section of this MD&A titled, “Results of Operations: Liquids Infrastructure”, for more information associated with this outage.

In October, the Pipestone gas plant became operational, five months ahead of its original schedule and at budgeted costs. While the Wildhorse Terminal is expected to be mechanically complete by the end of this year, the terminal is now expected to be operational in the first half of 2021. The delayed start-up of the Wildhorse terminal is due to certain construction deficiencies that were identified in the third quarter. Keyera is working closely with its engineering, procurement, and construction (“EPC”) contractor to ensure these deficiencies are rectified.

Keyera expects the following for 2021:

- a cash tax expense of between **\$20 million and \$30 million**;
- maintenance capital expenditures to range between **\$25 million and \$35 million**; and
- growth capital expenditures to range between **\$400 million and \$450 million**, with the majority of these expenditures related to construction of the KAPS pipeline system.

Readers are referred to the section of the MD&A titled, “Forward-Looking Statements” for a further discussion of the assumptions and risks that could affect future performance and plans.

CONSOLIDATED FINANCIAL RESULTS

The following table highlights some of the key consolidated financial results for the three and nine months ended September 30, 2020 and 2019:

(Thousands of Canadian dollars, except per share data)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Net earnings ¹	33,436	154,428	136,807	413,891
Net earnings per share ¹ (basic)	0.15	0.72	0.62	1.94
Operating margin	202,547	311,402	775,025	741,692
Realized margin ²	213,969	289,508	769,650	758,268
Adjusted EBITDA ³	196,163	268,933	705,437	682,714
Cash flow from operating activities	95,396	259,229	571,727	674,259
Funds from operations ⁴	190,910	227,403	654,624	553,383
Distributable cash flow ⁴	174,859	183,807	585,547	435,323
Distributable cash flow per share ⁴ (basic)	0.79	0.85	2.66	2.04
Dividends declared	106,091	101,198	317,394	292,582
Dividends declared per share	0.48	0.47	1.44	1.37
Payout ratio ⁵	61%	55%	54%	67%

Notes:

¹ Net earnings for 2019 have been restated. Refer to the "Voluntary Change in Accounting Policy" section of this MD&A.

² Realized margin is defined as operating margin excluding unrealized gains and losses on commodity-related risk management contracts. Realized margin is not a standard measure under GAAP. See the section titled, "Segmented Results of Operations: Marketing", for a reconciliation of operating margin to realized margin as it relates to the Marketing segment. Realized margin for the two facilities segments (Gathering and Processing and Liquids Infrastructure) and the Corporate and Other segment excludes \$479 of unrealized gains and \$436 of unrealized losses from commodity-related risk management contracts for the three and nine months ended September 30, 2020 (three and nine months ended September 30, 2019 – \$634 and \$1,297 of unrealized losses).

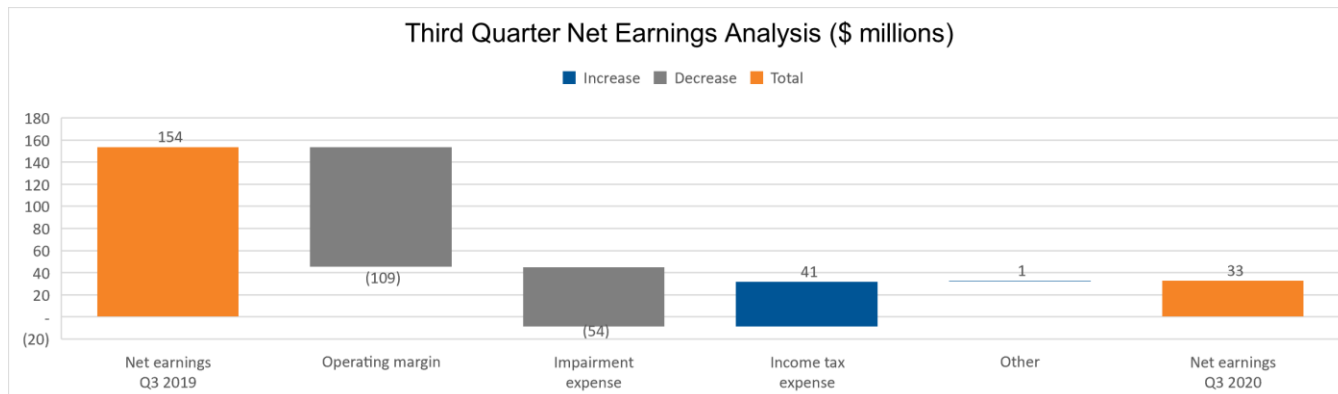
³ Adjusted EBITDA is defined as earnings before finance costs, taxes, depreciation, amortization, impairment expenses, unrealized gains/losses and any other non-cash items such as gains/losses on the disposal of property, plant and equipment. EBITDA and adjusted EBITDA are not standard measures under GAAP. See the section titled "EBITDA" for a reconciliation of adjusted EBITDA to its most closely related GAAP measure.

⁴ Funds from operations and distributable cash flow are not standard measures under GAAP. See the section titled, "Dividends: Funds from Operations and Distributable Cash Flow", for a reconciliation of funds from operations and distributable cash flow to the most closely related GAAP measure.

⁵ Payout ratio is defined as dividends declared to shareholders divided by distributable cash flow and is not a standard measure under GAAP.

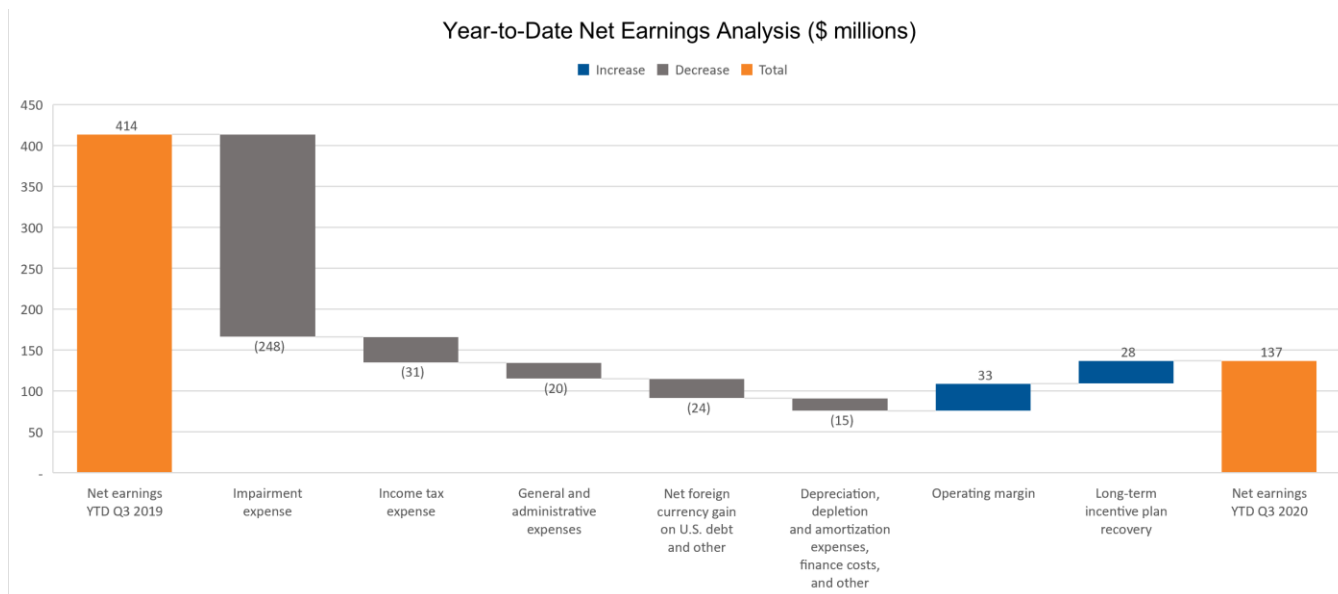
Net Earnings
Third Quarter Results

For the three months ended September 30, 2020, net earnings were \$33 million, \$121 million lower than the same period in 2019 due to the following:



Year-To-Date Results

On a year-to-date basis, net earnings were \$137 million, \$277 million lower than the prior year due to the following:



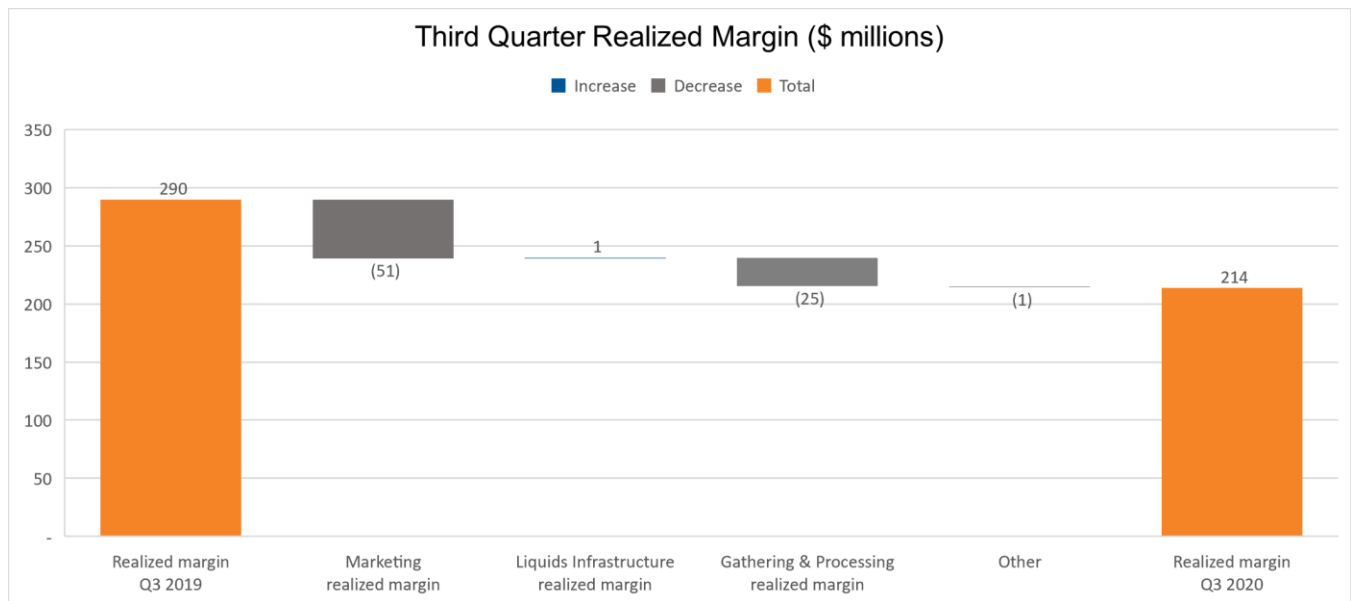
See the section below for more information related to operating margin. For more information related to impairment expense, please see the section of this MD&A titled, “Corporate and Other: Net Impairment Expense”. For all other charges mentioned above, please see the section of the MD&A titled, “Corporate and Other”, for more information related to these charges.

Operating Margin and Realized Margin
Third Quarter Results

For the three months ended September 30, 2020, operating margin was \$203 million, \$109 million lower than the same period in 2019 primarily due to: i) the inclusion of an unrealized non-cash loss of \$12 million associated with risk management contracts from the Marketing segment in 2020 compared to an unrealized non-cash gain of \$23 million in 2019; and ii) \$76 million in lower realized margin as described in more detail below.

In the third quarter of 2020, realized margin (excluding the effect of unrealized gains and losses from commodity-related risk management contracts) was \$214 million, \$76 million lower than the same period in 2019 due to:

- \$25 million in lower realized margin from the Gathering and Processing segment resulting from lower processing throughput and a six-week unplanned outage at the Wapiti gas plant; and
- \$51 million in lower realized margin from the Marketing segment attributable to: i) lower iso-octane margins resulting from higher average butane feedstock costs and weak product premiums relative to the prior year; and ii) lower liquids blending sales margins in 2020.



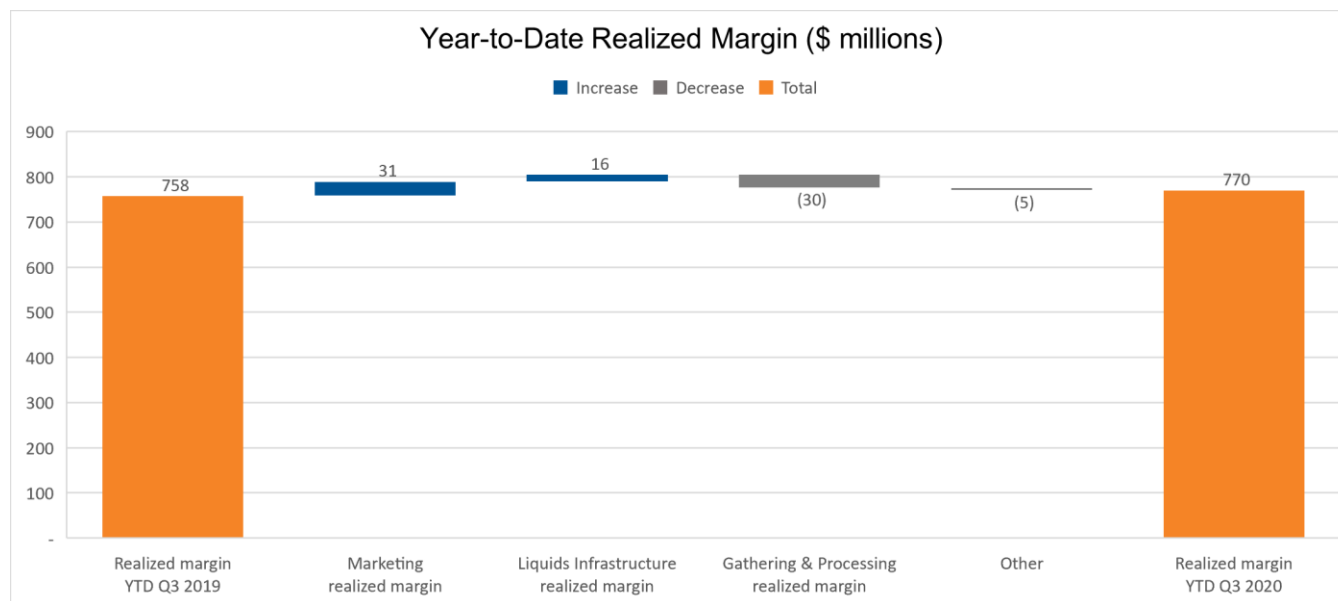
Year-To-Date Results

For the first nine months of 2020, operating margin was \$775 million, \$33 million higher than the same period in 2019 due to: i) the inclusion of an unrealized non-cash gain of \$6 million associated with risk management contracts from the Marketing segment in 2020 compared to an unrealized non-cash loss of \$15 million in 2019; and ii) \$11 million in higher realized margin as described in more detail below.

Realized margin for the first nine months of 2020 was \$770 million, \$11 million higher than the same period in 2019 due to the following:

- \$31 million in higher realized margin from the Marketing segment that resulted from:
 - significantly higher iso-octane margins from exceptionally strong product premiums in the early part of 2020 and low butane feedstock costs in the first quarter of 2020 relative to the first quarter of 2019; and
 - an effective risk management program that protected margins and inventory values from the sharp decline in commodity prices that began in March 2020.
- \$16 million in higher realized margin from the Liquids Infrastructure segment attributable to higher storage revenues and incremental margin associated with cavern 16 in Fort Saskatchewan which came into service in April 2020, as well as an increase in volumes handled within Keyera's condensate network during the first quarter of 2020.

The above factors were partly offset by \$30 million in lower realized margin from the Gathering and Processing segment resulting from lower processing throughput and lower fees at multiple facilities.



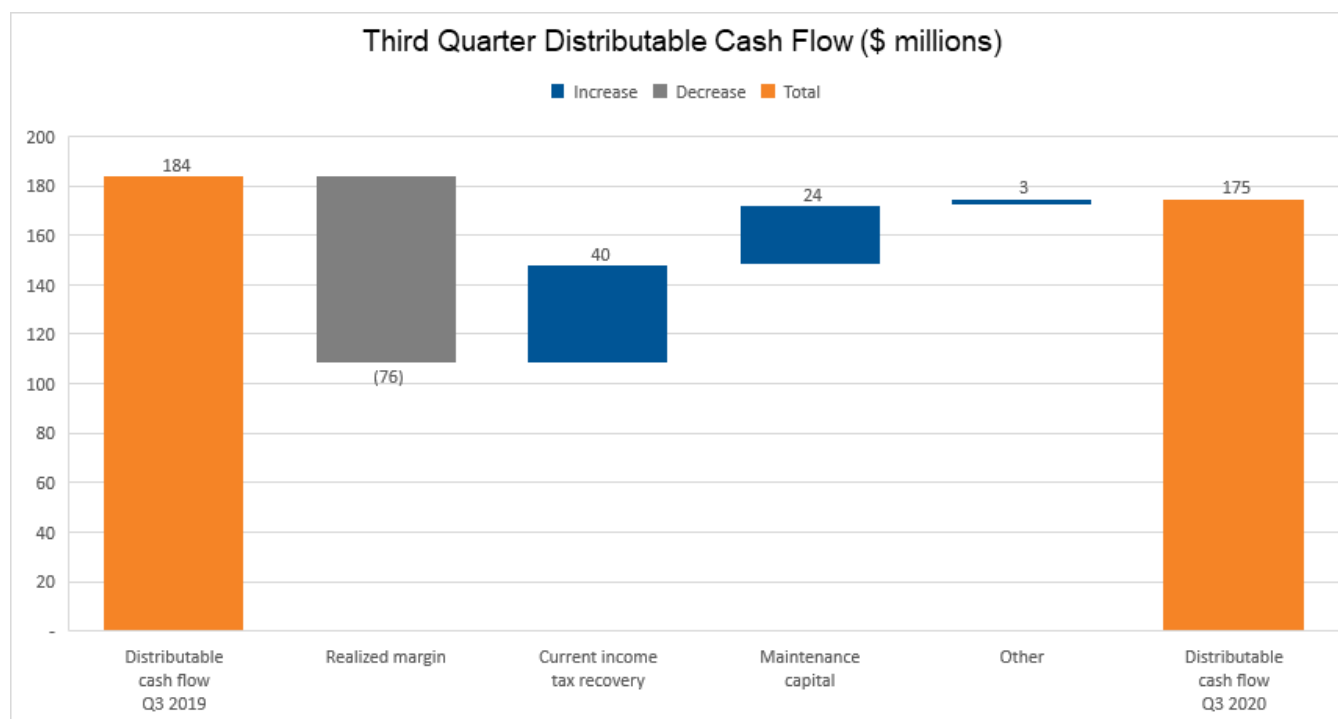
See the section titled “Segmented Results of Operations” for more information on operating results by segment.

Cash Flow Metrics

Third Quarter Results

Cash flow from operating activities for the third quarter of 2020 was \$95 million, \$164 million lower than the same period in 2019 due to lower financial results from the Marketing and Gathering and Processing segments, as well as increased cash requirements to fund higher volumes of propane and butane inventory compared to the prior year.

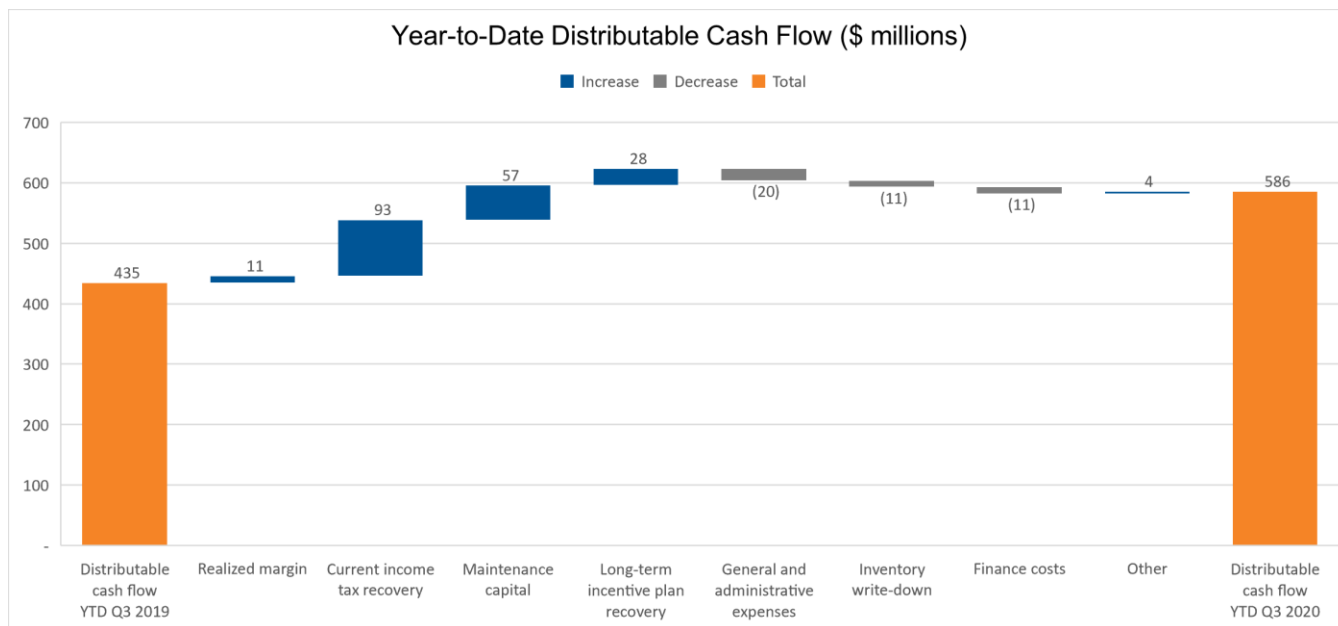
Distributable cash flow was \$175 million for the three months ended September 30, 2020, \$9 million lower than the same period in 2019. The lower financial results from the Marketing and Gathering and Processing segments were partly offset by: i) a \$25 million current income tax recovery in the third quarter of 2020 compared to a \$15 million current income tax expense in the prior year; and ii) lower maintenance capital expenditures in the current year.



Year-To-Date Results

On a year-to-date basis, cash flow from operating activities was \$572 million, \$103 million lower than the same period in 2019 mainly due to increased cash requirements to fund higher volumes of propane and butane inventory compared to the prior year.

Distributable cash flow for the nine months ended September 30, 2020 was \$586 million, \$150 million higher than the same period in the prior year mainly due to: i) a \$24 million current income tax recovery in 2020 compared to a \$69 million current income tax expense in the prior year; and ii) lower maintenance capital expenditures in the current year.



Refer to the sections of this MD&A titled, “Dividends: Funds from Operations and Distributable Cash Flow”, for a reconciliation of cash flow from operating activities to funds from operations and distributable cash flow and “Segmented Results of Operations: Marketing”, for a reconciliation of operating margin to realized margin related to the Marketing segment.

SEGMENTED RESULTS OF OPERATIONS

The discussion of the results of operations for each of the operating segments focuses on operating margin. Operating margin refers to operating revenues less operating expenses and does not include the elimination of inter-segment transactions. Management believes operating margin provides an accurate portrayal of operating profitability by segment. Keyera's Gathering and Processing and Liquids Infrastructure segments charge Keyera's Marketing segment for the use of facilities at market rates. These segment measures of profitability for the three and nine months ended September 30, 2020 and 2019 are reported in note 16, Segment Information, of the accompanying financial statements. A complete description of Keyera's businesses by segment can be found in Keyera's Annual Information Form, which is available at www.sedar.com.

Gathering and Processing

Keyera currently has interests in 14 active gas plants¹, all of which are located in Alberta. Keyera operates 11 of the 14 active gas plants and has the option to become the operator of the Pipestone gas plant in 2025, five years after the commencement of its operations. The Gathering and Processing segment includes raw gas gathering systems and processing plants strategically located in the natural gas production areas on the western side of the Western Canada Sedimentary Basin ("WCSB"). Several of the gas plants are interconnected by raw gas gathering pipelines, allowing raw gas to be directed to the gas plant best suited to process the gas. Most of Keyera's facilities are also equipped with condensate handling capabilities. Keyera's facilities and gathering systems collectively constitute a network that is well positioned to serve drilling and production activity in the WCSB. Keyera's Simonette, Wapiti and Pipestone gas plants, as well as the non-operated Edson gas plant, are generally referred to as its "Northern" or "North" gas plants due to their geographic location and proximity to one another. Gas plants in the North are generally dedicated to processing gas and handling condensate from the Montney Formation. All of Keyera's other Gathering and Processing plants are generally referred to as its "Southern" or "South" gas plants.

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

Operating Margin and Throughput Information (Thousands of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Revenue ¹	108,486	133,057	362,116	369,716
Operating expenses ¹	(59,082)	(58,206)	(178,830)	(156,246)
Unrealized gain (loss) on electricity and other financial contracts	—	(48)	—	(632)
Total operating expenses	(59,082)	(58,254)	(178,830)	(156,878)
Operating margin	49,404	74,803	183,286	212,838
Gross processing throughput – (MMcf/d)	1,145	1,414	1,247	1,500
Net processing throughput ² – (MMcf/d)	953	1,135	1,027	1,193



Notes:

¹ Includes inter-segment transactions.



² Net processing throughput refers to Keyera's share of raw gas processed at its processing facilities.

¹ Excludes gas plants where Keyera has suspended operations.

Third Quarter Operating Margin and Revenue

<p>Operating Margin</p>	<p style="text-align: center;">  \$25 million vs Q3 2019 </p>	<p>The decrease in operating margin in Q3 2020 was primarily due to the following:</p> <ul style="list-style-type: none"> • \$13 million in lower operating margin due to lower processing throughput across many facilities including the Strachan, Alder Flats, Rimbey and Brazeau River gas plants as producer activity levels in the surrounding areas remained low. Operating margin at the Brazeau River gas plant was further affected by a customer diverting volumes to their own facility beginning in April 2020. • \$5 million in fee reductions provided to customers at certain gas plants in the South effective January 1, 2020 to improve competitiveness of fees. Keyera's optimization plan is intended to reduce overall operating costs and improve profitability for the South gas plants. • Lower operating margin at the Wapiti gas plant due to a six-week unplanned outage as described in the "Gathering and Processing Activity" section of the MD&A below.
<p>Revenue</p>	<p style="text-align: center;">  \$25 million vs Q3 2019 </p>	<ul style="list-style-type: none"> • The decrease in revenue was attributable to the same factors that contributed to lower operating margin.

Third Quarter Year-to-Date Operating Margin and Revenue

Operating Margin	 \$30 million vs Q3 YTD 2019	<ul style="list-style-type: none"> The decrease in operating margin in 2020 was largely due to the same factors that affected the third quarter financial results. The effects of lower processing throughput across multiple facilities and fee reductions were partly offset by incremental operating margin from the Wapiti gas plant on a year-to-date basis as the facility commenced operations in May 2019.
Revenue	 \$8 million vs Q3 YTD 2019	<ul style="list-style-type: none"> The decrease in revenue was primarily due to the same factors that contributed to lower operating margin. Partly offsetting the decreased revenues were higher ethane sales revenues. Ethane sales are generally based on index pricing and can significantly influence revenues; however, the effect on operating margin is minimal as ethane purchases from producers are also based on index pricing and are included in operating expenses.

Gathering and Processing Activity

In light of the challenges facing the energy industry in Western Canada, Keyera's Gathering and Processing segment is committed to the following strategic priorities:

- reducing its overall cost structure and optimizing its portfolio of gas plants;
- delivering competitive full-service solutions and improving customer netbacks; and
- increasing the overall utilization of its gas plants thereby reducing carbon emissions and associated compliance costs, and increasing profitability.

Over the past several months, Keyera made significant progress in advancing these priorities as it undertook a reduction in operating expenses throughout its portfolio of assets and continued to advance the optimization of gas plants in the South region. In the third quarter, Keyera suspended operations at its West Pembina and Bigoray facilities and successfully redirected substantially all of the volumes to other Keyera facilities, thereby increasing utilization and enhancing its overall competitive positioning. In 2020, Keyera made a decision to suspend operations at the following gas plants:

Gas Plant	Timing of Suspension
Minnehik Buck Lake	Completed in May 2020
West Pembina	Completed in August 2020
Bigoray	Completed in September 2020
Ricinus	Mid-2021
Brazeau North	Mid-2021
Nordegg River	2022

As a result of the current economic environment, producer activity in the WCSB has been weak. Accordingly, gross processing throughput in the Gathering and Processing segment continued to decline in the third quarter of 2020, averaging 1,145 million cubic feet per day, 9% lower than the second quarter of 2020 and 19% lower than the same period in 2019. On a year-to-date basis, gross processing throughput was 17% lower than the same period in 2019 largely because of the following factors:

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- natural declines and weak producer activity across most facilities including the Strachan, Alder Flats, Rimbey, Brazeau River and Simonette gas plants;
 - volumes diverted by a customer at the Brazeau River gas plant to their own facility beginning in April 2020;
 - volumes diverted by a customer at the Simonette gas plant to a third-party facility in July 2020. This loss in volume had a minimal effect on operating margin due to a long-term take-or-pay arrangement; and
 - a six-week unplanned maintenance outage at the Wapiti gas plant in the third quarter of 2020.

The unplanned maintenance outage at the Wapiti gas plant during the third quarter of 2020 resulted from a failure of the facility's waste heat recovery system. The financial impact of the outage on the third quarter results was approximately \$16 million, including repair costs and associated fee reductions provided to customers. Keyera recognizes the importance of being a reliable service provider and is committed to ensuring that the Wapiti facility and all of its other gas plants continue to operate in a safe, reliable and efficient manner.

Construction of phase two of the Wapiti gas plant is complete and commissioning activities have commenced. Keyera expects to complete commissioning activities in the fourth quarter of this year; however, given the revised capital plans of Keyera's customers, the additional capacity is not anticipated to be required once commissioning is complete.

The newly constructed Pipestone gas plant commenced operations in mid-October 2020, five months ahead of its original schedule and on budget. The facility was developed in a joint effort with Ovintiv Inc. ("Ovintiv") and provides gas processing and liquids handling services to Ovintiv's condensate focused Pipestone Montney development under a 20-year infrastructure agreement. Ovintiv has diverted existing volumes from two other facilities to the Pipestone gas plant for processing.

While drilling activity has been weak in 2020, Keyera remains positive about the longer-term outlook for its Gathering and Processing business. The combination of a more competitive cost structure at Keyera's facilities, improving natural gas prices, a greater emphasis on lower emission energy sources and improving pipeline take-away capacity in Alberta provides significant opportunities for this business to continue to grow without additional capital investment.

No maintenance turnarounds are scheduled to occur in 2020. For 2021, maintenance turnarounds will be completed at the Brazeau River and Zeta Creek gas plants at an estimated combined cost of approximately \$10 million. The costs associated with maintenance turnarounds are capitalized for accounting purposes and do not have an effect on operating expenses in the Gathering and Processing segment. Distributable cash flow is reduced by Keyera's share of the cost of the turnarounds, as these costs are included in its financial results as maintenance capital expenditures.

The table below provides more detail related to major projects in the Gathering and Processing segment:

Gathering and Processing – Capital Projects Status Update		
Facility/Area	Project Description	Project Status Update
Wapiti	<p>Wapiti Gas Plant (Phase One): Phase one includes the construction of a 150 million cubic feet per day sour gas processing plant with acid gas injection capabilities and 25,000 barrels per day of condensate processing facilities, as well as a gathering pipeline system, field compressor stations, and condensate treating facilities.</p> <p>Water Disposal System: This project includes the installation of high pressure injection pumps and pipeline connectivity for multiple disposal wells that are capable of disposing up to 30,000 barrels per day of produced water from the Wapiti gas plant.</p> <p>North Wapiti Pipeline System: The North Wapiti Pipeline System extends the capture area of Keyera's Wapiti gas plant and includes a 12-inch sour gas gathering pipeline, an 8-inch condensate and water pipeline, and a compressor station.</p> <p>Gold Creek Compressor and Gathering System Expansion: This project provides additional compression and includes an expansion of the Wapiti gathering system.</p> <p>Wapiti Gas Plant (Phase Two): Phase two will add another 150 million cubic feet per day of sour gas processing capacity to the Wapiti gas plant.</p>	<p>Wapiti Gas Plant (Phase One): Phase one of the Wapiti gas plant was completed and began operating in May 2019.</p> <p>Water Disposal System: The water disposal system became operational with the start-up of phase one of the Wapiti gas plant in May 2019. The system is currently equipped with two disposal wells, with the second disposal well coming into service in August 2019.</p> <p>North Wapiti Pipeline System: The pipeline system commenced operations in September 2019. The expansion of the compressor station was completed in October 2020.</p> <p>Gold Creek Compressor and Gathering System Expansion: The compressor station was complete in the first quarter of 2020. The additional compression and expansion of the Wapiti gathering system was complete at the start of the second quarter of 2020.</p> <p>Wapiti Gas Plant (Phase Two): Construction activities were substantially complete in the first quarter of 2020. Commissioning and completion activities have commenced in the fourth quarter of 2020.</p> <p><i>Estimated total cost to complete the Wapiti complex and related infrastructure:</i></p> <ul style="list-style-type: none"> • approximately \$1 billion <p><i>Total net costs to September 30, 2020:</i></p> <ul style="list-style-type: none"> • \$18 million and \$75 million for the three and nine months ended September 30, 2020 • \$1 billion since inception

Gathering and Processing – Capital Projects Status Update		
Facility/Area	Project Description	Project Status Update
Pipestone	Pipestone Gas Plant: The Pipestone gas plant includes a total of 200 million cubic feet per day of sour gas processing capacity with acid gas injection capabilities, 24,000 barrels per day of condensate processing capacity, and associated water disposal facilities.	<p>The gas plant commenced operations in October 2020.</p> <p><i>Estimated total cost to complete:</i></p> <ul style="list-style-type: none"> • approximately \$600 million <p><i>Total net costs to September 30, 2020:</i></p> <ul style="list-style-type: none"> • \$69 million and \$245 million for the three and nine months ended September 30, 2020 • \$585 million since inception

Estimated costs and completion times for the projects currently under development that are discussed above assume that construction proceeds as planned, that actual costs are in line with estimates and, where required, that regulatory approvals and any other third-party approvals or consents are received on a timely basis. A portion of the costs incurred for completed and ongoing projects are based on estimates. Final costs may differ when actual invoices are received or contracts are settled. Costs for the projects described above exclude carrying charges (i.e., capitalized interest). The section of this MD&A titled, "Forward-Looking Statements", provides more information on factors that could affect the development of these projects.

Liquids Infrastructure

The Liquids Infrastructure segment provides 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 barrels per day of iso-octane. Iso-octane is a low vapour pressure, high-octane gasoline blending component that contains virtually no sulphur, aromatics or benzene, making this product a clean burning gasoline additive. AEF uses butane as the primary feedstock to produce iso-octane. As a result, AEF's business creates positive synergies with Keyera's Marketing business, which purchases, handles, 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 of Alberta, one of four key NGL hubs in North America. A significant portion of the NGL production from Alberta raw gas processing plants is delivered into the Edmonton/Fort Saskatchewan area via multiple NGL gathering systems for fractionation into specification products and delivery to market. Keyera's underground storage caverns at Fort Saskatchewan are used to store NGL mix and specification products. For example, propane can be stored in the summer months 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 blending and iso-octane feedstock requirements.

Keyera's Liquids Infrastructure assets are closely integrated with its Marketing segment, providing the ability to source, transport, process, store and deliver products across North America. A portion of the revenues earned by this segment relate to services provided to Keyera's Marketing segment. All of the revenues in this segment that are associated with the AEF facility and the Oklahoma Liquids Terminal relate to services provided to the Marketing segment.



Operating margin for the Liquids Infrastructure segment was as follows:

Operating Margin (Thousands of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Revenue ¹	138,630	137,657	419,301	401,433
Operating expenses ¹	(39,407)	(39,122)	(117,763)	(115,805)
Unrealized gain (loss) on electricity financial contracts	356	(450)	(244)	(533)
Total operating expenses	(39,051)	(39,572)	(118,007)	(116,338)
Operating margin	99,579	98,085	301,294	285,095



Note:

¹ Includes inter-segment transactions.

Third Quarter Operating Margin and Revenue

Operating Margin	 \$1 million vs Q3 2019	<ul style="list-style-type: none"> Increase was due to higher storage revenues as strong demand resulted in higher contracted volumes and incremental margin associated with cavern 16 in Fort Saskatchewan which came into service in April 2020.
Revenue	 \$1 million vs Q3 2019	<ul style="list-style-type: none"> Increase was due to the same factors that contributed to higher operating margin as described above.

Third Quarter Year-to-Date Operating Margin and Revenue

Operating Margin	 \$16 million vs Q3 YTD 2019	<ul style="list-style-type: none"> Increase was due to higher storage revenues as strong demand resulted in higher contracted volumes and incremental margin associated with cavern 16 in Fort Saskatchewan which came into service in April 2020; and an increase in volumes handled within Keyera's condensate network, including the Norlite pipeline, during the first quarter of 2020.
Revenue	 \$18 million vs Q3 YTD 2019	<ul style="list-style-type: none"> Increase is due to the same factors that contributed to higher operating margin as described above.

Liquids Infrastructure Activity

The Liquids Infrastructure segment continued to demonstrate its resilience in the third quarter of 2020, performing well operationally and generating strong financial results, as the energy industry continued to contend with the effects of low commodity prices and the ongoing COVID-19 pandemic.

Keyera's storage assets at Fort Saskatchewan continue to experience strong demand, providing significant operational flexibility and value to its customers during times of low demand and commodity price volatility. The 16th underground storage cavern was put into service in April providing additional storage capacity which contributed to the strong third quarter and year-to-date 2020 financial results. Storage demand is expected to remain strong for the remainder of 2020.

During the third quarter, crude prices stabilized from the extreme lows experienced between March and May of 2020. In light of this, several oil sands producers began gradually increasing their bitumen production; however, the volume of condensate handled within Keyera's condensate system only showed marginal improvement, up 4% from the second quarter of 2020, partly because of the outage on Inter Pipeline's Polaris system that reduced condensate demand. Despite the level of condensate volumes handled, the financial impact to Keyera in the second and third quarters of 2020 was not significant due to long-term, take-or-pay arrangements in place with several major oil sands producers. Under these agreements, Keyera provides a variety of services including diluent transportation, storage and rail offload services in the Edmonton/Fort Saskatchewan area.

With crude oil prices continuing to stabilize, oil sands producers are steadily increasing their bitumen production into the fourth quarter of 2020 and Keyera is seeing a recovery in condensate volumes on its system. Keyera operates an industry-leading condensate hub in Western Canada that includes connections to: i) all major condensate receipt points, including Enbridge's Southern Lights pipeline and CRW pool, all the Fort Saskatchewan area fractionators, and Pembina's Cochin pipeline and Canadian Diluent Hub; and ii) all major condensate delivery points, including Inter Pipeline's Polaris and Cold Lake pipelines, the Norlite pipeline, Enbridge's CRW pool, and Wolf Midstream's Access pipeline system.

In the third quarter of 2020, utilization of the two fractionation units at Keyera's Fort Saskatchewan complex increased to 97% of nameplate capacity compared to 88% in the second quarter of 2020 (Q3 2019 – 101%). For the contract year beginning April 1, 2020, Keyera contracted fractionation fees that are comparable to the prior year. Based on current forecasts, Keyera expects utilization rates for its fractionation units to remain at levels near nameplate capacity for the remainder of the year.

The AEF facility is operated by the Liquids Infrastructure segment and provides iso-octane processing services to the Marketing segment on a fee-for-service basis. Iso-octane production averaged 96% of nameplate capacity in the third quarter of 2020 and 97% on a year-to-date basis. In response to a performance issue experienced in late September that resulted in the facility running at reduced capacity utilization, Keyera proactively took the facility offline during the second week of October to conduct maintenance work. Maintenance activities are progressing and the facility is expected to be fully operational in the latter half of November. The incremental costs associated with this outage are estimated to be approximately \$15 million, \$10 million of which will be expensed in the fourth quarter of 2020 and flowed through in full to the Marketing segment, while \$5 million will be treated as maintenance capital. This maintenance activity is intended to facilitate AEF's continued reliable operations at full capacity until its next scheduled turnaround in the fall of 2022.

As previously disclosed in Keyera's 2019 year-end report, Keyera entered into an agreement to provide butane to Kinder Morgan for liquids blending service at their Galena Park facility. The capital investment associated with this butane-on-demand distribution system currently being constructed by Kinder Morgan is approximately \$70 million (US\$50 million) and will be reimbursed by Keyera once the project is complete. The project, which includes butane storage and pipeline connections, continued to progress on schedule through the third quarter of 2020 and is expected to be operational by the end of the fourth quarter of 2020.

During the third quarter of 2020, certain deficiencies were identified with the construction of the Wildhorse Terminal, a crude oil storage and blending terminal being developed in Cushing, Oklahoma. Keyera is working closely with its EPC contractor to ensure these deficiencies are rectified and that mechanical completion of

the project is achieved by the end of 2020. As a result, the terminal is now expected to be operational in the first half of 2021.

In response to the challenges faced by the energy industry, Keyera announced in May 2020 that along with its partner, SemCAMS Midstream ULC, a decision was made to defer construction of the KAPS pipeline system for approximately one year resulting in an expected in-service date of 2023. In light of the deferral, Keyera continues to advance engineering work and is refining cost estimates for this project. Refer to the table below, "Liquids Infrastructure – Capital Projects Status Update", for more information related to this project.

Keyera continues to focus on enhancing its infrastructure to meet the needs of its customers. The table below is a status update of major projects in the Liquids Infrastructure segment:

Liquids Infrastructure – Capital Projects Status Update		
Facility/Area	Project Description	Project Status Update
Fort Saskatchewan	Underground Storage Development: Development of five additional underground storage caverns (caverns 15-19), including ancillary infrastructure such as pumps, wells, piping and brine pond capacity.	<p>Construction-In-Progress Assets: Washing of the 17th and 18th caverns continued throughout the third quarter of 2020. These caverns are expected to be in service during the second half of 2021 and second half of 2022, respectively.</p> <p>Work associated with the planning of the 19th cavern has been deferred for the near term.</p> <p>Completed Assets: The 16th cavern was completed and came into service in April 2020.</p> <p>The 15th cavern and its related infrastructure was put into service in early May 2018.</p> <p>Since inception, \$101 million or approximately 81% of the total cavern program costs have been expended.</p>
Cushing, Oklahoma (90/10 joint venture with affiliate of Lama Energy Group)	Wildhorse Terminal (“Wildhorse”): Development of a crude oil storage and blending terminal in Cushing, Oklahoma which will include 12 above ground tanks with 4.5 million barrels of working storage capacity. Wildhorse will initially be pipeline connected to two existing storage terminals in Cushing.	<p>During the third quarter of 2020, certain deficiencies were identified. Keyera is working closely with its EPC contractor to ensure these deficiencies are corrected and that mechanical completion of the project is achieved by the end of 2020. As a result, the terminal is now expected to be operational in the first half of 2021.</p> <p><i>Estimated total cost to complete:</i></p> <ul style="list-style-type: none"> gross cost is approximately US\$224 million Keyera’s net share of costs is approximately US\$202 million <p><i>Total net costs to September 30, 2020:</i></p> <ul style="list-style-type: none"> \$23 million (US\$17 million) and \$61 million (US\$45 million) for the three and nine months ended September 30, 2020 \$242 million (US\$182 million) since inception

Liquids Infrastructure – Capital Projects Status Update		
Facility/Area	Project Description	Project Status Update
South Cheecham (50/50 joint venture with Enbridge)	Sulphur Facilities: Development of sulphur handling, forming, and storage facilities at the South Cheecham rail and truck terminal.	<p>Detailed engineering and regulatory activities continued through the third quarter of 2020.</p> <p>The sulphur facilities are anticipated to be operational in 2022.</p> <p><i>Estimated total cost to complete:</i></p> <ul style="list-style-type: none"> gross cost is approximately \$115 million Keyera's net share of costs is approximately \$58 million <p><i>Total net costs to September 30, 2020:</i></p> <ul style="list-style-type: none"> \$3 million and \$6 million for the three and nine months ended September 30, 2020 \$7 million since inception
KAPS (50/50 joint venture with SemCAMS)	KAPS NGL and Condensate Pipeline System: 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. Along its route, KAPS will be connected to Keyera's Pipestone, Wapiti and Simonette gas plants and several third-party gas plants.	<p>Approvals from the Alberta Energy Regulator to proceed with the construction of the main line have been received. Engineering and other regulatory work continued in the third quarter of 2020.</p> <p>KAPS is anticipated to be operational in 2023.</p> <p>In light of the one-year deferral of construction, Keyera continues to advance engineering work and is refining cost estimates for this project.</p> <p><i>Total net costs to September 30, 2020:</i></p> <ul style="list-style-type: none"> \$7 million and \$23 million for the three and nine months ended September 30, 2020 \$34 million since inception

Estimated costs and completion times for the projects currently under development that are discussed above assume that construction proceeds as planned, that actual costs are in line with estimates and, where required, that regulatory approvals and any other third-party approvals or consents are received on a timely basis. With respect to regulatory approvals for underground storage caverns at Keyera's Fort Saskatchewan facility, the authorization to put the wells into service is applied for after the cavern has been washed. Regarding the Wildhorse Terminal, operational regulatory permitting is applied for at construction completion or prior to startup. Regulatory approvals for KAPS and the South Cheecham Sulphur Facilities projects are expected to be in place for the start of their construction activities. A portion of the costs incurred for completed and ongoing projects is based on estimates. Final costs may differ when actual invoices are received or contracts are settled. Costs for

the projects described above exclude carrying charges (i.e., capitalized interest). The section of this MD&A titled, "Forward-Looking Statements", provides more information on factors that could affect the development of these projects.

Marketing

The Marketing segment is focused on the distribution and sale of products associated with Keyera's facilities, including NGLs, crude oil and iso-octane. Keyera markets products acquired through processing arrangements, term supply agreements and other purchase transactions. Most NGL volumes are purchased under one-year supply contracts typically with terms beginning in April of each year. In addition, Keyera has long-term supply arrangements with several producers for a portion of its NGL supply. Keyera may also source additional condensate or butane, including from the U.S., when market conditions and associated sales contracts are favourable.

Keyera negotiates sales contracts with customers in Canada and the U.S. based on the volumes it has contracted to purchase. In the case of condensate sales, the majority of the product is sold to customers in Alberta shortly after it is purchased. Butane is used as the primary feedstock in the production of iso-octane at Keyera's AEF facility and therefore a significant portion of the contracted butane supply is retained for Keyera's own use.

Propane markets are seasonal and geographically diverse. Keyera sells propane in various North American markets, often where the only option for delivery is via railcar 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 facilities to build an inventory of propane during the summer months when prices are typically lower to fulfill winter term-sales commitments.

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

Keyera's primary markets for iso-octane are in the Gulf Coast, Midwestern United States, and Western Canada. Demand for iso-octane is seasonal, with higher demand in the spring and summer, typically resulting in higher sales prices during these months. There can be significant variability in iso-octane margins. As with Keyera's other marketing activities, various strategies are utilized to mitigate the risks associated with the commodity price exposure, including the use of financial contracts. The section of this MD&A titled "Risk Management" provides more information on the risks associated with the sale of iso-octane and Keyera's related hedging strategy.

Keyera also engages in liquids blending, where it operates facilities at various locations, including the Oklahoma Liquids Terminal, allowing it to transport, process and blend various product streams. Margins are earned by blending products of lower value into higher value products. As a result, these transactions are exposed to variability in price and quality differentials between various product streams. Keyera manages this risk by balancing its purchases and sales and employing risk management strategies.

Overall, the integration of Keyera's business lines means that its Marketing segment can draw on the resources available to it through its two fee-for-service, 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.

Keyera expects its Marketing business to contribute, on average, a "base realized margin" of between \$180 million and \$220 million annually. This base contribution assumes: i) AEF operates near capacity; ii) butane feedstock costs are comparable to the 2018 contract year; iii) there are no significant logistics or transportation

curtailments; and iv) producers deliver their volumes according to plan. There are numerous variables that can affect the results from Keyera's Marketing segment. For a detailed discussion of risk factors that affect Keyera, see Keyera's Annual Information Form which is available at www.sedar.com.

Operating and realized margin for the Marketing segment was as follows:

Operating and Realized Margin (Thousands of Canadian dollars, except for sales volume information)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Revenue ¹	546,067	644,141	1,763,098	2,095,858
Operating expenses ¹	(493,712)	(505,879)	(1,473,823)	(1,858,245)
Operating margin	52,355	138,262	289,275	237,613
Unrealized loss (gain) on risk management contracts	11,901	(22,528)	(5,811)	15,279
Realized margin	64,256	115,734	283,464	252,892
Sales volumes (Bbl/d)	139,900	130,900	148,500	140,900

Note:

¹ Includes inter-segment transactions.

Realized margin is not a standard measure under GAAP. Management believes that this supplemental measure facilitates the understanding of the Marketing segment's financial results in the period without the effect of market-to-market changes from risk management contracts related to future periods.




Composition of Marketing Revenue (Thousands of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Physical sales	550,139	616,304	1,671,234	2,105,387
Realized cash gain on financial contracts ¹	7,829	5,309	86,053	5,750
Unrealized (loss) gain due to reversal of financial contracts existing at end of prior period	(11,607)	(4,399)	5,371	(41,516)
Unrealized gain due to fair value of financial contracts existing at end of current period	189	26,843	189	26,843
Unrealized (loss) gain from fixed price physical contracts ²	(483)	84	251	(606)
Total unrealized (loss) gain on risk management contracts	(11,901)	22,528	5,811	(15,279)
Total (loss) gain on risk management contracts	(4,072)	27,837	91,864	(9,529)
Total Marketing revenue	546,067	644,141	1,763,098	2,095,858

Notes:




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

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

Third Quarter Operating & Realized Margin and Revenue

Operating Margin	 \$86 million vs Q3 2019	<ul style="list-style-type: none"> • Decrease was due to \$12 million in unrealized non-cash losses from risk management contracts in Q3 2020 versus a non-cash gain of \$23 million in Q3 2019; and • \$51 million in lower realized margin as described in more detail below.
Realized Margin	 \$51 million vs Q3 2019	<ul style="list-style-type: none"> • Decrease was due to \$31 million in lower iso-octane margins because of higher average butane feedstock costs and weak product premiums relative to the prior year; and • lower liquids blending sales margins in the third quarter of 2020.
Revenue	 \$98 million vs Q3 2019	<p>In general, gross revenue in the Marketing segment is influenced by NGL and iso-octane sales volumes as well as commodity prices.</p> <ul style="list-style-type: none"> • Decrease was due to lower average sales volumes and significantly lower average sales prices for all products resulting from the significant decline in commodity prices since March 2020.

Third Quarter Year-to-Date Operating & Realized Margin and Revenue

Operating Margin	 \$52 million vs Q3 YTD 2019	<ul style="list-style-type: none"> • Increase was due to \$6 million in unrealized non-cash gains from risk management contracts in 2020 versus a non-cash loss of \$15 million in 2019; and • \$31 million in higher realized margin as described in more detail below.
Realized Margin	 \$31 million vs Q3 YTD 2019	<ul style="list-style-type: none"> • Increase was due to significantly higher iso-octane margins that resulted from: i) exceptionally strong product premiums in the early part of 2020 that continued from the second half of 2019; and ii) low butane feedstock costs in the first quarter of 2020 relative to the first quarter of 2019; and • an effective risk management program that protected margins and inventory values from the sharp decline in commodity prices that began in March 2020.
Revenue	 \$333 million vs Q3 YTD 2019	<ul style="list-style-type: none"> • Decrease was due to lower average sales volumes and significantly lower average sales prices for all products resulting from the significant decline in commodity prices in March 2020.

Market Commentary

Energy markets continue to evolve as the ongoing COVID-19 pandemic has caused significant changes to energy supply and demand patterns. Under normal economic conditions, the demand and price premium for iso-octane increase in the spring and summer months as driving activity and gasoline demand increase. In March and April, U.S. gasoline demand decreased by approximately 50% compared to typical demand levels. Despite this drastic drop in demand, Keyera's iso-octane margins were strong in the first nine months of 2020 partly due to its effective risk management program.

As several U.S. states began to reopen their economies in May, U.S. gasoline demand increased to approximately 90% of pre-COVID forecasts by early July. Over the summer months, the surplus in U.S. gasoline inventory was essentially erased and inventory levels ended the quarter at comparable levels to September 2019. This was accomplished through reduced refinery run rates as well as the permanent closure of several refineries in the U.S. The combination of higher gasoline demand and refiners continuing to limit their run-rates has resulted in a significant improvement in motor gasoline prices, compared to the lows experienced in March and April.

While gasoline prices have improved, the premium for iso-octane remained weak in the third quarter of 2020 compared to typical spring/summer levels. In the near term, further improvement in gasoline demand or iso-octane premiums appears unlikely until the COVID-19 pandemic is controlled and mobility trends return to more normal levels.

In early October, AEF was taken offline to complete preventative maintenance work that is intended to facilitate AEF's continued reliable operations at full capacity until its next scheduled turnaround in the fall of 2022. The costs associated with this outage are estimated to be \$15 million of which approximately \$10 million will reduce the operating margin of the Marketing segment in the fourth quarter of 2020. Refer to the section of this MD&A titled, "Results of Operations: Liquids Infrastructure", for more information associated with this outage.

Because butane is the primary feedstock to produce iso-octane, butane costs directly affect iso-octane margins. The majority of Keyera's butane supply is purchased on a one-year term basis. For the annual term supply contracts that began on April 1, 2020, the price for butane as a percentage of crude oil is higher than the 2019 contract year, but lower compared to the average of the previous five years. With the maintenance work being completed at AEF, Keyera's butane inventory levels are higher than normal. Access to Keyera's storage assets in Fort Saskatchewan is a competitive advantage that allows the Marketing segment to manage its operational requirements.

As crude oil prices fell dramatically in March, several oil sands producers cut bitumen production commencing in April. Much of this production has been slowly coming back on line in the second half of the year. Despite weak demand for condensate, margins in the Marketing segment were robust in the second and third quarters as Keyera was able to source and rail-in low cost condensate barrels from the U.S. that were sold at an attractive margin. Margins from Keyera's liquids blending business were weaker in the second and third quarters of 2020 due to lower volumes and a reduction in blend margins.

Propane margins returned to seasonally lower levels in the second and third quarters of 2020 and Keyera began to build propane inventory to meet the upcoming winter heating demand in markets across North America. Access to Keyera's cavern storage, Josephburg Terminal and Edmonton Terminal provides the Marketing segment with a competitive advantage as it can rail product to the highest value markets in North America throughout the year.

For 2020, Keyera expects annual realized margin for the Marketing segment to range between \$300 million and \$340 million. As a result of the outage at AEF that began in October, Keyera expects realized margin to be in the lower end of this guidance range.

Risk Management

When possible, Keyera uses hedging strategies to mitigate risk in its Marketing business, including foreign currency exchange risk associated with the purchase and sale of NGLs and 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. Iso-octane is generally priced at a premium to the price of Reformulated Blendstock for Oxygen Blending ("RBOB"). RBOB is the highest volume refined product sold in the U.S. and has the most liquid forward financial contracts. Accordingly, Keyera expects to continue to utilize RBOB-based financial contracts to hedge a portion of its iso-octane sales.

To protect the value of its NGL inventory from fluctuations in commodity prices, Keyera typically uses physical and financial forward contracts. For propane inventory, contracts are generally put in place as inventory builds and may either: i) settle when products are expected to be withdrawn from inventory and sold; or ii) settle and reset on a month-to-month basis. Within these strategies, there may be differences in timing between when the contracts are settled and when the product is sold. In general, the increase or decrease in the fair value of the contracts is intended to mitigate fluctuations in the value of the inventories and protect operating margin. Keyera typically uses propane physical and financial forward contracts to hedge its propane inventory.

Keyera may hold butane inventory to meet the feedstock requirements of the AEF facility. For condensate, most of the product purchased is sold within one month. The supply and sales prices for both butane and condensate are typically priced as a percentage of West Texas Intermediate ("WTI") crude oil and in certain cases the supply cost may be based on a hub posted or index price. To align the pricing terms of physical supply with the terms of contracted sales and to protect the value of butane and condensate inventory, the following hedging strategies may be utilized:

- Keyera may enter into financial contracts to lock in the supply price at a specified percentage of WTI, as the sales contracts for butane and condensate are also generally priced in relation to WTI. When butane or condensate is physically purchased, the financial contract is settled and a realized gain or loss is recorded in income.
- Once the product is in inventory, WTI financial forward contracts are generally used to protect the value of the inventory.

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

For the quarter ended September 30, 2020, the total unrealized gain on risk management contracts was \$6 million. Further details are provided in the "Composition of Marketing Revenue" table above.

The fair value of outstanding risk management contracts as at September 30, 2020 resulted in an unrealized (non-cash) gain of virtually \$nil. The fair value of financial and fixed price physical contracts will vary as these contracts are marked-to-market at the end of each period. A summary of the financial contracts existing at September 30, 2020, and the sensitivity to earnings resulting from changes in commodity prices, can be found in note 12, Financial Instruments and Risk Management, of the accompanying financial statements.

CORPORATE AND OTHER

Non-Operating Expenses and Other Income (Thousands of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Other income (operating margin)	1,209	252	1,170	6,146
General and administrative (net of overhead recoveries on operated facilities)	(18,258)	(16,085)	(74,932)	(54,960)
Finance costs ¹	(31,711)	(33,217)	(93,588)	(82,337)
Depreciation, depletion and amortization expenses ¹	(63,469)	(66,627)	(200,618)	(192,750)
Net foreign currency gain on U.S. debt and other	3,304	9,981	5,399	29,020
Long-term incentive plan (expense) recovery	(2,984)	(4,490)	7,283	(20,594)
Impairment expense	(53,850)	—	(247,851)	—
Other	3,436	—	3,436	—
Income tax expense ¹	(5,579)	(46,536)	(37,347)	(6,180)

Note:

¹ 2019 amounts have been restated. Refer to the "Voluntary Change in Accounting Policy" section of this MD&A.

Other Income

Keyera has acquired oil and gas reserves as part of the acquisition of ownership interests in the Minnehik Buck Lake, West Pembina, Bigoray and Cynthia facilities. Keyera reports operating margin (net of royalties and operating expenses) from the production associated with all of its reserves as other income as it has no plans to drill additional wells to offset natural production declines.

Other income for the three and nine months ended September 30, 2020 was \$1 million, \$1 million higher than the third quarter of 2019 and \$5 million lower on a year-to-date basis compared to the same period in 2019. Production for the three and nine months ended September 30, 2020 averaged 1,617 and 1,945 barrels of oil equivalent per day compared to 2,606 and 3,213 barrels of oil equivalent per day for the same periods in 2019.

The reserves and production are not material to Keyera's business and do not have a material effect on its financial results.

General and Administrative Expenses

G&A expenses for the three and nine months ended September 30, 2020 were \$18 million and \$75 million, \$2 million and \$20 million higher than the same periods in 2019 primarily due to severance costs. Severance costs incurred during the third quarter of 2020 were mainly related to workforce reductions at certain field locations as well as closures of the Minnehik Buck Lake and West Pembina gas plants. On a year-to-date basis, severance costs were \$22 million and included workforce reductions at Keyera's corporate offices and field locations as well as the closure of the Nevis and Gilby gas plants. These workforce reductions were part of Keyera's overall cost reduction priority.

Finance Costs

Finance costs for the three months ended September 30, 2020 were \$32 million, \$2 million lower than the same period in 2019, as incremental interest expense related to the \$400 million public note issued at the end of May 2020 was more than offset by higher interest capitalized on qualifying projects that are a reduction to finance costs.

Finance costs for the nine months ended September 30, 2020 were \$94 million, \$11 million higher than the same period in 2019 primarily due to incremental interest expense related to the \$600 million subordinated hybrid note that was issued in June 2019 as well as the \$400 million public note issued at the end of May 2020. Partly offsetting this incremental interest was higher interest capitalized on qualifying projects that are a reduction to finance costs, as well as lower interest expense from short-term borrowings.

Depreciation, Depletion and Amortization Expenses

Depreciation, depletion and amortization (“DD&A”) expenses for the three months ended September 30, 2020 were \$63 million, \$3 million lower than the same period in 2019 primarily due to a decrease in depreciation expense related to right-of-use assets.

DD&A expenses for the nine months ended September 30, 2020 were \$201 million, \$8 million higher than the same period in 2019 primarily due to an increase in Keyera’s decommissioning asset base in the second quarter of 2020 partly offset by lower depreciation expenses related to right-of-use assets.

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

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

Net Foreign Currency Gain (Loss) on U.S. Debt and Other (Thousands of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Translation of long-term debt and interest payable	14,120	(6,698)	(14,538)	17,658
Change in fair value of cross-currency swaps – principal and interest portion	(42,787)	16,084	(5,945)	2,709
Gain on cross-currency swaps – principal and interest portion ¹	28,765	206	30,754	1,904
Foreign exchange re-measurement of lease liabilities and other	3,206	389	(4,872)	6,749
Net foreign currency gain on U.S. debt and other	3,304	9,981	5,399	29,020

Note:

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

To manage the foreign currency exposure on U.S. dollar denominated debt, Keyera has entered into cross-currency agreements with a syndicate of banks to swap the U.S. dollar principal and future interest payments into Canadian dollars. The cross-currency agreements are accounted for as derivative instruments and are marked-to-market at the end of each period. The fair value of the cross-currency swap agreements will fluctuate between periods due to changes in the forward curve for foreign exchange rates, as well as an adjustment to reflect credit risk. Additional information on the swap agreements can be found in note 12, Financial Instruments and Risk Management, of the accompanying financial statements.

Long-Term Incentive Plan (Expense) Recovery

The Long-Term Incentive Plan (“LTIP”) expense was \$3 million for the three months ended September 30, 2020, \$2 million lower than the same period in 2019. The lower LTIP expense in the third quarter of 2020 was primarily due to lower estimated payout multipliers associated with certain outstanding LTIP grants and a lower share price compared to the prior year.

An LTIP recovery of \$7 million was recorded for the nine months ended September 30, 2020, compared to an expense of \$21 million for the same period in 2019. The recovery in 2020 was primarily due to the significant decline in Keyera’s share price on September 30, 2020 relative to the end of 2019.

Net Impairment Expense

Keyera reviews its assets for indicators of impairment on a quarterly basis. As well, if an asset has been impaired and subsequently recovers in value, GAAP requires the asset to be written-up (i.e., reversal of previous impairments).

During the third quarter of 2020, Keyera identified through its impairment review that its Hull terminal had a carrying value greater than its recoverable amount due to the facility's underutilization. As a result, an impairment charge of \$54 million was recorded for the terminal which is included in Keyera's United States Cash-Generating Unit ("CGU").

In the first quarter of 2020, Keyera recorded an impairment expense of \$194 million in relation to the Central Foothills and Drayton Valley North CGUs. The impairment expense recorded for the Central Foothills CGU was a result of Keyera's gathering and processing optimization strategy and the planned suspension of operations at the West Pembina gas plant in the third quarter of 2020 and expected suspensions at the Ricinus and Nordegg River gas plants forecasted to occur in mid-2021 and 2022, respectively. The impairment expense recorded for the Drayton Valley North CGU was a result of underutilization of the Brazeau North and Pembina North gathering and processing complex.

Impairment expenses are non-cash charges and do not affect operating margin, funds from operations, distributable cash flow, or adjusted EBITDA.

Other

For the three and nine months ended September 30, 2020, \$3 million of income was recorded from the Canada Emergency Wage Subsidy ("CEWS") program, which was passed by the Government of Canada in April 2020 as part of its COVID-19 Economic Response Plan.

Taxes

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

Current Income Taxes

A current income tax recovery of \$25 million was recorded for the three months ended September 30, 2020, compared to an expense of \$15 million from the same period in 2019. On a year-to-date basis, there was a \$24 million current income tax recovery compared to an expense of \$69 million in 2019. The current income tax recovery in 2020 is due to lower taxable income and higher tax pool deductions which is expected to result in a tax refund.

For 2020, a current income tax recovery between \$35 million to \$45 million is expected as approximately \$1 billion of announced capital projects, primarily from the Gathering and Processing segment, became available for use in 2019, with another \$800 million of capital projects expected to be available for use in 2020. The significant tax depreciation (Capital Cost Allowance or "CCA") from these capital projects allow for a tax loss carryback and refund in 2020. The majority of the costs associated with these capital projects attract a 25% tax depreciation rate (Capital Cost allowance or "CCA") with some costs being eligible for accelerated first-year CCA deductions.

For 2021, it is estimated that current income tax expense will be between \$20 million and \$30 million.

The current income tax estimates for 2020 and 2021 assume that Keyera's business performs as planned and its capital projects are completed as expected.

Deferred Income Taxes

A deferred income tax expense of \$30 million and \$62 million was recorded for the three and nine months ended September 30, 2020, compared to an expense of \$31 million and a recovery of \$62 million during the same periods in 2019. The deferred income tax expense in 2020 is due to a reduction in tax pools available to shelter taxable income. The recovery of deferred income tax in 2019 was primarily the result of a decrease to the Alberta corporate tax rate enacted on June 28, 2019.

Keyera estimates its total tax pools at September 30, 2020 were approximately \$3.5 billion.

CRITICAL ACCOUNTING ESTIMATES

In preparing Keyera's accompanying financial statements in accordance with GAAP, management is required to make estimates and assumptions that are not readily apparent from other sources, and are subject to change based on revised circumstances and the availability of new information. Actual results may differ from the estimates, which could materially affect the company's consolidated financial statements. Management has made appropriate decisions with respect to the formulation of estimates and assumptions that affect the recorded amounts of certain assets, liabilities, revenues and expenses. Keyera has hired qualified individuals who have the skills required to make such estimates. These estimates and assumptions are reviewed and compared to actual results as well as to budgets in order to make more informed decisions on future estimates. The methodologies and assumptions used in developing these estimates have not significantly changed since December 31, 2019. A description of the accounting estimates and the methodologies and assumptions underlying the estimates are described in the 2019 annual MD&A and note 4 of the audited consolidated financial statements for the year ended December 31, 2019, which are available at www.sedar.com.

LIQUIDITY AND CAPITAL RESOURCES

The following is a comparison of cash inflows (outflows) from operating, investing and financing activities for the three months ended September 30, 2020 and 2019:

Cash inflows (outflows) (Thousands of Canadian dollars)				
	Three months ended September 30,		Increase	Explanation
	2020	2019	(decrease)	
Operating	95,396	259,229	(163,833)	Cash generated from operating activities was lower in the third quarter of 2020 due to: i) \$77 million in lower realized margin from the Marketing and Gathering and Processing segments; and ii) an increased cash requirement to fund higher volumes of propane and butane inventory at September 30, 2020 compared to September 30, 2019.
Investing	(167,273)	(281,552)	114,279	<p>Capital investment in the third quarter of 2020 was primarily related to construction activities associated with the Pipestone gas plant and Wildhorse Terminal. These projects are described in more detail in the "Segmented Results of Operations" section of this MD&A.</p> <p>Capital spending in the third quarter of 2019 was mainly related to construction activities for the same projects discussed above for 2020, as well as phase two of the Wapiti gas plant and its associated projects.</p> <p>As the above major projects are complete or nearing completion in 2020, capital spending has decreased relative to the prior year.</p>
Financing	(146,611)	(54,080)	(92,531)	Cash generated from financing activities in the third quarter of 2020 was lower than the same period in 2019 due to: i) the discontinuation of the dividend reinvestment plan that became effective in the second quarter of 2020; and ii) two long-term debt senior note repayments of \$2 million and US\$103 million that were funded by \$110 million of borrowings under Keyera's credit facility.

Refer to the consolidated statements of cash flows of the accompanying financial statements for more detailed information.

The following is a comparison of cash inflows (outflows) from operating, investing and financing activities for the nine months ended September 30, 2020 and 2019:

Cash inflows (outflows) (Thousands of Canadian dollars)				
	Nine months ended September 30,		Increase	Explanation
	2020	2019	(decrease)	
Operating	571,727	674,259	(102,532)	Cash generated from operating activities was lower in 2020 primarily due to increased cash requirements to fund higher volumes of propane and butane inventory compared to September 30, 2019.
Investing	(572,193)	(843,038)	270,845	<p>Capital investment in the first nine months of 2020 and 2019 was primarily related to construction activities associated with the Pipestone gas plant, and the Wapiti and Wildhorse Terminal projects as described in the “Segmented Results of Operations” section of this MD&A.</p> <p>As the above major projects are complete or nearing completion in 2020, capital spending has decreased relative to the prior year.</p>
Financing	1,999	224,088	(222,089)	<p>Funding requirements were lower during the first nine months of 2020 compared to the same period in 2019 due to lower capital spending. As result, Keyera discontinued its reinvestment plan in the second quarter of 2020 and made two long-term debt senior note repayments of \$2 million and US\$103 million in September 2020. The repayments were funded by borrowings under Keyera’s credit facility that net to \$20 million on a year-to-date basis. In addition, in May 2020 Keyera issued \$400 million of senior unsecured medium-term notes.</p> <p>Comparatively, in 2019 Keyera issued \$600 million in subordinated hybrid notes and repaid \$206 million of long-term debt and outstanding borrowings under its credit facility.</p>

Refer to the consolidated statements of cash flows of the accompanying financial statements for more detailed information.

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

Butane inventory is maintained for the production of iso-octane. When market conditions enable Keyera to source additional butane at favourable prices, butane may be held in storage for use in future periods. Inventory levels for iso-octane may fluctuate depending on market conditions. Demand for iso-octane is typically stronger in the second and third quarters, associated with the higher gasoline demand in the summer months; however, due to the current economic situation and COVID-19 pandemic, iso-octane margins have decreased in 2020 compared to prior years.

A working capital surplus (current assets less current liabilities) of \$106 million existed at September 30, 2020. This is compared to a deficit of \$161 million at December 31, 2019. To meet its current obligations and growth capital program, Keyera has access to a credit facility in the amount of \$1.5 billion, of which \$110 million was drawn as at September 30, 2020. Refer to the section below of this MD&A, "Long-term Debt", for more information related to Keyera's unsecured revolving credit facility ("Credit Facility").

Dividend Reinvestment Plan

In April, Keyera announced the discontinuation of the dividend reinvestment plan (the "Plan"). Shareholders who had been participating in either component of the Plan received the full cash dividend declared beginning with the dividend paid in May 2020. Refer to Keyera's 2019 year end MD&A for more information related to the Plan. A copy of the Plan is also available on Keyera's website at www.keyera.com and on SEDAR at www.sedar.com.

The DRIP and Premium DRIP generated cash of \$nil and \$77 million for the three and nine months ended September 30, 2020. In the same periods in 2019, the plan generated cash of \$58 million and \$165 million.

Corporate Credit Ratings

In light of the sharp decline in commodity prices and S&P Global's ("S&P") outlook for the industry, in April, S&P lowered Keyera's corporate credit rating from "BBB/stable" to a "BBB-/stable". At the same time, S&P lowered Keyera's medium-term notes issued in June 2018 to 'BBB-' from 'BBB', and the rating on its subordinated hybrid notes issued in June 2019 to 'BB' from 'BB+'. Keyera's corporate credit rating and issuer rating on its medium-term notes assigned by DBRS Limited ("DBRS") remain unchanged at "BBB" with a "stable" trend. The issuer-rating assigned by DBRS on Keyera's subordinated hybrid notes also remain at "BB (high)". Both credit agencies currently treat the subordinated hybrid notes as 50% equity.

Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. Credit ratings are not recommendations to purchase, hold or sell securities and do not address the market price or suitability of a specific security for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

Rating agencies will regularly evaluate Keyera, including its financial strength. In addition, factors not entirely within Keyera's control may also be considered, including conditions affecting the industry in which it operates. A credit rating downgrade could impair Keyera's ability to enter into arrangements with suppliers or counterparties and could limit its access to private and public credit markets in the future and increase the costs of borrowing.

Long-term Debt (including Credit Facilities)

Below is a summary of Keyera's long-term debt obligations as at September 30, 2020:

As at September 30, 2020 (Thousands of Canadian dollars)	Total	2020	2021	2022	2023	2024	After 2024
Credit facilities	110,000	—	—	—	—	110,000	—
Total credit facilities	110,000	—	—	—	—	110,000	—
Canadian dollar denominated debt							
Senior unsecured notes	1,132,000	—	—	60,000	30,000	17,000	1,025,000
Senior unsecured medium-term notes	800,000	—	—	—	—	—	800,000
Subordinated hybrid notes	600,000	—	—	—	—	—	600,000
	2,532,000	—	—	60,000	30,000	17,000	2,425,000
Senior unsecured U.S. dollar denominated notes	443,689	—	—	—	—	170,547	273,142
Total debt	2,975,689	—	—	60,000	30,000	187,547	2,698,142
Less: current portion of long-term debt	—	—	—	—	—	—	—
Total long-term debt	2,975,689	—	—	60,000	30,000	187,547	2,698,142

Credit Facilities

Keyera has an unsecured revolving Credit Facility with a syndicate of eight lenders under which it can borrow up to \$1.5 billion, with the potential to increase that limit to \$1.85 billion subject to certain conditions. As at September 30, 2020, \$110 million was drawn under this facility (December 31, 2019 – \$90 million).

In December 2019, the Credit Facility was amended to extend the term from December 6, 2023 to December 6, 2024. Management expects to extend the Credit Facility prior to maturity, and in the event of reaching maturity, expects an adequate replacement will be established.

Keyera 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. These facilities bear interest based on the lenders' rates for Canadian prime commercial loans, U.S. base rate loans, LIBOR loans or bankers' acceptances.

Long-term Debt

Keyera's long-term debt structure consists of a number of senior unsecured notes, medium-term notes and subordinated hybrid notes. On September 8, 2020, Keyera completed two long-term debt senior note repayments of \$2 million and US\$103 million which were funded from Keyera's credit facility. On May 29, 2020, Keyera issued \$400 million of senior unsecured medium-term notes in the Canadian public debt market. The notes bear interest at 3.959% per annum, are payable semi-annually, and mature on May 29, 2030. The notes were issued under Keyera's short form base shelf prospectus dated November 15, 2019, as supplemented by a prospectus supplement dated November 18, 2019, and a pricing supplement dated May 26, 2020. A portion of the proceeds from the note offering was used to repay indebtedness under Keyera's credit facility. The remaining proceeds was used for general corporate purposes, including funding capital expenditures and repayment of debt maturing in 2020.

In June 2019, Keyera issued \$600 million of fixed-to-floating rate subordinated hybrid notes due June 13, 2079 in the Canadian public debt market which receive 50% equity treatment by Keyera's rating agencies. The subordinated notes were issued under Keyera's short form base shelf prospectus and a prospectus supplement dated June 11, 2019. The interest rate of 6.875% is payable in equal semi-annual payments for the period December 13, 2019 to June 13, 2029.

As at September 30, 2020, Keyera had \$2,532 million and US\$333 million of long-term debt. To manage the foreign currency exposure on the U.S. dollar denominated debt existing at September 30, 2020, Keyera has entered into cross-currency agreements with a syndicate of banks to swap the U.S. dollar principal into Canadian dollars at foreign exchange rates of \$0.9838 and \$1.029 per U.S. dollar. The cross-currency agreements are accounted for as derivative instruments and are measured at fair value at the end of each quarter. The section of this MD&A titled, "Net Foreign Currency Gain (Loss) on U.S. Debt and Other", provides more information.

The Credit Facility, senior note agreements, and note indenture for the medium-term notes contain a number of covenants, all of which were met as at September 30, 2020. The agreements are available at www.sedar.com. Failure to adhere to the covenants may impair Keyera's ability to pay dividends and such a circumstance could affect its ability to execute future growth plans. The primary covenant for Keyera's private senior unsecured notes and its Credit Facility is a Net Debt to Adjusted EBITDA ratio. In the calculation of debt for the purpose of calculating this covenant, Keyera is required to: i) include senior debt; ii) deduct working capital surpluses or add working capital deficits; and iii) utilize the cross-currency swap rates in the calculation of debt rather than the spot rate as at each balance sheet date.

As at September 30, 2020, Keyera's Net Debt to Adjusted EBITDA ratio was 2.4x for covenant test purposes (December 31, 2019 – 2.2x). The covenant test calculation excludes 100% of the \$600 million subordinated hybrid note. As a long-term target, Keyera's objective is to maintain a Net Debt to Adjusted EBITDA ratio of between 2.5x to 3.0x. This range results in a leverage profile that supports Keyera's investment grade credit ratings.

Capital Expenditures and Acquisitions

The following table is a breakdown of capital expenditures and acquisitions for the three and nine months ended September 30, 2020 and 2019:

Capital Expenditures and Acquisitions (Thousands of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Acquisitions	—	—	1,630	549
Growth capital expenditures	149,353	207,661	487,049	732,403
Maintenance capital expenditures	3,806	27,500	18,227	75,345
Total capital expenditures	153,159	235,161	506,906	808,297

Growth capital expenditures for the three and nine months ended September 30, 2020 amounted to \$149 million and \$487 million, respectively. Refer to the section of this MD&A, "Segmented Results of Operations", for information related to the various growth capital projects in the Gathering and Processing and Liquids Infrastructure segments, including estimated costs to complete, costs incurred in 2020 and since inception of the project, and estimated completion timeframes.

Keyera has comprehensive inspection, monitoring and maintenance programs in place. The objectives of these programs are to keep Keyera's facilities in good working order and to maintain their ability to operate reliably for many years. In addition to the maintenance capital expenditures, Keyera incurred maintenance and repair expenses of \$13 million and \$39 million for the three and nine months ended September 30, 2020, \$3 million lower and \$4 million higher than the same period in the prior year.

At December 31, 2019, Keyera had a \$2.9 billion capital program underway. Excluding KAPS, the capital program has an estimated total cost of \$2.2 billion with the majority of projects dedicated to establishing a strong position in the liquids-rich Montney and Duvernay development areas. Of this capital program, approximately \$2.1 billion has been expended since inception. The \$2.2 billion growth capital program is expected to earn an annual return on capital of 10% to 15% in 2022, once all projects achieve their annual run rate. This return on capital estimate is unchanged from the December 31, 2019 year end MD&A. However, if current market conditions persist for an extended period of time, actual returns in 2022 may fall below this estimated range.

In light of the one-year deferral of the KAPS project, Keyera continues to advance engineering work and is refining cost estimates for the project. KAPS is anticipated to earn an annual return on capital of 10% to 15% starting in 2025. This assumes the project is completed on a timely basis and assumes energy demand and commodity prices recover from current levels.

Readers are referred to the section of the MD&A titled, "Forward-Looking Statements" for a further discussion of the assumptions and risks that could affect future performance and plans.

Dividends

Funds from Operations and Distributable Cash Flow

Funds from operations and distributable cash flow are not standard measures under GAAP, and therefore may not be comparable to similar measures reported by other entities. Funds from operations is used to assess the level of cash flow generated from operating activities excluding the effect of changes in non-cash working capital, as they are primarily the result of seasonal fluctuations in product inventories or other temporary changes. Funds from operations is also a valuable measure that allows investors to compare Keyera with other infrastructure companies within the oil and gas industry.

Distributable cash flow is used to assess the level of cash flow generated from ongoing operations and to evaluate the adequacy of internally generated cash flow to fund dividends. Deducted from the determination of distributable cash flow are maintenance capital expenditures, lease expenditures and inventory write-downs.

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

Funds from Operations and Distributable Cash Flow (Thousands of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Cash flow from operating activities	95,396	259,229	571,727	674,259
Add (deduct):				
Changes in non-cash working capital	95,514	(31,826)	82,897	(120,876)
Funds from operations	190,910	227,403	654,624	553,383
Maintenance capital	(3,806)	(27,500)	(18,227)	(75,345)
Leases	(12,245)	(13,150)	(37,343)	(39,769)
Inventory write-down	—	(2,946)	(13,507)	(2,946)
Distributable cash flow	174,859	183,807	585,547	435,323
Dividends declared to shareholders	106,091	101,198	317,394	292,582
Payout ratio	61%	55%	54%	67%

Distributable cash flow for the three months ended September 30, 2020 was \$175 million, \$9 million lower than the same period in 2019 primarily due to \$76 million in lower realized margin which was partly offset by: i) a current income tax recovery of \$25 million compared to a \$15 million current income tax expense in the prior year; and ii) \$24 million in lower maintenance capital expenditures in 2020.

On a year-to-date basis, distributable cash flow was \$586 million, \$150 million higher than the same period in 2019 mainly due to: i) a current income tax recovery of \$24 million compared to a \$69 million current income tax expense in the prior year; and ii) \$57 million in lower maintenance capital expenditures in 2020.

Dividend Policy

Keyera pays a dividend of \$0.16 per share per month, or \$1.92 per share annually. One of Keyera's priorities is to maintain the current monthly dividend while preserving a low dividend payout ratio and strong financial position. In determining the level of cash dividends to shareholders, Keyera's board of directors considers current and expected future levels of distributable cash flow, capital expenditures, borrowings and debt repayments, changes in working capital requirements and other factors.

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

EBITDA

EBITDA and adjusted EBITDA are not standard measures under GAAP and, therefore, may not be comparable to similar measures reported by other entities. EBITDA is a measure showing earnings before finance costs, taxes, depreciation and amortization. Adjusted EBITDA is calculated as EBITDA before costs associated with non-cash items, including unrealized gains/losses on commodity contracts, impairment expenses and any other non-cash items such as gains/losses on the disposal of property, plant and equipment. Management believes that these supplemental measures facilitate the understanding of Keyera's results from operations.

The following is a reconciliation of EBITDA and adjusted EBITDA to their most closely related GAAP measure, net earnings:

EBITDA (Thousands of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Net earnings¹	33,436	154,428	136,807	413,891
Add (deduct):				
Finance costs ¹	31,711	33,217	93,588	82,337
Depreciation, depletion and amortization expenses ¹	63,469	66,627	200,618	192,750
Income tax expense ¹	5,579	46,536	37,347	6,180
EBITDA	134,195	300,808	468,360	695,158
Unrealized loss (gain) on commodity contracts	11,422	(21,894)	(5,375)	16,576
Net foreign currency gain on U.S. debt and other	(3,304)	(9,981)	(5,399)	(29,020)
Impairment expense	53,850	—	247,851	—
Adjusted EBITDA	196,163	268,933	705,437	682,714

Note:

¹ 2019 amounts have been restated. Refer to the "Voluntary Change in Accounting Policy" section of this MD&A.

CONTRACTUAL OBLIGATIONS

Keyera has assumed various contractual obligations in the normal course of its operations. There were no material changes in contractual obligations since the December 31, 2019 year end.

RELATED PARTY TRANSACTIONS

Keyera has provided compensation to key management personnel who are comprised of its directors and executive officers. There have been no other material related party transactions or significant changes to the annual compensation amounts disclosed in the December 31, 2019 annual audited financial statements.

RISK FACTORS

For a detailed discussion of the risks and trends that could affect the financial performance of Keyera and the steps that Keyera takes to mitigate these risks, see the December 31, 2019 MD&A and Keyera's Annual Information Form, which are available on SEDAR at www.sedar.com.

Risks related to the COVID-19 pandemic

Keyera's business operations and financial condition may be materially adversely affected by public health emergencies, including the COVID-19 pandemic, and related government responses. The risk of COVID-19 to Keyera includes the health and safety of its employees and contractors; the temporary suspension of operations in geographic locations in which Keyera operates; operational restrictions and restrictions on gatherings of individuals; delays in the completion, or deferral, of growth and expansion projects; counterparty credit risk; volatility in financial and commodity markets; and supply chain disruptions, all or any of which could materially adversely affect Keyera's business operations and financial results.

In the event that the spread (or fear of spreading) of COVID-19 continues, governments may increase or extend restrictions, directives, orders or regulations that could adversely affect Keyera's operations, suppliers, customers, counterparties, shippers or partners, employee health, workforce productivity, insurance premiums and coverage, and ability to advance its existing and future growth projects or carry out its ongoing business plan.

Keyera is monitoring recommendations from applicable government agencies and public health authorities to ensure the continued safe operation of its business operations and has implemented business continuity plans and steps to ensure the ongoing health of its workforce. However, such measures may not be effective, necessitating the closure of the affected facilities or projects. Such measures and mandates may increase Keyera's expenses and limit, or potentially suspend, throughput volumes and processing handling capabilities at Keyera's facilities.

The full extent, effect and duration of the COVID-19 pandemic continues to be unknown and the degree to which it may affect Keyera's business operations and financial results will depend on future developments, which are highly uncertain and cannot be predicted with any degree of confidence.

Depending on the duration and severity of the COVID-19 pandemic, such events may increase the effect of the other risks described in Keyera's December 31, 2019 MD&A and Annual Information Form dated February 26, 2020, including, but not limited to, risks relating to the successful completion of Keyera's growth and expansion projects and expected return on investments; its ability to maintain its credit ratings; restricted access to capital and increased borrowing costs; its ability to pay dividends and service obligations under its debt securities and other debt obligations; and otherwise complying with Keyera's existing debt covenants.

ENVIRONMENTAL REGULATION AND CLIMATE CHANGE

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, the operation of wells, pipelines and facilities, construction activities, transportation of dangerous goods, emergency response, operational safety and environmental matters, Keyera does not believe that they impact its operations in a manner materially different from other comparable businesses operating in the same jurisdictions.

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 the imposition of fines, the issuance of clean-up orders or the shutting down of facilities and pipelines.

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, including the combustion of fossil fuels in engines, turbines, heaters and boilers, release carbon dioxide, methane and other minor greenhouse gases. As such, Keyera is subject to various greenhouse gas reporting and reduction programs. 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 programs. Third party audits or verifications of inventories are conducted for facilities that are required to meet regulatory targets.

Keyera is closely monitoring the ongoing development and implementation of the regulatory framework through which the federal and provincial governments are implementing their climate change and emissions reduction policies.

Keyera's year-over-year compliance costs are increasing as a result of the changes in emissions regulation and are expected to continue to increase. Overall, the increased costs are not expected to be material to Keyera; however, Keyera is looking at opportunities to reduce its costs and enhance the management of its emissions profile. For a detailed discussion of environmental regulations that affect Keyera, political and legislative developments as they relate to climate change and the risks associated therewith, see Keyera's Annual Information Form which is available at www.sedar.com.

SUMMARY OF QUARTERLY RESULTS

The following table presents selected financial information for Keyera:

	Sep 30, 2020	June 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	June 30, 2019	Mar 31, 2019	Dec 31, 2018
Revenue¹								
Gathering and Processing	108,486	124,871	128,759	143,736	133,057	120,012	116,647	125,511
Liquids Infrastructure	138,630	135,884	144,787	142,885	137,657	130,955	132,821	128,980
Marketing	546,067	343,868	873,163	783,899	644,141	785,736	665,981	961,490
Other	2,700	1,625	3,486	5,772	3,338	5,570	6,487	5,696
Operating margin (loss)								
Gathering and Processing	49,404	69,411	64,471	80,878	74,803	69,713	68,322	73,530
Liquids Infrastructure	99,579	99,593	102,122	91,305	98,085	92,560	94,450	83,768
Marketing	52,355	(9,103)	246,023	87,375	138,262	117,479	(18,128)	156,623
Other	1,209	(106)	67	2,883	252	2,513	3,381	2,902
Operating margin	202,547	159,795	412,683	262,441	311,402	282,265	148,025	316,823
Realized margin²								
Gathering and Processing	49,404	69,411	64,471	80,910	74,851	69,707	68,912	73,599
Liquids Infrastructure	99,223	99,233	103,082	91,628	98,535	92,655	94,438	83,999
Marketing	64,256	54,184	165,024	120,008	115,734	114,687	22,471	105,598
Other	1,086	(96)	372	2,913	388	2,531	3,359	2,381
Realized margin²	213,969	222,732	332,949	295,459	289,508	279,580	189,180	265,577
Net earnings³	33,436	17,763	85,608	29,718	154,428	224,511	34,952	165,946
Net earnings per share³ (\$/share)								
Basic	0.15	0.08	0.39	0.14	0.72	1.05	0.17	0.79
Diluted	0.15	0.08	0.39	0.14	0.72	1.05	0.17	0.79
Weighted average common shares (basic)	221,023	220,851	218,860	216,938	215,016	213,239	211,480	209,585
Weighted average common shares (diluted)	221,023	220,851	218,860	216,938	215,016	213,239	211,480	209,585
Dividends declared to shareholders	106,091	106,091	105,212	104,280	101,198	96,085	95,299	94,437

Notes:

¹ Keyera's Gathering and Processing and Liquids Infrastructure segments charge Keyera's Marketing segment for the use of facilities at market rates. Revenue before inter-segment eliminations reflects these transactions. Inter-segment transactions are eliminated on consolidation in order to arrive at operating revenues in accordance with GAAP.

² Realized margin is defined as operating margin excluding unrealized gains and losses on commodity-related risk management contracts. Realized margin is not a standard measure under GAAP. See the section titled, "Segmented Results of Operations: Marketing", for a reconciliation of operating margin to realized margin as it relates to the Marketing segment. Realized margin for the two facilities segments (Gathering and Processing and Liquids Infrastructure) and the Corporate and Other segment excludes \$479 of unrealized gains from commodity-related risk management contracts for the three months ended September 30, 2020 (three months ended September 30, 2019 – \$634 of unrealized losses).

³ Comparative 2019 and 2018 periods have been restated. Refer to the "Voluntary Change in Accounting Policy" section of this MD&A.

For the periods in the table above, Keyera's results were affected by the following factors and trends:

- incremental margin from new investments including the Base Line Terminal, the Wapiti gas plant and related infrastructure, and the Pipestone liquids hub;
- declining volumes and fees for certain gas plants in the south region of the Gathering and Processing segment that has led to asset impairments;
- growth in demand for diluent handling services in the Liquids Infrastructure segment backed by long-term, take-or-pay contracts with credit worthy counterparties;

- strong demand and market fundamentals for iso-octane in the Marketing segment prior to the second quarter of 2020;
- a prudent and effective risk management program; and
- a steady increase in dividends declared to shareholders.

See the section of this MD&A, “Segmented Results of Operations”, for more information on the financial results of Keyera’s operating segments for the three months ended September 30, 2020.

VOLUNTARY CHANGE IN ACCOUNTING POLICY

As detailed in note 2 of the most recent annual consolidated financial statements, effective December 31, 2019, Keyera voluntarily changed its accounting policy for decommissioning liabilities to utilize a credit-adjusted risk-free interest rate instead of a risk-free interest rate to determine the present value of the liability at each statement of financial position date. This change in accounting policy was applied retrospectively, including the restatement of certain comparative amounts in the accompanying condensed interim consolidated financial statements, which have been summarized below.

Reconciliation of the Condensed Interim Consolidated Statement of Net Earnings and Comprehensive Income

For the three months ended September 30, 2019 (Thousands of Canadian dollars)	Previous Accounting Policy	Adjustments	Restated
Finance costs	33,233	(16)	33,217
Depreciation, depletion and amortization expenses	68,151	(1,524)	66,627
Income tax expense	46,205	331	46,536
Net earnings	153,219	1,209	154,428
Earnings per share			
Basic	0.71	0.01	0.72
Diluted	0.71	0.01	0.72

For the nine months ended September 30, 2019 (Thousands of Canadian dollars)	Previous Accounting Policy	Adjustments	Restated
Finance costs	82,385	(48)	82,337
Depreciation, depletion and amortization expenses	197,322	(4,572)	192,750
Income tax expense	8,986	(2,806)	6,180
Net earnings	406,465	7,426	413,891
Earnings per share			
Basic	1.91	0.03	1.94
Diluted	1.91	0.03	1.94

Reconciliation of the Condensed Interim Consolidated Statement of Cash Flows

For the three months ended September 30, 2019 (Thousands of Canadian dollars)	Previous Accounting Policy	Adjustments	Restated
Net earnings	153,219	1,209	154,428
Items not affecting cash	75,021	(1,209)	73,812

For the nine months ended September 30, 2019 (Thousands of Canadian dollars)	Previous Accounting Policy	Adjustments	Restated
Net earnings	406,465	7,426	413,891
Items not affecting cash	148,444	(7,426)	141,018

ADOPTION OF NEW STANDARDS

There were no new IFRS standards adopted by Keyera during the three and nine months ended September 30, 2020.

FUTURE ACCOUNTING PRONOUNCEMENTS

There were no significant new accounting standards or interpretations issued during the three and nine months ended September 30, 2020.

CONTROL ENVIRONMENT**Disclosure Controls and Procedures**

The Chief Executive Officer and the Chief Financial Officer are satisfied that, as of September 30, 2020, Keyera's disclosure controls and procedures are designed to provide reasonable assurance that material information relating to Keyera and its consolidated subsidiaries has been brought to their attention and that information required to be disclosed pursuant to applicable securities legislation has been recorded, processed, summarized and reported in an appropriate and timely manner.

Internal Controls Over Financial Reporting

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

No changes were made for the period beginning January 1, 2020 and ending September 30, 2020 that have materially affected, or are reasonably likely to materially affect Keyera's internal controls over financial reporting.

COMMON SHARES

During the three and nine months ended September 30, 2020, there were nil and 3,107,080 common shares issued under the DRIP and the Premium DRIP for consideration of \$nil and \$77 million, bringing the total common shares outstanding at September 30, 2020 to 221,022,873.

Subsequent to September 30, 2020, no common shares were issued to shareholders due to the discontinuation of the DRIP and Premium DRIP programs.

NON-GAAP FINANCIAL MEASURES

This discussion and analysis refers to certain financial measures that are not determined in accordance with GAAP. Measures such as funds from operations (defined as cash flow from operating activities adjusted for changes in non-cash working capital); distributable cash flow (defined as cash flow from operating activities adjusted for changes in non-cash working capital, inventory write-downs, maintenance capital expenditures and lease payments); distributable cash flow per share (defined as distributable cash flow divided by weighted average number of shares – basic); payout ratio (defined as dividends declared to shareholders divided by distributable cash flow); EBITDA (defined as earnings before finance costs, taxes, depreciation, and amortization); adjusted EBITDA (defined as EBITDA before costs associated with non-cash items, including unrealized gains/losses on commodity-related contracts, net foreign currency gains/losses on U.S. debt and other, impairment expenses and any other non-cash items such as gains/losses on the disposal of property, plant and equipment); realized margin (defined as operating margin excluding unrealized gains and losses on commodity-related risk management contracts); annual return on capital (defined as realized margin divided by weighted average in-service growth capital including maintenance capital and excluding decommissioning assets, depreciation, impairments, and work-in-progress capital); annual return on capital for the growth capital program excluding KAPS (defined as expected operating margin divided by the estimated capital cost for the Simonette projects, the Wapiti and Pipestone gas plants and associated gathering infrastructure, the Wildhorse Terminal, the South Cheecham sulphur handling project, and storage cavern capital projects that are currently under development); annual return on capital for the KAPS project (defined as expected operating margin divided by the estimated capital cost for the development of the KAPS project); and compound annual growth rate for distributable cash flow per share, calculated as:

$$\text{Compound Annual Growth Rate for Distributable Cash Flow per Share} = \left(\frac{\text{Distributable Cash Flow per Share at the end of the period}}{\text{Distributable Cash Flow per Share at the beginning of the period}} \right)^{\left(\frac{1}{\text{Number of Years}} \right)} - 1$$

are not standard measures under GAAP and, therefore, may not be comparable to similar measures reported by other entities. Management believes that these supplemental measures facilitate the understanding of Keyera's results of operations, leverage, liquidity and financial position. Funds from operations is used to assess the level of cash flow generated from operating activities excluding the effect of changes in non-cash working capital, as they are primarily the result of seasonal fluctuations in product inventories or other temporary changes. Funds from operations is also a valuable measure that allows investors to compare Keyera with other companies within the midstream oil and gas industry. Distributable cash flow is used to assess the level of cash flow generated from ongoing operations and to evaluate the adequacy of internally generated cash flow to fund dividends. EBITDA and adjusted EBITDA are measures used as an indication of earnings generated from operations after consideration of administrative and overhead costs. Realized margin is 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. Annual return on capital and annual return on capital for the KAPS project are used to reflect the expected profitability and value-creating potential for: (i) certain growth projects that have been sanctioned and are currently under development as of the date hereof, and (ii) for the KAPS project. Compound annual growth rate provides investors with the rate at which distributable cash flow per share has grown over a defined period of time. Investors are cautioned, however, that these measures should not be construed as an alternative to net earnings determined in accordance with GAAP as an indication of Keyera's performance.

FORWARD-LOOKING STATEMENTS

In order to provide readers with information regarding Keyera, including its assessment of future plans, operations and financial performance, certain statements contained herein (and in the documents incorporated by reference) are forward-looking. These forward-looking 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 expressions, including the negatives thereof. All statements other than statements of historical fact contained in this document are forward-looking statements.

The forward-looking statements reflect management's current beliefs and assumptions with respect to such things as the outlook for general economic trends, industry trends, commodity prices, capital markets, the integrity and reliability of Keyera's assets, and the governmental, regulatory and legal environment. In some instances, forward-looking statements contained herein may be attributed to third party sources. Management believes that its assumptions and analysis herein 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 were made, and the process used to prepare the information. However, Keyera cannot assure readers that these expectations will prove to be correct.

All forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events, levels of activity and achievements to differ materially from those anticipated in the forward-looking statements. Such factors include but are not limited to: Keyera's ability to implement its strategic priorities and business plan and achieve the expected benefits; general economic, market and industry 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; global pandemics (including COVID-19); regional or global conflicts; 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; costs 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 including joint venture partners and third-party facility owners; 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 rating; reputational risks; changes in environmental and other laws and regulations; actions by government authorities; and other factors, many of which are beyond the control of Keyera, some of which are discussed in this MD&A and in Keyera's Annual Information Form dated February 26, 2020, filed on SEDAR at www.sedar.com and available on the Keyera website at www.keyera.com. 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.

Proposed construction and completion schedules and budgets for capital projects are subject to many variables, including weather; availability and prices of materials; labour; customer project schedules and expected in-service dates; contractor productivity; contractor disputes; quality of cost estimating; decision processes and approvals by joint venture partners; changes in project scope at the time of project sanctioning; regulatory approvals, conditions or delays (including possible intervention by third parties); Keyera's ability to secure adequate land rights and water supply; and macro socio-economic trends. As a result, expected timing, costs and benefits associated with these projects may differ materially from the descriptions contained herein. Further, some of the projects discussed are subject to securing sufficient producer/customer interest and may not proceed if sufficient commitments are not obtained. Typically, the earlier in the engineering process that projects are sanctioned, the greater the likelihood that the schedule and budget may change.

In addition to the factors referenced above, Keyera's expectations with respect to future returns associated with: (i) the growth capital projects that have been sanctioned and are in development as of the date hereof,

KEYERA CORP.

and (ii) the KAPS project, are based on a number of assumptions, estimates and projections that have been developed based on past experience and anticipated trends, including but not limited to: capital cost estimates assuming no material unforeseen costs; timing for completion of growth capital projects; customer performance of contractual obligations; reliability of production profiles; commodity prices, margins and volumes; tax and interest rates; availability of capital at attractive prices; and no changes in regulatory or approval requirements, including no delay in securing any outstanding regulatory approvals.

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

Readers are cautioned that the foregoing is not exhaustive, that they should not unduly rely on these forward-looking statements, that the information contained in the forward-looking statements may not be appropriate for other purposes and that the forward-looking statements in this document speak only as of the date hereof. 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 herein or in the accompanying documents are expressly qualified by this cautionary statement. Further information about the factors affecting forward-looking statements and management’s assumptions and analysis thereof, is available in filings made by Keyera with Canadian provincial securities commissions, which can be viewed on SEDAR at www.sedar.com.