

## SECOND SUPPLEMENTAL TRUST INDENTURE

This Second Supplemental Trust Indenture is entered into as of the 1st day of January, 2011 between:

**KEYERA FACILITIES INCOME FUND**, an open ended trust formed under the laws of the Province of Alberta and having its head office in the City of Calgary, in the Province of Alberta (hereinafter called the "**Fund**")

- and -

**KEYERA CORP.**, a corporation incorporated under the laws of Alberta and having its head office in the City of Calgary, in the Province of Alberta (hereinafter called "**Keyera Corp.**")

- and -

**COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust company incorporated under the federal laws of Canada and having an office in the City of Calgary, in the Province of Alberta (hereinafter called the "**Debenture Trustee**").

### WITNESSETH THAT:

**WHEREAS** the Fund (formerly known as Keyspan Facilities Income Fund) and the Debenture Trustee entered into an indenture (the "**Indenture**") dated June 3, 2004 to provide for the creation and issuance of debentures;

**AND WHEREAS** the Fund and the Debenture Trustee entered into the First Supplemental Trust Indenture (the "**First Supplement**") dated December 1, 2008 to provide for the creation and issuance of additional debentures;

**AND WHEREAS** the Indenture provided for the immediate authorization for issuance of a first series of Debentures, referred to therein as the Initial Debentures and designated as "6.75% Convertible Unsecured Subordinated Debentures" and the First Supplement provided for the authorization for issuance of a second series of Debentures, referred to therein as the Second Debentures and designated as "8.25% Convertible Unsecured Subordinated Debentures" (collectively, the "**Debentures**");

**AND WHEREAS** Keyera Corp. is the sole unitholder of the Fund and has passed a Special Resolution approving the wind-up and termination of the Fund;

**AND WHEREAS** Keyera Corp., pursuant to the terms of a Trust Wind-Up and Termination Agreement, has agreed to assume all of the obligations of the Fund, including the Debentures;

**AND WHEREAS** no condition or event exists as to the Fund which constitutes an Event of Default and no condition or event will exist as to Keyera Corp., after giving effect to this Supplemental Indenture and the wind-up and termination of the Fund which will constitute an Event of Default;

**AND WHEREAS** section 10.1 of the Indenture and section 2.3 of the First Supplement provide that Keyera Corp., as Successor to the Fund, shall execute such instruments as are necessary or advisable to establish that Keyera Corp. has assumed all of the covenants and obligations of the Fund under the Indenture in respect of the Debentures;

**AND WHEREAS** all necessary acts and proceedings have been done and taken and all necessary resolutions have been passed to authorize the execution and delivery of this Supplemental Indenture;

**NOW THEREFORE** it is hereby covenanted, agreed and declared as set forth below.

## **ARTICLE 1 DEFINITIONS AND INTERPRETATION**

### **1.1 Definitions**

- (a) In this Supplemental Indenture, unless there is something in the subject matter or context inconsistent therewith, all capitalized terms not defined herein shall have the meanings given to them in the Indenture and the First Supplement.
- (b) In this Supplemental Indenture, all references to Articles, Sections and Schedules refer, unless otherwise specified, to articles, sections and schedules of or to this Supplemental Debenture.

### **1.2 Amendments to Indenture**

This Supplemental Indenture is supplemental to the Indenture and the First Supplement and the Indenture, the First Supplement and this Supplemental Indenture shall hereafter be read together and shall have effect, so far as practicable, as if all the provisions of the Indenture, the First Supplement and this Supplemental Indenture were contained in one instrument. The Indenture and the First Supplement are and shall remain in full force and effect with regards to all matters, except as they are amended, superseded, modified or supplemented by this Supplemental Indenture.

## **ARTICLE 2 AMENDMENTS**

### **2.1 Amendments**

The Indenture, the First Supplement and the Debentures are amended as follows:

- (a) all references to "Keyspan Facilities Income Fund" or to "Keyera Facilities Income Fund" shall be replaced with "Keyera Corp." and all references to "Fund" or "Trust" shall be replaced with "Corporation", other than in section 1.1(a)(x) of the First Supplement;
- (b) the definition of "Units" in section 1.1(yy) of the Indenture is deleted and replaced with the following new definition: "Shares" means common shares in the capital of the Corporation, as such common shares are constituted on January 1, 2011; provided that in the event of a change or a subdivision, revision, reduction, combination or consolidation thereof, any reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up, or such successive changes, subdivisions, redivisions, reductions, combinations or consolidations, reclassifications, capital reorganizations, consolidations, amalgamations, arrangements, mergers, sales or conveyances or liquidations, dissolutions or windings-up, then, subject to adjustments, if any, having been made in accordance with the provisions of Section 6.5, "Shares" shall mean the common shares or other securities or property resulting from such change, subdivision, redivision, reduction, combination or consolidation, reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up;
- (c) all references to "Unit" or "Units", or to "Trust Unit" or "Trust Units", shall be replaced with "Share" or "Shares" as the case may be, other than in section 1.1(hh) of the Indenture;
- (d) any references to "unitholder" or "unitholders" shall be replaced with "shareholder" or "shareholders" as the case may be, and any references to "distributions" in reference to payments made on Units shall be replaced with "dividends" in reference to payments made on Shares;
- (e) the definition of "Administrator" in section 1.1(d) of the Indenture is deleted, any action to be taken by the Administrator shall be taken by the Corporation and all references to and all references to "Administrator" shall be replaced with "Corporation";
- (f) the definition of "Board of Directors" in section 1.1(g) of the Indenture is deleted and replaced with the following: "Board of Directors" means the board of directors of the Corporation;
- (g) section 1.12 and 16.2 of the Indenture are deleted;
- (h) reference to "trustee or manager of the Fund" in section 8.11 of the Indenture shall be replaced with "agents of the Corporation";

(i) the following sections shall be added after section 14.16 of the Indenture:

(i) **14.17 SEC Matters**

The Corporation confirms that as at the date of this agreement, it does not have a class of securities registered pursuant to Section 12 of the US Securities Exchange Act or have a reporting obligation pursuant to Section 15(d) of the US Securities Exchange Act. The Corporation covenants that in the event that (i) any class of its securities shall become registered pursuant to Section 12 of the US Securities Exchange Act or the Corporation shall incur a reporting obligation pursuant to Section 15(d) of the US Securities Exchange Act, or (ii) any such registration or reporting obligation shall be terminated by the Corporation in accordance with the US Securities Exchange Act, the Corporation shall promptly deliver to the Debenture Trustee an Officer's Certificate (in a form provided by the Debenture Trustee) notifying the Debenture Trustee of such registration or termination and such other information as the Debenture Trustee may require at the time. The Corporation acknowledges that Computershare is relying upon the foregoing representation and covenants in order to meet certain SEC obligations with respect to those clients who are filing with the SEC.

(ii) **14.18 Anti-Money Laundering Clause**

The Debenture Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Debenture Trustee, in its judgment, acting reasonably, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Debenture Trustee, in its judgment, acting reasonably, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days written notice to the Corporation, provided that (i) the Debenture Trustee's written notice shall describe the circumstances of such non-compliance; and (ii) if such circumstances are rectified to the Debenture Trustee's satisfaction within such 10 day period, then such resignation shall not be effective.

(iii) **14.19 Privacy**

The parties acknowledge that the Debenture Trustee may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as

individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

- (a) to provide the services required under this Indenture and other services that may be requested from time to time;
- (b) to help the Debenture Trustee manage its servicing relationships with such individuals;
- (c) to meet the Debenture Trustee's legal and regulatory requirements; and
- (d) if Social Insurance Numbers are collected by the Debenture Trustee, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

Each party acknowledges and agrees that the Debenture Trustee may receive, collect, use and disclose personal information provided to it or acquired by it in the course of this Indenture for the purposes described above and, generally, in the manner and on the terms described in its Privacy Code, which the Debenture Trustee shall make available on its website or upon request, including revisions thereto. Further, each party agrees that it shall not provide or cause to be provided to the Debenture Trustee any personal information relating to an individual who is not a party to this Indenture unless that party has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

(iv) **14.20 Force Majeure**

Except for the payment obligations of the Corporation contained herein, neither party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes. Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.

- (j) section 2.1(l) of the First Supplement is deleted

## **2.2 Assumption of Covenants and Obligations**

Keyera Corp. hereby covenants and agrees to assume all of the covenants and obligations of the Fund under the Indenture, the First Supplement and the Debentures.

## **2.3 Certificates**

Outstanding Debentures shall continue in full force and effect without action of the Debenture holder. Any future issuances of Initial Debentures shall be in the form of Debenture attached hereto as Schedule "A" and any future issuances of Second Debentures shall be in the form of Debenture attached hereto as Schedule "B".

## **ARTICLE 3 ADDITIONAL MATTERS**

### **3.1 Confirmation of Indenture**

The Indenture and the First Supplement, as amended and supplemented by this Supplemental Indenture, is in all respects confirmed.

### **3.2 Acceptance of Trusts**

The Debenture Trustee hereby accepts the trusts in this Supplemental Indenture declared and provided for and agrees to perform the same upon the terms and conditions and subject to the provisions set forth in the Indenture.

### **3.3 Execution by the Fund**

The parties hereby acknowledge Keyera Energy Management Ltd. is entering into this Supplemental Indenture on behalf of the Fund and the obligations of the Fund hereunder shall not be personally binding upon it, the trustees of the Fund or any of the registered or beneficial unitholders of the Fund, or any annuitant under a plan of which a unitholder of the Fund acts as trustee or carrier, and resort shall not be had to, nor shall recourse or satisfaction be sought from, any of such persons or the private property of any such persons. Any recourse against the Fund or any of the aforementioned persons in any manner in respect of any indebtedness, obligation or liability of the Fund arising hereunder or arising in connection herewith or from the matters to which this Supplemental Indenture relates, if any, including, without limitation, claims based on negligence or otherwise tortious behaviour, shall be limited to, and satisfied only out of, the Trust Assets, as defined in the amended and restated declaration of trust establishing the Fund dated April 3, 2003, which was subsequently amended and restated on May 30, 2003, amended by a supplemental indenture dated June 1, 2005, amended and restated on each of January 2, 2008 and June 8, 2009 and further amended as of the date hereof.

### **3.4 Governing Law**

This Supplemental Indenture shall be construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein and shall be treated, in all respects, as Alberta contracts.

### **3.5 Further Assurances**

The parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Supplemental Indenture, and each party shall provide such further documents or instruments required by the other parties as may be reasonably necessary or desirable to effect the purpose of this Supplemental Indenture and carry out its provisions.

*[Remainder of this page intentionally left blank]*

### 3.6 Counterparts

This Supplemental Indenture may be executed by the parties in separate counterparts each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

**IN WITNESS WHEREOF** the parties hereto have executed these presents under their respective corporate seals and the hands of their proper officers in that behalf.

<b>KEYERA FACILITIES INCOME FUND, by its administrator, KEYERA ENERGY MANAGEMENT LTD.</b>		
By:	<i>(Signed) "James Bertram"</i>	
	Name:	James Bertram
	Title:	President and Chief Executive Officer
By:	<i>(Signed) "Dean Setoguchi"</i>	
	Name:	Dean Setoguchi
	Title:	Vice President and Chief Financial Officer
<b>KEYERA CORP.</b>		
By:	<i>(Signed) "James Bertram"</i>	
	Name:	James Bertram
	Title:	President and Chief Executive Officer
By:	<i>(Signed) "Dean Setoguchi"</i>	
	Name:	Dean Setoguchi
	Title:	Vice President and Chief Financial Officer
<b>COMPUTERSHARE TRUST COMPANY OF CANADA</b>		
By:	<i>(Signed) "Nazim Nathoo"</i>	
	Name:	Nazim Nathoo
	Title:	Corporate Trust Officer
By:	<i>(Signed) "Trisha Beaton"</i>	
	Name:	Trisha Beaton
	Title:	Corporate Trust Officer



## SCHEDULE "A"

### FORM OF INITIAL DEBENTURE

This Debenture is a Global Debenture within the meaning of the Indenture herein referred to and is registered in the name of a Depository or a nominee thereof. This Debenture may not be transferred to or exchanged for Debentures registered in the name of any person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Debenture authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, this Debenture shall be a Global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture.

Unless this Debenture is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("CDS") to the Issuer or its agent for registration of transfer, exchange or payment, and any Debenture issued in respect thereof is registered in the name of CDS & Co., or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since as the registered holder hereof, CDS & Co. has an interest herein.

CUSIP 493272AA6

No. •

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**KEYERA CORP.**

**(A corporation governed by the laws of Alberta)**

#### **6.75% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURE**

**KEYERA CORP.** (the "**Corporation**") for value received hereby acknowledges itself indebted and, subject to the provisions of the trust indenture dated as of June 3, 2004 between the Corporation and Computershare Trust Company of Canada (the "**Debenture Trustee**") as supplemented by a first supplemental indenture dated as of December 1, 2008 and a second supplemental indenture dated as of January 1, 2011 (both of such supplemental indentures, collectively, the "**Supplemental Indentures**" and together with such indenture referred to as the "**Indenture**"), promises to pay to the registered holder hereof on the maturity date of this Debenture, as hereinafter described, or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture the principal sum of • Dollars (•\$) in lawful money of Canada on presentation and surrender of this Initial Debenture at the main branch of the Debenture Trustee in Calgary, Alberta or Toronto, Ontario in accordance with the terms of the Indenture. This Debenture shall mature on June 30, 2011 (the "**Maturity Date**"). Subject as hereinafter provided, the Corporation further promises to pay interest on the principal amount hereof from the date hereof, or from the last Interest Payment Date to which interest shall have been paid or made available for payment hereon, whichever is later, at the rate of 6.75% per annum, in like money, in semi-annual instalments in arrears (less any tax required by law to be deducted) on June 30 and December 31 in each year commencing on December 31, 2004 and, should the Corporation at any time make default in the payment of

any principal or interest, to pay interest on the amount in default at the same rate, in like money and on the same dates. The first interest payment payable on December 31, 2004 shall be in the amount of \$38.74 per \$1,000 principal amount of Initial Debentures.

Interest hereon shall be payable by cheque mailed by prepaid ordinary mail or by electronic transfer of funds to the registered holder hereof and, subject to the provisions of the Indenture, the mailing of such cheque or electronic transfer of funds, as the case may be, shall, to the extent of the sum represented thereby (plus the amount of any tax withheld), satisfy and discharge all liability for interest on this Initial Debenture.

This Debenture is one of the 6.75% Convertible Unsecured Subordinated Debentures (referred to herein as the "**Initial Debentures**") of the Corporation issued or issuable in one or more series under the provisions of the Indenture. However, but subject to the terms of the Indenture, additional Debentures may be issued pursuant to the Indenture after the date hereof. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Initial Debentures are or are to be issued and held and the rights and remedies of the holders of the Initial Debentures and of the Corporation and of the Debenture Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Initial Debenture by acceptance hereof assents.

The Initial Debentures are issuable only in denominations of \$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations.

The whole, or if this Initial Debenture is a denomination in excess of \$1,000, any part which is \$1,000 or an integral multiple thereof, of the principal of this Initial Debenture is convertible, at the option of the holder hereof, upon surrender of this Initial Debenture at the principal office of the Debenture Trustee in Calgary, Alberta or Toronto, Ontario, at any time prior to the close of business on the Maturity Date or, if this Initial Debenture is called for redemption on or prior to such date, then up to but not after the close of business on the last Business Day immediately preceding the date specified for redemption of this Initial Debenture, into Shares (without adjustment for interest accrued hereon or for dividends or distributions on Shares issuable upon conversion) at an original conversion price of \$12.00 (the "**Conversion Price**") per Share, being a rate of approximately 83.3333 Shares for each \$1,000 principal amount of Initial Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Shares will be issued on any conversion but in lieu thereof, the Corporation will satisfy such fractional interest by a cash payment equal to the market price of such fractional interest determined in accordance with the Indenture.

The Initial Debentures may be redeemed at the option of the Corporation on the terms and conditions set out in the Indenture at the redemption price therein and herein set out provided that this Initial Debenture is not redeemable on or before June 30, 2007, except in the event of the satisfaction of certain conditions after a Change of Control has occurred. After June 30,

2007 and on or prior to June 30, 2009, the Initial Debentures are redeemable at the option of the Corporation in whole or in part at a price equal to the principal amount of the Initial Debentures (the "**Redemption Price**") provided the Corporation files with the Trustee on the date that notice of redemption of this Initial Debenture is first provided, an Officer's Certificate of the Corporation certifying that the weighted average trading price of the Shares on the Toronto Stock Exchange (or elsewhere in accordance with the Indenture) for 20 consecutive trading days, ending on the fifth day preceding the date notice is given ("**Current Market Price**") is at least 125% of the Conversion Price then in effect and otherwise on the terms and conditions described in the Indenture. In addition thereto, at the time of redemption, the Corporation shall pay to the holder accrued and unpaid interest. After June 30, 2009 and prior to maturity, the Initial Debentures are redeemable at the option of the Corporation at the Redemption Price of the Initial Debentures irrespective of the Current Market Price and otherwise on the terms and conditions described in the Indenture. In addition thereto, at the time of redemption, the Corporation shall pay to the holder accrued and unpaid interest. The Corporation may, on notice as provided in the Indenture, at its option and subject to any applicable regulatory approval, elect to satisfy its obligation to pay all or any portion of the Redemption Price by the issue of that number of Shares obtained by dividing the Redemption Price by 95% of the Current Market Price.

Upon the occurrence of a Change of Control of the Corporation, the Corporation is required to make an offer to purchase all of the Initial Debentures at a price equal to 101% of the principal amount of such Initial Debentures plus accrued and unpaid interest (if any) up to, but excluding, the date the Initial Debentures are so repurchased (the "**Offer**"). If 90% or more of the principal amount of all Initial Debentures outstanding on the date the Corporation provides notice of a Change of Control to the Debenture Trustee have been tendered for purchase pursuant to the Offer, the Corporation has the right to redeem and shall redeem all the remaining outstanding Initial Debentures on the same date and at the same price.

If a takeover bid for Initial Debentures, within the meaning of the Applicable Securities Legislation, is made and 90% or more of the principal amount of all the Initial Debentures (other than Initial Debentures held at the date of the takeover bid by or on behalf of the Offeror, Associates or Affiliates of the Offeror or anyone acting jointly or in concert with the Offeror) are taken up and paid for by the Offeror, the Offeror will be entitled to acquire the Initial Debentures of those holders who did not accept the offer on the same terms as the Offeror acquired the first 90% of the principal amount of the Initial Debentures.

The Corporation may, on notice as provided in the Indenture, at its option and subject to any applicable regulatory approval, elect to satisfy the obligation to repay all or any portion of the principal amount of this Initial Debenture due on the Maturity Date by the issue of that number of Freely Tradeable Shares obtained by dividing the principal amount of this Initial Debenture to be paid for in Shares pursuant to the exercise by the Corporation of the Share Repayment Right by 95% of the Current Market Price.

The indebtedness evidenced by this Initial Debenture, and by all other Initial Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of the Corporation, and is subordinated in right of payment, to the extent and in the manner provided in the Indenture, to the prior payment of all Senior Indebtedness (including any indebtedness to trade creditors), whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder (or in certain circumstances specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Initial Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Shares, officers and directors of the Corporation or agents of the Corporation in respect of any obligation or claim arising out of the Indenture or this Initial Debenture.

This Initial Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Debenture Trustee in Calgary, Alberta or Toronto, Ontario and in such other place or places and/or by such other registrars (if any) as the Corporation with the approval of the Debenture Trustee may designate. No transfer of this Initial debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Debenture Trustee or other registrar, and upon compliance with such reasonable requirements as the Debenture Trustee and/or other registrar may prescribe and upon surrender of this Initial Debenture for cancellation. Thereupon a new Initial Debenture or Initial Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Initial Debenture shall not become obligatory for any purpose until it shall have been certified by the Debenture Trustee under the Indenture.

Capitalized words or expressions used in this Initial Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

**IN WITNESS WHEREOF KEYERA CORP.** has caused this Initial Debenture to be signed by its authorized representatives as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**KEYERA CORP.**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**TRUSTEE'S CERTIFICATE**

This Initial Debenture is one of the 6.75% Convertible Unsecured Subordinated Debentures due June 30, 2011, unless extended in accordance with the terms of the Indenture.

COMPUTERSHARE TRUST COMPANY OF  
CANADA

By: \_\_\_\_\_  
(Authorized Officer)

**(FORM OF REGISTRATION PANEL)**

(No writing hereon except by Debenture Trustee or other registrar)

<b>Date of Registration</b>	<b>In Whose Name Registered</b>	<b>Signature of Debenture Trustee or Registrar</b>

**EXHIBIT "1"**  
**TO INITIAL DEBENTURE**

**FORM OF ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_, whose address and social insurance number, if applicable, are set forth below, this Initial Debenture (or \$ \_\_\_\_\_ principal amount hereof\*) of KEYERA CORP. standing in the name(s) of the undersigned in the register maintained by the Corporation with respect to such Initial Debenture and does hereby irrevocably authorize and direct the Debenture Trustee to transfer such Initial Debenture in such register, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Address of Transferee: \_\_\_\_\_  
(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable: \_\_\_\_\_

\*If less than the full principal amount of the within Initial Debenture is to be transferred, indicate in the space provided the principal amount (which must be \$1,000 or an integral multiple thereof, unless you hold an Initial Debenture in a non-integral multiple of 1,000 by reason of your having exercised your right to exchange upon the making of an Offer, in which case such Initial Debenture is transferable only in its entirety) to be transferred.

2. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Initial Debenture in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by a Canadian chartered bank or trust company or by a member of an acceptable Medallion Guarantee Program. Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".
3. The registered holder of this Initial Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Debenture.

Signature of Guarantor:

\_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
Signature of transferring registered holder

\_\_\_\_\_  
Name of Institution

**EXHIBIT "2"**  
**TO INITIAL DEBENTURE**

**KEYERA CORP.**

**6.75% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES**

Initial Principal Amount: \$100,000,000

CUSIP: 493272AA6

Authorization: \_\_\_\_\_

**ADJUSTMENTS**

<b>Date</b>	<b>Amount of Increase</b>	<b>Amounts of Decrease</b>	<b>New Principal Amount</b>	<b>Authorization</b>



## SCHEDULE "B"

### FORM OF SECOND DEBENTURE

This Second Debenture is a Global Debenture within the meaning of the Indenture herein referred to and is registered in the name of a Depository or a nominee thereof. This Second Debenture may not be transferred to or exchanged for Second Debentures registered in the name of any person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Second Debenture authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, this Second Debenture shall be a Global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture.

Unless this Second Debenture is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("CDS") to the Issuer or its agent for registration of transfer, exchange or payment, and any Second Debenture issued in respect thereof is registered in the name of CDS & Co., or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since as the registered holder hereof, CDS & Co. has an interest herein.

CUSIP 493272AB4

No. •

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#### KEYERA CORP.

(A corporation governed by the laws of Alberta)

#### 8.25% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURE

KEYERA CORP. (the "**Corporation**") for value received hereby acknowledges itself indebted and, subject to the provisions of the trust indenture dated as of June 3, 2004 between the Corporation and Computershare Trust Company of Canada (the "**Debenture Trustee**") as supplemented by a first supplemental indenture dated as of December 1, 2008 and a second supplemental indenture dated as of January 1, 2011 (both of such supplemental indentures, collectively, the "**Supplemental Indentures**" and together with such indenture referred to as the "**Indenture**"), promises to pay to the registered holder hereof on the maturity date of this Second Debenture, as hereinafter described, or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture the principal sum of • Dollars (•\$) in lawful money of Canada on presentation and surrender of this Second Debenture at the main branch of the Debenture Trustee in Calgary, Alberta or Toronto, Ontario in accordance with the terms of the Indenture. This Second Debenture shall mature on December 31, 2013 (the "**Maturity Date**"). Subject as hereinafter provided, the Corporation further promises to pay interest on the principal amount hereof from the date hereof, or from the last Interest Payment Date to which interest shall have been paid or made available for payment hereon, whichever is later, at the rate of 8.25% per annum, in like money, in semi-annual instalments in arrears (less any tax required by law to be deducted) on December 31 and June 30 in each year commencing on June 30, 2009 and, should the Corporation at any

time make default in the payment of any principal or interest, to pay interest on the amount in default at the same rate, in like money and on the same dates. The first interest payment payable on June 30, 2009 shall be in the amount of \$48.125 per \$1,000 principal amount of Second Debentures.

Interest hereon shall be payable by cheque mailed by prepaid ordinary mail or by electronic transfer of funds to the registered holder hereof and, subject to the provisions of the Indenture, the mailing of such cheque or electronic transfer of funds, as the case may be, shall, to the extent of the sum represented thereby (plus the amount of any tax withheld), satisfy and discharge all liability for interest on this Second Debenture.

This Second Debenture is one of the 8.25% Convertible Unsecured Subordinated Debentures (referred to herein as the "**Second Debentures**") of the Corporation issued or issuable in one or more series under the provisions of the Indenture. However, but subject to the terms of the Indenture, additional Second Debentures or Additional Debentures may be issued pursuant to the Indenture after the date hereof. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Second Debentures or Additional Debentures are or are to be issued and held and the rights and remedies of the holders of the Second Debentures and of the Corporation and of the Debenture Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Second Debenture by acceptance hereof assents.

The Second Debentures are issuable only in denominations of \$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations.

The whole, or if this Second Debenture is a denomination in excess of \$1,000, any part which is \$1,000 or an integral multiple thereof, of the principal of this Second Debenture is convertible, at the option of the holder hereof, upon surrender of this Second Debenture at the principal office of the Debenture Trustee in Calgary, Alberta or Toronto, Ontario, at any time prior to the close of business on the Maturity Date or, if this Second Debenture is called for redemption on or prior to such date, then up to but not after the close of business on the last Business Day immediately preceding the date specified for redemption of this Second Debenture, into Shares (without adjustment for interest accrued hereon or for dividends or distributions on Shares issuable upon conversion) at an original conversion price of \$19.50 (the "**Conversion Price**") per Share, being a rate of approximately 51.2821 Shares for each \$1,000 principal amount of Second Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Shares will be issued on any conversion but in lieu thereof, the Corporation will satisfy such fractional interest by a cash payment equal to the market price of such fractional interest determined in accordance with the Indenture.

The Second Debentures may be redeemed at the option of the Corporation on the terms and conditions set out in the Indenture at the redemption price therein and herein set out provided

that this Second Debenture is not redeemable on or before December 31, 2011, except in the event of the satisfaction of certain conditions after a Change of Control has occurred. On and after January 1, 2012 and on or before December 31, 2012, the Second Debentures are redeemable at the option of the Corporation in whole or in part at a price equal to the principal amount of the Second Debentures and, in addition thereto, at the time of redemption, the Corporation shall pay to the holder accrued and unpaid interest, all provided that the Current Market Price on the date on which the Redemption Notice is given is not less than 125% of the Conversion Price then in effect. On and after January 1, 2013 and prior to maturity, the Second Debentures are redeemable at the option of the Corporation at a price equal to the principal amount of the Second Debentures and, in addition thereto, at the time of redemption, the Corporation shall pay to the holder accrued and unpaid interest, all irrespective of the Current Market Price. The Corporation may, on notice as provided in the Indenture, at its option and subject to any applicable regulatory approval, elect to satisfy its obligation to pay all or any portion of the Redemption Price by the issue of that number of Shares obtained by dividing the Redemption Price by 95% of the Current Market Price.

Upon the occurrence of a Change of Control (as defined in the Supplemental Indenture) of the Corporation, the Corporation is required to make an offer to purchase all of the Second Debentures at a price equal to 101% of the principal amount of such Second Debentures plus accrued and unpaid interest (if any) up to, but excluding, the date the Second Debentures are so repurchased (the "**Offer**"). If 90% or more of the principal amount of all Second Debentures outstanding on the date the Corporation provides notice of a Change of Control to the Debenture Trustee have been tendered for purchase pursuant to the Offer, the Corporation has the right to redeem and shall redeem all the remaining outstanding Second Debentures on the same date and at the same price.

If a takeover bid for Second Debentures, within the meaning of the Applicable Securities Legislation, is made and 90% or more of the principal amount of all the Second Debentures (other than Second Debentures held at the date of the takeover bid by or on behalf of the Offeror, Associates or Affiliates of the Offeror or anyone acting jointly or in concert with the Offeror) are taken up and paid for by the Offeror, the Offeror will be entitled to acquire the Second Debentures of those holders who did not accept the offer on the same terms as the Offeror acquired the first 90% of the principal amount of the Second Debentures.

The Corporation may, on notice as provided in the Indenture, at its option and subject to any applicable regulatory approval, elect to satisfy the obligation to repay all or any portion of the principal amount of this Second Debenture due on the Maturity Date by the issue of that number of Freely Tradeable Shares obtained by dividing the principal amount of this Second Debenture to be paid for in Shares pursuant to the exercise by the Corporation of the Share Repayment Right by 95% of the Current Market Price.

The indebtedness evidenced by this Second Debenture, and by all other Second Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of the Corporation, and is subordinated in right of payment, to the extent and in the manner

provided in the Indenture, to the prior payment of all Senior Indebtedness (including any indebtedness to trade creditors), whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder (or in certain circumstances specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Second Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Shares, officers and directors of the Corporation or the agents of the Corporation in respect of any obligation or claim arising out of the Indenture or this Second Debenture.

This Second Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Debenture Trustee in Calgary, Alberta or Toronto, Ontario and in such other place or places and/or by such other registrars (if any) as the Corporation with the approval of the Debenture Trustee may designate. No transfer of this Second Debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Debenture Trustee or other registrar, and upon compliance with such reasonable requirements as the Debenture Trustee and/or other registrar may prescribe and upon surrender of this Second Debenture for cancellation. Thereupon a new Second Debenture or Second Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Second Debenture shall not become obligatory for any purpose until it shall have been certified by the Debenture Trustee under the Indenture.

Capitalized words or expressions used in this Second Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture. If any of the provisions of this Second Debenture are inconsistent with the provisions of the Indenture, the provisions of the Indenture shall take precedence and govern.

**IN WITNESS WHEREOF KEYERA CORP.** has caused this Second Debenture to be signed by its authorized representatives as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**KEYERA CORP.**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

**TRUSTEE'S CERTIFICATE**

This Second Debenture is one of the 8.25% Convertible Unsecured Subordinated Debentures due December 31, 2013, unless extended in accordance with the terms of the Indenture.

COMPUTERSHARE TRUST COMPANY OF  
CANADA

By: \_\_\_\_\_  
(Authorized Officer)

**(FORM OF REGISTRATION PANEL)**

(No writing hereon except by Debenture Trustee or other registrar)

<b>Date of Registration</b>	<b>In Whose Name Registered</b>	<b>Signature of Debenture Trustee or Registrar</b>

**EXHIBIT "1"**  
**TO SECOND DEBENTURE**

**FORM OF ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_, whose address and social insurance number, if applicable, are set forth below, this Second Debenture (or \$ \_\_\_\_\_ principal amount hereof\*) of KEYERA CORP. standing in the name(s) of the undersigned in the register maintained by the Corporation with respect to such Second Debenture and does hereby irrevocably authorize and direct the Debenture Trustee to transfer such Second Debenture in such register, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Address of Transferee: \_\_\_\_\_  
(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable: \_\_\_\_\_

\*If less than the full principal amount of the within Second Debenture is to be transferred, indicate in the space provided the principal amount (which must be \$1,000 or an integral multiple thereof, unless you hold an Second Debenture in a non-integral multiple of 1,000 by reason of your having exercised your right to exchange upon the making of an Offer, in which case such Second Debenture is transferable only in its entirety) to be transferred.

1. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Second Debenture in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by a Canadian chartered bank or trust company or by a member of an acceptable Medallion Guarantee Program. Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".
2. The registered holder of this Second Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Second Debenture.

Signature of Guarantor:

\_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
Signature of transferring registered holder

\_\_\_\_\_  
Name of Institution

