

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement (the "**Prospectus Supplement**"), together with the accompanying short form base shelf prospectus dated August 19, 2013 to which it relates, as amended or supplemented (the "**Prospectus**"), and each document incorporated by reference into this Prospectus Supplement and into the Prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

The securities to be offered hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**1933 Act**"), or any state securities laws. Accordingly, except as permitted by the Underwriting Agreement (as defined below) and pursuant to exemptions from the registration requirements of the 1933 Act and applicable state securities laws, these securities may not be offered or sold in the United States of America. This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States of America. See "Plan of Distribution".

Information has been incorporated by reference in this Prospectus Supplement from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Keyera Corp., Investor Relations at 600, 144-4<sup>th</sup> Avenue S.W., Calgary, Alberta, Canada, T2P 3N4 (telephone 1-888-699-4853) and are also available electronically at [www.sedar.com](http://www.sedar.com).

New Issue

May 22, 2014

**Prospectus Supplement to the Short Form Base Shelf Prospectus Dated August 19, 2013**



**KEYERA**

**KEYERA CORP.**

**\$276,562,500**

**3,750,000 Common Shares**

Keyera Corp. ("**Keyera**" or the "**Corporation**") is hereby qualifying the distribution (the "**Offering**") of 3,750,000 common shares (the "**Firm Shares**") of the Corporation at a price of \$73.75 per Firm Share (the "**Offering Price**"). The Offered Shares (as defined herein) will be issued and sold pursuant to an underwriting agreement (the "**Underwriting Agreement**") dated May 20, 2014 between the Corporation and RBC Dominion Securities Inc., National Bank Financial Inc., TD Securities Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., Peters & Co. Limited, FirstEnergy Capital Corp., GMP Securities L.P. and Macquarie Capital Markets Canada Ltd. (collectively, the "**Underwriters**"). See "*Details of the Offering*" and "*Plan of Distribution*". The issued and outstanding common shares of the Corporation (the "**Common Shares**") are listed on the Toronto Stock Exchange (the "**TSX**") under the symbol "KEY". On May 21, 2014, the last trading day prior to the filing of this Prospectus Supplement, the closing price of the Common Shares on the TSX was \$73.80. The TSX has conditionally approved the listing of the Offered Shares on the TSX. Listing on the TSX is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before August 20, 2014.

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**Price: \$73.75 per Offered Share**

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	<b>Price to the Public</b>	<b>Underwriters' Fee<sup>(1)</sup></b>	<b>Net Proceeds to the Corporation<sup>(2)</sup></b>
Per Firm Share .....	\$73.75	\$2.95	\$70.80
<b>Total<sup>(3)</sup></b> .....	<b>\$276,562,500</b>	<b>\$11,062,500</b>	<b>\$265,500,000</b>

(1) The Corporation has agreed to pay the Underwriters a cash fee of 4.0% of the gross proceeds of the Offering (the "**Underwriters' Fee**").

(2) Before deducting the estimated expenses of the Offering of approximately \$500,000. The expenses of the Offering will be paid from the general funds of the Corporation.

(3) The Corporation has granted to the Underwriters an option (the "**Over-Allotment Option**"), exercisable at any time and from time to time until 30 days following the Offering Closing Date (as defined herein), to purchase up to an additional 562,500 Common Shares (the "**Over-Allotment Shares**", and together with the Firm Shares, the "**Offered Shares**") at the Offering Price. A purchaser who acquires Common Shares forming part of the Underwriters' over-allotment position acquires those Common Shares under this Prospectus Supplement, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriters' Fee and the net proceeds to the Corporation, before expenses of the Offering, will be \$318,046,875, \$12,721,875 and \$305,325,000, respectively. See "*Plan of Distribution*". The distribution of the Common Shares that may be issued on the exercise of the Over-Allotment Option is also qualified under the Prospectus, as supplemented by this Prospectus Supplement.

Underwriters' Position	Maximum Size or Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option.....	562,500 Common Shares	Any time until 30 days after the Offering Closing Date (as defined herein)	\$73.75 per Common Share

The Underwriters, as principals, conditionally offer the Offered Shares, subject to prior sale, if, as and when issued and delivered by the Corporation to, and accepted by, the Underwriters in accordance with the conditions contained in the Underwriting Agreement and subject to the approval of certain legal matters on behalf of the Corporation by Norton Rose Fulbright Canada LLP and on behalf of the Underwriters by Dentons Canada LLP. Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is currently anticipated that the closing date of the Offering (the "**Offering Closing Date**") will be on or about May 29, 2014, or such later date as the Corporation and the Underwriters may agree but in any event not later than June 13, 2014. See "*Details of the Offering*".

It is expected that the Offered Shares will be registered in the name of CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee and will be deposited with CDS on the Offering Closing Date. No certificate evidencing the Offered Shares will be issued to purchasers and registration will be made in the depository service of CDS. Purchasers of the Offered Shares will receive only a customer confirmation from the Underwriters or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Offered Shares is purchased.

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. **In certain circumstances, the Underwriters may offer the Offered Shares at a price lower than the Offering Price.** See "*Plan of Distribution*".

**Investing in the Offered Shares involves certain risks. See "*Risk Factors*" in the accompanying Prospectus, this Prospectus Supplement and in the documents incorporated by reference herein.**

**Each of RBC Dominion Securities Inc., National Bank Financial Inc., TD Securities Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc. and Scotia Capital Inc. is a subsidiary or an affiliate of one of the Corporation's lenders and to which the Corporation is currently indebted.** Consequently, the Corporation may be considered a connected issuer of such Underwriters for the purposes of securities regulations in certain provinces of Canada. The net proceeds from this Offering may be used to reduce the Corporation's indebtedness to such lenders. See "*Relationship Between the Corporation and Certain of the Underwriters*" and "*Use of Proceeds*".

Robert Catell and Tom O'Connor, two of the directors of the Corporation, reside outside of Canada. Each has appointed the following agent for service of process: Norton Rose Fulbright Canada LLP, 400 - 3rd Avenue SW, Suite 3700, Calgary, Alberta T2P 4H2 Canada.

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

The Corporation's registered and head office is located at 600, 144 - 4<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 3N4.

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## **IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS**

This document is in two parts. The first part is this Prospectus Supplement, which describes the specific terms of the securities the Corporation is offering and also adds to and updates certain information contained in the Prospectus and the documents incorporated by reference therein. The second part, the Prospectus, gives more general information, some of which may not apply to the Offered Shares.

**Prospective investors should rely only on the information contained in or incorporated by reference into this Prospectus Supplement and the Prospectus. The Corporation has not authorized any other person to provide prospective investors with additional or different information. If anyone provides prospective investors with different or inconsistent information, prospective investors should not rely on it. The Corporation is offering to sell, and seeking offers to buy, these securities only in jurisdictions where offers and sales are permitted. Prospective investors should assume that the information appearing in this Prospectus Supplement and the Prospectus, as well as information the Corporation has previously filed with the securities regulatory authorities in each of the provinces of Canada that is incorporated herein and in the Prospectus by reference, is accurate as of their respective dates only. The Corporation's business, financial condition, results of operations and prospects may have changed since those dates.**

In this Prospectus Supplement, unless otherwise specified or the context otherwise requires, references to "Keyera" or the "Corporation" mean Keyera Corp. and its subsidiaries and other entities owned or controlled, directly or indirectly, by Keyera Corp. In this Prospectus Supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. References to "dollars" or "\$" are to lawful currency of Canada.

Unless otherwise indicated, all financial information included and incorporated by reference in this Prospectus Supplement and the Prospectus has been prepared in accordance with International Financial Reporting Standards, also referred to as Canadian generally accepted accounting principles applicable to publicly accountable enterprises.

### **FORWARD-LOOKING INFORMATION**

Certain statements contained in this Prospectus Supplement and the documents incorporated by reference herein contain forward-looking statements. These statements relate to future events or the Corporation's future performance. Such statements are predictions only and actual events or results may differ materially. The use of words such as "anticipate," "continue", "could", "estimate", "expect", "may", "will", "project", "should", "plan", "intend", "believe" and similar expressions, including the negatives thereof, is intended to identify forward-looking statements. All statements other than statements of historical fact contained in this Prospectus Supplement and the documents incorporated by reference herein are forward-looking statements including, without limitation, statements regarding: the anticipated Offering Closing Date; the net proceeds from the Offering and the use of such proceeds; the future financial position of Keyera; the anticipated scope and timing of the Norlite Pipeline; business strategy and plans of management; anticipated growth and proposed activities; budgets, including future capital, operating or other expenditures and projected costs; estimated utilization rates; anticipated project completion dates; anticipated timing for future revenue; the treatment of Keyera under governmental regulatory regimes; the existence, operation and strategy of risk management programs, including the approximate and maximum amount of forward sales and hedging to be employed; and expectations regarding Keyera's ability to raise capital, add to its assets through acquisitions or internal growth opportunities and maintain its competitive position.

The forward-looking statements reflect the Corporation's beliefs and assumptions with respect to such things as the outlook for general economic trends, industry trends, commodity prices, capital markets, the governmental, regulatory and legal environment and expectations regarding proposed projects and acquisitions. In some instances, this Prospectus Supplement and the documents incorporated by reference herein may also contain forward-looking statements attributed to third party sources. Management believes that its assumptions and analysis in this Prospectus Supplement and the documents incorporated by reference herein are reasonable and that the expectations reflected in the forward-looking statements contained herein are also reasonable. However, it cannot assure readers that these expectations will prove to be correct.

All forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events, levels of activity and achievements to differ materially from those anticipated in the forward-looking statements. Such factors include but are not limited to: general economic, market and business conditions; access to capital and debt markets; operational matters, including potential hazards inherent in our operations; risks arising from co-ownership of facilities; activities of other facility owners; access to third party facilities; competitive action by other companies; activities of producers and other customers, as well as overall industry activity levels; oilsands development activity; changes in gas

composition; fluctuations in commodity prices and supply/demand trends; processing and marketing margins; effects of weather conditions; availability and cost of labour, construction crews, professional services and materials for capital projects; consultation and consent requirements associated with operations and capital projects; fluctuations in interest rates and foreign currency exchange rates; changes in operating and capital costs, including fluctuations in input costs; actions by governmental authorities; decisions or approvals of administrative tribunals and regulatory authorities; changes in laws, including environmental, health, safety and other regulations; reliance on key personnel; competition for, among other things, capital, acquisition opportunities and skilled personnel; proceedings and other types of claims and litigation; risk and liabilities associated with the transportation of dangerous goods; changes in tax laws, including the effects that such changes may have on shareholders and, in particular, any differential effects relating to shareholder's country of residence; and other factors, many of which are beyond the control of the Corporation, some of which are described under "*Risk Factors*" in this Prospectus Supplement.

Keyera's capital growth program (including the Norlite Pipeline project) involves a number of construction and development projects, each of which is subject to a range of variables that may influence the schedule, budget, timing of the capital spend, economics or viability of such project. Some of these variables include: weather; availability and price of materials, labour and engineering services; timing and ability to secure customer commitments or backstopping arrangements; securing necessary rights-of-way or other access arrangements; receiving regulatory approvals; and macro socio-economic trends. As a result, expected timing, costs and benefits associated with these projects may differ materially from the descriptions and benefits described in this Prospectus Supplement and the documents incorporated by reference herein. Alberta's move toward a single energy industry regulator has negatively affected approval processing times for projects that are subject to regulatory approval and it is unclear whether such delays will continue. The new regulatory requirements implemented with the transition to the Alberta Energy Regulator, and possible future changes as integration of the regulatory bodies continues, create uncertainty for project timing, requirements and compliance. Regulatory applications are also subject to intervention by interested parties which could result in delays.

Keyera's ownership of and ability to operate the recently acquired West Pembina assets, including the Cynthia gas plant, may differ significantly than anticipated depending on a number of variables, including: the exercise of rights of first refusal on certain of the reserves; a potential determination that there are rights of first refusal that apply to the Cynthia gas plant as a result of the acquisition; the interpretation of the rights of first refusal under the agreements governing the Cynthia gas plant and certain reserves; a potential determination that there are valid third party claims to any of the assets; Keyera's ability and right to operate the acquired facilities; whether there is a challenge to the Reserves ROFR (as defined herein) value; a potential determination of a ROFR value for the Cynthia gas plant in the event a court rules there is a ROFR on the plant; producer interest in the services being offered; future operating results of the assets; the ability of Keyera to execute each of its strategic initiatives in connection with the facilities and reserves acquired; changes in production decline rates; commodity pricing and supply/demand dynamics; activities of producers, competitors, customers, business partners and others; operational risks associated with gas plant operation and oil and gas production; turnaround scheduling and costs; environmental liabilities; and potential delays or changes in producer development plans in the area.

Readers are cautioned that the foregoing list is not exhaustive and they should not unduly rely on the forward-looking statements in this Prospectus Supplement or any documents incorporated by reference. Further, readers are cautioned that the forward-looking statements in this Prospectus Supplement speak only as of the date of this Prospectus Supplement. All forward-looking statements contained in this Prospectus Supplement and documents incorporated by reference 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 through the internet on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at [www.sedar.com](http://www.sedar.com).

## **DOCUMENTS INCORPORATED BY REFERENCE**

**Information has been incorporated by reference in the Prospectus from documents filed with securities commissions or similar authorities in Canada.** This Prospectus Supplement is deemed to be incorporated by reference into the accompanying Prospectus solely for the purposes of the Offering of the Offered Shares. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full particulars.

The following are specifically incorporated by reference and form an integral part of the Prospectus:



- (a) audited comparative consolidated financial statements of the Corporation for the years ended December 31, 2013 and 2012 together with the notes thereto and the independent auditor's report thereon;
- (b) management's discussion and analysis of results of operations and financial condition of the Corporation for the years ended December 31, 2013 and 2012 (the "**Annual MD&A**");
- (c) annual information form of the Corporation dated February 13, 2014 for the year ended December 31, 2013 (the "**AIF**");
- (d) information circular dated March 21, 2014 relating to the annual meeting of shareholders of the Corporation held on May 6, 2014;
- (e) unaudited comparative consolidated financial statements of the Corporation for the three-months ended March 31, 2014 and 2013 together with the notes thereto;
- (f) management's discussion and analysis of results of operations and financial condition of the Corporation for the three-months ended March 31, 2014 and 2013 (the "**Q1 MD&A**"); and
- (g) the "template version" of the "marketing materials" (as such terms are defined in National Instrument 41-101 - *General Prospectus Requirements*) for this Offering, consisting of a term sheet dated May 20, 2014.

Any documents of the type referred to above, any material change reports (excluding confidential material change reports) and any business acquisition reports subsequently filed by the Corporation with securities regulatory authorities in Canada after the date of this Prospectus Supplement and prior to the termination of the Offering shall be deemed to be incorporated by reference into this Prospectus Supplement and the Prospectus for the purposes of this Offering. These documents will be available through the internet on SEDAR, which can be accessed at [www.sedar.com](http://www.sedar.com).

Template versions of marketing materials (as such term is defined under applicable Canadian securities laws) for this Offering, consisting of a term sheet, were filed with the securities commission or similar regulatory authority in each of the provinces of Canada on May 20, 2014. The template versions of the marketing materials are incorporated by reference into this Prospectus Supplement, but are not part of this Prospectus Supplement to the extent that the contents of a template version of the marketing materials have been modified or superseded by a statement contained in this Prospectus Supplement. In addition, any template version of any other marketing materials filed with the securities commission or similar authority in each of the provinces of Canada in connection with this Offering after the date hereof but prior to the termination of the distribution of the securities under this Prospectus Supplement is deemed to be incorporated by reference herein.

**Any statement contained in the Prospectus, this Prospectus Supplement or in a document incorporated or deemed to be incorporated by reference in the Prospectus or this Prospectus Supplement for the purposes of the Offering shall be deemed to be modified or superseded, for the purposes of the Prospectus and this Prospectus Supplement, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of the Prospectus or this Prospectus Supplement, except as so modified or superseded.**

## RECENT DEVELOPMENTS

### Norlite Pipeline

Keyera recently announced that it has reached an agreement with Enbridge Pipelines (Athabasca) Inc. ("**Enbridge**") to participate in the Norlite Pipeline as a 30% non-operating owner. The Norlite Pipeline will be a diluent transportation pipeline delivering condensate from the Fort Saskatchewan area to the Athabasca oil sands region in northeast Alberta.

Based on the current scope, the Norlite Pipeline will consist of a 20-inch diameter pipeline with an ultimate capacity of 280,000 barrels per day. It will be anchored by throughput commitments from Suncor Energy Inc., Total E&P Canada Limited and Teck Resources Limited for the Fort Hills oil sands project and by Suncor Energy Oil Sands Limited Partnership for its proprietary oil sands production. Enbridge anticipates finalizing the project scope later this year, at which time the estimated capital cost will be determined. Keyera's diluent transportation system in the Fort Saskatchewan area will deliver product into the Norlite Pipeline, providing the Norlite shippers with access to multiple sources of diluent supply while generating incremental revenue for Keyera. Enbridge is currently projecting an in-service date in the second quarter of 2017.

## Recent Acquisitions

On May 1, 2014, Keyera closed a transaction to acquire the following assets:

- an 85% ownership interest in the West Pembina 6-28 gas plant (also referred to as the "**Cynthia gas plant**"), along with the corresponding working interest in lands from which gas is produced into the plant;
- an additional 4.6% ownership interest in the Bigoray gas plant (bringing its ownership in that plant to 100%), along with certain associated reserves which produce into the plant; and
- varying ownership interests in certain associated oil batteries, compressors and gathering pipelines.

The acquired reserves are all from the Nisku formation. The total consideration for this acquisition was approximately \$113 million. Certain of the reserves were subject to rights of first refusal ("**ROFRs**"), and these reserves were therefore closed in escrow pending the exercise or expiry of such ROFRs. A third party has served notice that it is exercising its right of first refusal with respect to certain reserves (the "**Reserves ROFR**"). The value associated with the Reserves ROFR is \$23.6 million, which would be returned to Keyera out of escrow if the Reserves ROFR sale is completed. In connection with the Reserves ROFR, this third party is also claiming to have a ROFR on the Cynthia gas plant. Neither Keyera nor the producer from whom Keyera acquired the assets believe that the acquisition triggered a ROFR on the plant. A hearing to settle the question of whether there is a ROFR on the Cynthia gas plant is scheduled for May 26, 2014. Should the court determine that there is a ROFR on the Cynthia gas plant, it is possible that Keyera could be required to return its interest in the Cynthia gas plant, in which case the consideration paid for the plant would be returned to Keyera.

## USE OF PROCEEDS

The net proceeds to the Corporation from the Offering will be approximately \$265,500,000 after deducting the Underwriters' Fee of \$11,062,500 and before deducting expenses of the Offering. If the Underwriters exercise the Over-Allotment Option in full, the net proceeds from the Offering will be approximately \$305,325,000 after deducting the Underwriters' Fee of \$12,721,875 and before deducting expenses of the Offering. The expenses of the Offering and the Underwriters' Fee will be paid from the general funds of the Corporation. The net proceeds of the Offering will be used to partially fund the Corporation's capital growth program, to reduce short term indebtedness of the Corporation under its Facilities (as defined herein) and for general corporate purposes. The Corporation may invest the net proceeds it does not immediately use, including in cash and cash equivalents.

## PRIOR SALES

From May 1, 2013 to December 31, 2013, 462,672 Common Shares were issued at a price of \$19.10 pursuant to the conversion of \$8,837,570 principal amount of the 8.25% convertible unsecured subordinated debentures which matured on December 31, 2013 (the "**Second Debentures**").

The following table summarizes the issuances by the Corporation of Common Shares under the Premium Dividend<sup>TM</sup> and Dividend Reinvestment Plan (the "**Plan**") during the period of May 1, 2013 to May 21, 2014. All of these Common Shares were issued pursuant to the regular dividend reinvestment component of the Plan (the "**DRIP**"). No Common Shares were issued pursuant to the Premium Dividend<sup>TM</sup> component of the Plan, which has been suspended since April 2010.

**Shares Issued under DRIP between May 1, 2013 and May 21, 2014**

<u>Date of Issuance</u>	<u># of Shares Issued</u>	<u>Price per Share</u>
15-May-13	72,994	\$59.6704
17-Jun.-13	72,825	\$57.7753
15-Jul.-13	76,887	\$55.5775
15-Aug.-13	70,335	\$55.7309
16-Sept.-13	81,526	\$55.0137
15-Oct.-13	82,114	\$56.4914
15-Nov.-13	77,995	\$59.0511
16-Dec.-13	80,725	\$60.0772
15-Jan.-14	78,879	\$62.4661
18-Feb.-14	75,649	\$63.6904
17-Mar.-14	76,062	\$64.6800
15-Apr.-14	60,373	\$67.5487
15-May-14	70,336	\$71.6258
<b>Total:</b>	<b>976,700</b>	

**TRADING PRICE AND VOLUME**

The Common Shares are listed for trading on the TSX under the symbol "KEY". The following table shows the monthly range of high and low prices per Common Share and the total monthly volumes of Common Shares traded on the TSX for the periods indicated.

<u>Month</u>	<u>High (Close)</u>	<u>Low (Close)</u>	<u>Monthly Volume</u>
May 2013.....	\$63.88	\$59.58	11,118,842
June 2013.....	\$61.37	\$55.08	7,103,953
July 2013.....	\$59.70	\$56.00	4,138,149
August 2013.....	\$59.84	\$55.58	3,853,934
September 2013.....	\$59.51	\$56.66	3,253,176
October 2013.....	\$61.70	\$56.83	3,576,036
November 2013.....	\$62.59	\$59.50	4,181,077
December 2013.....	\$63.93	\$61.46	2,715,668
January 2014.....	\$67.13	\$63.91	3,833,277
February 2014.....	\$67.60	\$64.25	3,308,259
March 2014.....	\$70.09	\$66.16	2,610,959
April 2014.....	\$72.94	\$69.16	2,264,467
May 1 to 21, 2014.....	\$76.27	\$73.58	2,569,821

The Second Debentures, which were listed for trading on the TSX under the symbol "KEY.DB.A", matured on December 31, 2013. The following table sets forth the price range and trading volume per \$100 principal amount of the Second Debentures as reported by the TSX for the periods indicated:



<u>Month</u>	<u>High (Close)</u>	<u>Low (Close)</u>	<u>Monthly Volume</u>
May 2013.....	\$326.00	\$311.00	1,608
June 2013.....	\$320.54	\$296.62	2,890
July 2013.....	\$310.00	\$295.00	770
August 2013.....	\$311.87	\$288.11	1,580
September 2013.....	\$312.50	\$295.01	1,590
October 2013.....	\$322.00	\$297.37	2,070
November 2013.....	\$325.00	\$299.02	5,920
December 2013.....	\$332.00	\$320.00	5,917

## DETAILS OF THE OFFERING

The Offering consists of 3,750,000 Firm Shares at the Offering Price and up to an additional 562,500 Over-Allotment Shares at the Offering Price. The Firm Shares will be issued on the Offering Closing Date pursuant to the Underwriting Agreement and the Over-Allotment Shares will be issued on the closing of the exercise of the Over-Allotment Option, if applicable. For a summary of the material attributes and characteristics of the Offered Shares and certain rights attaching thereto, see "*Description of Common Shares*" in the Prospectus.

Keyera's general practice is to pay a monthly dividend on the closest business day to the 15th of each calendar month to shareholders of record as of the dividend record date, which is usually 20 to 26 days prior to the dividend payment date. The dividend record date for the May dividend payable on June 16, 2014 is May 23, 2014. Given that the Offering Closing Date is expected to be on or about May 29, 2014, purchasers of the Offered Shares will not be entitled to receive the May dividend payable on June 16, 2014. Purchasers will be eligible to receive the dividend for the month of June, payable on or about July 15, 2014, to holders of record as of June 23, 2014.

It is expected that the Offered Shares will be registered in the name of CDS or its nominee and will be deposited with CDS on the Offering Closing Date. No certificate evidencing the Offered Shares will be issued to purchasers and registration will be made in the depository service of CDS. Purchasers of the Offered Shares will receive only a customer confirmation from the Underwriters or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Offered Shares is purchased.

## PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement dated May 20, 2014 between the Corporation and the Underwriters, the Corporation has agreed to sell an aggregate of 3,750,000 Firm Shares to the Underwriters, and the Underwriters have severally (and not jointly or jointly and severally) agreed to purchase from the Corporation, each as a principal, such Firm Shares on the Offering Closing Date. The Underwriting Agreement provides that the Corporation will pay the Underwriters a fee of \$2.95 per Firm Share issued and sold by the Corporation, for an aggregate fee payable by the Corporation of \$11,062,500, in consideration of their services in connection with the Offering. The Underwriters' Fee is payable on the Offering Closing Date.

The Corporation has granted to the Underwriters the Over-Allotment Option exercisable at any time and from time to time until 30 days following the Offering Closing Date to purchase up to an additional 562,500 Over-Allotment Shares at a price of \$73.75 per Over-Allotment Share. A purchaser who acquires Common Shares forming part of the Underwriters' over-allotment position acquires those Common Shares under this Prospectus Supplement, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriters' Fee and the net proceeds to the Corporation, before expenses, will be \$318,046,875, \$12,721,875 and \$305,325,000, respectively. The distribution of the Over-Allotment Shares that may be issued on the exercise of the Over-Allotment Option is also qualified under the Prospectus, as supplemented by this Prospectus Supplement.

The terms of the Offering were established through negotiations between the Corporation and the Underwriters.

The obligations of the Underwriters under the Underwriting Agreement are several (and not joint or joint and several) and may be terminated at their discretion upon the occurrence of certain stated events. If an Underwriter fails to purchase the Offered Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Offered Shares, provided that, if the aggregate number of Offered Shares not purchased is less than or equal to 7% of the aggregate

number of Offered Shares agreed to be purchased by the Underwriters, then each of the other Underwriters is obligated to purchase severally the Offered Shares not taken up, on a *pro rata* basis or as they may otherwise agree as between themselves. The Underwriters are, however, obligated to take up and pay for all Offered Shares if any Offered Shares are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Corporation will indemnify the Underwriters and their respective directors, officers, shareholders, agents and employees against certain liabilities and expenses.

The Underwriters propose to offer the Offered Shares initially at the Offering Price specified on the cover page of this Prospectus Supplement. After a reasonable effort has been made to sell all of the Offered Shares at the Offering Price specified, the Underwriters may subsequently reduce the selling prices to investors from time to time in order to sell any of the Offered Shares remaining unsold. In the event the Offering Price is reduced, the compensation received by the Underwriters will be decreased by the amount the aggregate price paid by the purchasers for the Offered Shares is less than the gross proceeds paid by the Underwriters to the Corporation for the Offered Shares. Any such reduction will not affect the proceeds received by the Corporation.

Subscriptions for Offered Shares will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice.

The TSX has conditionally approved the listing of the Offered Shares on the TSX. Listing on the TSX is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before August 20, 2014.

The Corporation has agreed that, subject to certain exceptions, it shall not issue or agree to issue any Common Shares or other securities convertible into, or exchangeable for, Common Shares prior to 90 days after the Offering Closing Date without the prior consent of RBC Dominion Securities Inc., on its own behalf and on behalf of the Underwriters, which consent shall not be unreasonably withheld.

The Offered Shares have not been and will not be registered under the 1933 Act or the securities law of any state of the United States and, accordingly, may not be offered or sold in the United States except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws. The Underwriting Agreement permits the Underwriters to offer and resell the Offered Shares acquired pursuant to the Underwriting Agreement to qualified institutional buyers (as defined in Rule 144A under the 1933 Act) in the United States, provided such offers and sales are made in accordance with Rule 144A under the 1933 Act, and applicable state securities laws. All offers of Offered Shares by the Underwriters in the United States will be made indirectly through their United States broker dealer affiliates. The Underwriting Agreement further provides that the Underwriters will offer and sell Offered Shares outside the United States only in accordance with Regulation S under the 1933 Act.

In addition, until 40 days after the commencement of the Offering, any offer or sale of Offered Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirement of the 1933 Act unless made in compliance an exemption from the registration requirement under the 1933 Act.

#### **RELATIONSHIP BETWEEN THE CORPORATION AND CERTAIN OF THE UNDERWRITERS**

RBC Dominion Securities Inc., National Bank Financial Inc., TD Securities Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc. and Scotia Capital Inc. are, directly or indirectly, subsidiaries of certain lenders (the "**Lenders**") which have extended or have committed to extending credit facilities (collectively, the "**Facilities**") to the Corporation or its affiliates. Accordingly, the Corporation may be considered to be a "connected issuer" of such Underwriters under applicable securities legislation. The current Facilities consist of an unsecured revolving term facility maturing December 6, 2017 and two unsecured revolving demand facilities. The Corporation is in material compliance with all material terms of the agreements governing the Facilities and none of the Lenders has waived any material breach by the Corporation of those agreements since the Facilities were established. Neither the financial position of the Corporation nor the value of any security granted under the Facilities has changed substantially and adversely since the indebtedness under the Facilities was incurred. None of the Lenders have been or will be involved in the decision to offer the Offered Shares and none have been or will be involved in the determination of the terms of any distribution of Offered Shares. Proceeds from the sale of Offered Shares may be used to reduce indebtedness which the Corporation or its subsidiaries may have with one or more Lenders which are related to an Underwriter. See "*Use of Proceeds*".

## ELIGIBILITY FOR INVESTMENT

In the opinion of Norton Rose Fulbright Canada LLP, counsel to the Corporation, and Dentons Canada LLP, counsel to the Underwriters, as of the date hereof, based on the current provisions of the *Income Tax Act (Canada)* (the "**Tax Act**") and the regulations thereunder and subject to the provisions of any particular registered plan, the Common Shares will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax free savings accounts ("**TFSAs**").

However, the holder of a TFSA or annuitant under a RRSP or RRIF that holds Common Shares will be subject to a penalty tax if such Common Shares are a "prohibited investment" for the purposes of the Tax Act. The Common Shares will generally be a prohibited investment if the holder or annuitant, as applicable, does not deal at arm's length with the Corporation for the purposes of the Tax Act or has a "significant interest" (within the meaning of the Tax Act) in the Corporation. Investors who intend to hold Common Shares in their RRSP, RRIF or TFSA should consult their own tax advisors regarding whether the Common Shares will be a prohibited investment in their particular circumstances.

## RISK FACTORS

An investment in the Offered Shares involves certain risks. In addition to the other information contained in this Prospectus Supplement and the accompanying Prospectus, and in the documents incorporated by reference herein and therein, including in particular the information contained under the heading "*Risk Factors and Risk Management Strategies*" in the AIF and under the headings "*Risk Factors*" and "*Liquidity and Capital Resources*" in each of the Annual MD&A and Q1 MD&A, prospective purchasers of Offered Shares should consider carefully the risk factors set forth below.

### **Risks Associated with the West Pembina Asset Acquisition**

The acquisition of the Cynthia gas plant and the corresponding working interest in lands from which gas is produced into the plant are subject to a claim by a third party relating to the interpretation and application of the Reserves ROFR and whether a ROFR applies to the Cynthia gas plant. Depending on the resolution of these issues, Keyera's ownership of and ability to operate these assets may differ significantly from expectations at the time of the acquisition. If the sale pursuant to the exercise of the Reserves ROFR is completed, these reserves would be released from escrow and sold to the third party, with the ROFR value of approximately \$23.6 million being returned to Keyera. Keyera would still acquire the balance of the reserves that were not subject to a ROFR. Further, if it is determined that there is a ROFR on the Cynthia gas plant, it is possible that Keyera may be required to return its ownership in the Cynthia gas plant. In such a scenario, Keyera expects to receive back the value of the plant, however that value has not been determined. Further, Keyera would still own certain reserves in the West Pembina area, as well as other facilities acquired in connection with this acquisition. Keyera would have to secure acceptable processing arrangements in order to continue to produce the acquired reserves.

While a hearing on the ROFR issues is scheduled for May 26, 2014, it is unknown when a decision will be rendered. Any decision from the May 26, 2014 hearing is subject to appeal, and therefore final resolution may be significantly delayed. Delays in resolving these ROFR issues give rise to challenges with respect to the operatorship of the Cynthia gas plant, which is currently being operated pursuant to a transition services agreement with a prior owner of the plant.

### **Market Price**

The market price of the Common Shares may fluctuate due to a variety of factors relating to the Corporation's business, including announcements of new developments, fluctuations in the Corporation's operating results, sales of the Common Shares in the marketplace, failure to meet analysts' expectations, the impact of any public announcements made in regard to this Offering, general market conditions or the worldwide economy. In recent years, the Common Shares and stock markets in Canada and the United States have experienced significant price fluctuations, which may have been unrelated to the operating performance of the Corporation or the affected companies. There can be no assurance that the market price of the Common Shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to the Corporation's performance.

### **Dividends**

Dividends are not guaranteed and will fluctuate with the performance of the subsidiaries of the Corporation. The board of directors of the Corporation has the discretion to determine the amount of dividends to be declared and paid to

shareholders each month. In determining the level of dividends, the board of directors will take into consideration current and expected future levels of earnings, operating cash flow, income taxes, maintenance capital, growth capital expenditures, debt repayments, working capital requirements and other factors. Keyera's short and long term borrowings prohibit Keyera from paying dividends at any time at which a default or event of default would exist under such debt, or if a default or event of default would exist as a result of paying the dividend.

Because Keyera distributes the majority of its net cash flow to shareholders as dividends, if external sources of capital, including borrowings and the issuance of additional Common Shares, become limited or unavailable on commercially reasonable terms, Keyera's ability to make the necessary capital investments to maintain or expand its business may be impaired. The extent to which Keyera is required to use cash flow to finance capital expenditures or acquisitions may reduce the level of cash flow available to declare and pay dividends to shareholders.

#### **LEGAL MATTERS**

Certain legal matters in connection with the Offered Shares will be passed upon on behalf of the Corporation by Norton Rose Fulbright Canada LLP and on behalf of the Underwriters by Dentons Canada LLP.

#### **INTERESTS OF EXPERTS**

As at the date of this Prospectus Supplement, the partners and associates of Norton Rose Fulbright Canada LLP, as a group, and the partners and associates of Dentons Canada LLP, as a group, each beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares. Deloitte LLP is the auditor of the Corporation and is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

#### **AUDITOR, TRANSFER AGENT AND REGISTRAR**

The Corporation's independent auditor is Deloitte LLP, Chartered Accountants, Calgary, Alberta.

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta, and Toronto, Ontario.

## CERTIFICATE OF THE UNDERWRITERS

Dated: May 22, 2014

To the best of our knowledge, information and belief, the short form prospectus together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

### **RBC DOMINION SECURITIES INC.**

By: "*Michael Scott*"

### **NATIONAL BANK FINANCIAL INC.**

By: "*Iain Watson*"

### **TD SECURITIES INC.**

By: "*Alec W. G. Clark*"

### **CIBC WORLD MARKETS INC.**

By: "*Denis Rajotte*"

### **BMO NESBITT BURNS INC.**

By: "*Michael Spencer*"

### **SCOTIA CAPITAL INC.**

By: "*Mike Jackson*"

### **PETERS & CO. LIMITED**

By: "*Cameron E. Plewes*"

### **FIRSTENERGY CAPITAL CORP.**

By: "*Erik B. Bakke*"

### **GMP SECURITIES L.P.**

By: "*Wade Felesky*"

### **MACQUARIE CAPITAL MARKETS CANADA LTD.**

By: "*Sandy L. Edmonstone*"

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## Base Shelf Prospectus

*This short form prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.*

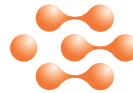
*This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The securities to be offered hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or any state securities laws and, subject to certain exceptions, may not be offered or sold in the United States of America or to U.S. persons. See "Plan of Distribution".*

**Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Director, Investor Relations of Keyera Corp. at 600, 144 – 4th Avenue S.W., Calgary, Alberta, T2P 3N4 (telephone 1-888-699-4853) and are also available electronically at [www.sedar.com](http://www.sedar.com).

New Issue

SHORT FORM PROSPECTUS

August 19, 2013



**KEYERA**

**KEYERA CORP.**

**\$2,500,000,000**

**Common Shares  
Preferred Shares  
Subscription Receipts  
Debt Securities  
Warrants  
Units**

Keyera Corp. (the "**Corporation**") may from time to time during the 25-month period that this short form base shelf prospectus, including any amendments hereto, remains effective, offer and sell: common shares ("**Common Shares**"); first or second preferred shares (together "**Preferred Shares**" and, collectively with the Common Shares, the "**Equity Securities**"); subscription receipts ("**Subscription Receipts**"); senior or subordinated unsecured debt securities ("**Debt Securities**"); warrants to purchase Equity Securities or Debt Securities ("**Warrants**"); and units consisting of any combination of the other securities described in this prospectus ("**Units**"), or any combination thereof, for an aggregate initial offering price of up to \$2,500,000,000 (or the equivalent thereof in other currencies or currency units). In this prospectus, Equity Securities, Subscription Receipts, Debt Securities, Warrants and Units are collectively referred to as the "**Securities**".

Securities may be offered separately or together, in amounts, at prices and on terms to be determined based on market conditions at the time of sale and set forth in one or more accompanying shelf prospectus supplements (each a "**Prospectus Supplement**").

The specific terms of any offering of Securities will be set forth in a Prospectus Supplement including, where applicable: (i) in the case of Common Shares, the number of shares offered, the offering price (in the event the offering is a fixed price distribution), the manner of determining the offering price(s) (in the event the offering is a non-fixed price distribution) and any other specific terms; (ii) in the case of Preferred Shares, the designation of the particular class and series, the number of Preferred Shares offered, the offering price (in the event the offering is a fixed price distribution), the manner of determining the offering price(s) (in the event the offering is a non-fixed price distribution), any voting rights, the dividend rate, the dividend payment dates, the terms for redemption at the option of the Corporation, any conversion or exchange rights and any other specific terms; (iii) in the case of the Subscription Receipts, the number of Subscription Receipts offered, the offering price (in the event the offering is a fixed price distribution), the manner of determining the offering price(s) (in the event the offering is a non-fixed price distribution), the terms and procedures for the exchange of the Subscription Receipts and any other specific terms; (iv) in the case of the Debt Securities, the specific designation of the Debt Securities, any limit on the aggregate principal amount of the Debt Securities, the currency, the maturity, the offering price (at par, at a discount or at a premium), whether the Debt Securities will bear interest, the interest rate or method of determining the interest rate, any terms of redemption, any conversion or exchange rights and any other specific terms; (v) in the case of Warrants, the designation, the number of Warrants offered, the offering price (in the event the offering is a fixed price distribution) or the manner of determining the offering price(s) (in the event the offering is a non-fixed price distribution), the exercise price, provisions and procedures related to exercising the Warrants including the dates during which the Warrants may be exercised and the expiry date of the Warrants and the number and other terms of the Equity Securities or Debt Securities purchasable upon exercise of the Warrants, circumstances that will result in the adjustment of these terms and any other terms specific to the Warrants being offered; and (vi) in the case of the Units, the designation, the number of Units offered, particulars of the securities comprising the Units, the offering price (in the event the offering is a fixed price distribution), the manner of determining the offering price(s) (in the event the offering is a non-fixed price distribution) and any other terms specific to the Units being offered. Where required by statute, regulation or policy, and where Securities are offered in currencies other than Canadian dollars, appropriate disclosure of foreign exchange rates will be included in the applicable Prospectus Supplement describing the Securities. The Corporation may also include in a Prospectus Supplement specific terms pertaining to the Securities that are not within the variables and parameters set forth in this prospectus.

All shelf information permitted under applicable laws to be omitted from this prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this prospectus. A Prospectus Supplement containing the specific terms of any Securities being offered and other information relating to such Securities will be delivered to prospective purchasers of such Securities, together with this prospectus, and will be deemed to be incorporated by reference into this prospectus for the purposes of securities legislation as of the date of such Prospectus Supplement and only for the purposes of the distribution of such securities to which the Prospectus Supplement pertains.

This prospectus constitutes a public offering of Securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such Securities. The Corporation may sell the Securities to or through underwriters or dealers purchasing as principals, and may also sell the Securities directly to one or more purchasers or through agents. The Prospectus Supplement relating to a particular offering of the Securities will identify each underwriter, dealer or agent, as the case may be, engaged by the Corporation in connection with the offering and sale of such Securities, and will set forth the terms of the offering of such Securities, including the method of distribution, the net proceeds to the Corporation and any fees, discounts or any other compensation payable to underwriters, dealers or agents, and any other material terms of the plan of distribution. In connection with any offering of the Securities, the underwriters, dealers or agents, as the case may be, may over allot or effect transactions which stabilize, maintain or otherwise affect the market price of the

Securities at a level above that which otherwise might prevail on the open market. Such transactions, if commenced, may be interrupted or discontinued at any time. See "Plan of Distribution".

**Investing in the Securities involves risk. It is important for an investor to consider the particular risk factors that may affect the industry in which it is investing. See, for example, "Risk Factors" in this prospectus and the "Risk Factors and Risk Management Strategies" section of the AIF (as defined herein). These sections also describe the Corporation's assessment of those risk factors, as well as the potential consequences to an investor if a risk should occur.** Additional risk factors relating to a specific offering of Securities may also be disclosed in the applicable Prospectus Supplement. Prospective investors should also be aware that the purchase of Securities may have tax consequences that may not be fully described in this prospectus or in any Prospectus Supplement, and should consult with an independent tax advisor.

The outstanding Common Shares of the Corporation and the 8.25% convertible unsecured subordinated debentures maturing on December 31, 2013 (the "**Debentures**") are listed on the Toronto Stock Exchange under the symbols "KEY" and "KEY.DB.A", respectively. Unless otherwise specified in the applicable Prospectus Supplement, the Preferred Shares, Subscription Receipts, Debt Securities, Warrants and Units will not be listed on any securities exchange. Any offering of Preferred Shares, Subscription Receipts, Debt Securities, Warrants and Units will be an issue of new securities and may not have an established trading market. **Unless otherwise specified in the applicable Prospectus Supplement, there is currently no market through which the Preferred Shares, Subscription Receipts, Debt Securities, Warrants and Units may be sold and purchasers may not be able to resell such securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of the issuer regulation. See "Risk Factors".**

Robert Catell, one of the directors of the Corporation, resides outside of Canada. He has appointed the following agent for service of process: Norton Rose Fulbright Canada LLP, 400 - 3rd Avenue SW, Suite 3700, Calgary, Alberta T2P 4H2 Canada.

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process."

The Corporation's registered and head office is located at 600, 144 – 4th Avenue S.W., Calgary, Alberta, T2P 3N4.

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## **NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements contained in this prospectus and the documents incorporated by reference herein contain forward-looking statements. These statements relate to future events or the future performance of Keyera (as defined herein). Such statements are predictions only and actual events or results may differ materially. The use of words such as "anticipate," "continue", "estimate", "expect", "may", "will", "project", "should," "plan," "intend," "believe," and similar expressions, including the negatives thereof, is intended to identify forward looking statements. All statements other than statements of historical fact contained in this document and the documents incorporated by reference are forward looking statements, including, without limitation, statements regarding: the offering and sale of securities pursuant to this prospectus; the future financial position of Keyera; business strategy and plans of management; anticipated growth and proposed activities; budgets, including future capital, operating or other expenditures and projected costs; estimated utilization rates; anticipated project completion dates; anticipated timing for future revenue streams; objectives of or involving Keyera; impact of commodity prices; environmental matters; treatment of Keyera under governmental regulatory regimes; the existence, operation and strategy of risk management programs, including the approximate and maximum amount of forward sales and hedging to be employed; and expectations regarding Keyera's ability to raise capital, add to its assets through acquisitions or internal growth opportunities and maintain its competitive position.

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

All forward looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events, levels of activity and achievements to differ materially from those anticipated in the forward looking statements. Such factors include but are not limited to: general economic, market and business conditions; access to capital and debt markets (including the operation or suspension of the Premium Dividend™); operational matters, including potential hazards inherent in our operations; risks arising from co-ownership of facilities; activities of other facility owners; competitive action by other companies; activities of producers and other customers, as well as overall industry activity levels; oil sands development activity; changes in gas composition; fluctuations in commodity prices and supply/demand trends; processing and marketing margins; effects of weather conditions; changes in construction or completion schedules and budgets for capital projects; availability and cost of labour, construction crews, professional services and materials for capital projects; consultation and consent requirements associated with operations and capital projects; fluctuations in interest rates and foreign currency exchange rates; changes in operating and capital costs, including fluctuations in input costs; actions by governmental authorities; decisions or approvals of administrative tribunals and regulatory authorities; changes in environmental and other regulations; reliance on key personnel; competition for, among other things, capital, acquisition opportunities and skilled personnel; changes in tax laws, including the effects that such changes may have on shareholders; and other factors, many of which are beyond the control of Keyera, some of which are described under "Risk Factors" in this prospectus and in the "Risk Factors and Risk Management Strategies" section of the AIF (as defined herein).

Readers are therefore cautioned that they should not unduly rely on the forward looking statements included in this prospectus or any documents incorporated by reference. All forward looking

statements contained in this prospectus are expressly qualified by this cautionary statement. Further information about the factors affecting forward looking statements and management's assumptions and analysis thereof, is available in filings made by Keyera, with Canadian provincial securities commissions available on [www.sedar.com](http://www.sedar.com).

### **NON-GAAP FINANCIAL MEASURES**

This prospectus and the documents incorporated by reference herein refer to certain financial measures that are not determined in accordance with International Financial Reporting Standards (also referred to as generally accepted accounting principles or "GAAP").

Measures such as distributable cash flow (cash flow from operating activities adjusted for changes in non-cash working capital, long-term incentive plan costs, inventory write-down and maintenance capital expenditures) and EBITDA (earnings, excluding unrealized gains/losses, and before interest, taxes, depreciation, amortization, accretion, impairment expenses and other non-cash charges) are not standard measures and do not have any standardized meaning under GAAP and, therefore, are unlikely to be comparable to similar measures reported by other entities. Management believes that these supplemental measures facilitate the understanding of the Corporation's results of operations, leverage, liquidity and financial position. Distributable cash flow is used to assess the level of cash flow generated from ongoing operations and to evaluate the adequacy of internally generated cash flow to fund dividends. EBITDA is a measure used as an indication of earnings generated from operations after consideration of administrative and overhead costs and is commonly used by management, investors and creditors in the calculation of ratios for assessing leverage and financial performance. 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 the Corporation's performance.

### **DOCUMENTS INCORPORATED BY REFERENCE**

**Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Director, Investor Relations of the Corporation at 600, 144 – 4th Avenue S.W., Calgary, Alberta, T2P 3N4, Telephone: 1-888-699-4853. These documents are also available through the internet on the System for Electronic Document Analysis and Retrieval ("**SEDAR**"), which can be accessed at [www.sedar.com](http://www.sedar.com).

The following documents of the Corporation, filed with the various provincial securities commissions or similar authorities in Canada, are specifically incorporated into and form an integral part of this prospectus, provided that such documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained in this prospectus or in any other subsequently filed document that is also incorporated by reference in this prospectus:

- (a) audited consolidated financial statements of Keyera for the years ended December 31, 2012 and 2011 together with the notes thereto and the independent auditor's report thereon;
- (b) management's discussion and analysis of results of operations and financial condition of Keyera for the year ended December 31, 2012 (the "**2012 MD&A**");
- (c) annual information form of the Corporation dated February 14, 2013 for the year ended December 31, 2012 (the "**AIF**");



- (d) information circular dated March 22, 2013 relating to the annual and special meeting of the shareholders of the Corporation held on May 7, 2013 (the "**Information Circular**");
- (e) unaudited condensed interim consolidated financial statements of Keyera for the six months ended June 30, 2013 and 2012 together with the notes thereto; and
- (f) management's discussion and analysis of results of operations and financial condition of Keyera for the six months ended June 30, 2013 and 2012.

Any material change reports (except confidential material change reports), business acquisition reports, unaudited interim comparative consolidated financial statements and accompanying management's discussion and analyses, audited annual comparative consolidated financial statements and auditors' reports thereon and accompanying management's discussion and analyses, information circulars, annual information forms and Prospectus Supplements disclosing additional or updated information, filed by the Corporation with the provincial securities commissions or similar authorities in Canada after the date of this prospectus and before the termination of the offering, are deemed to be incorporated by reference in this prospectus.

Upon a new annual information form and related audited annual consolidated financial statements and accompanying management's discussion and analysis being filed by the Corporation with the applicable securities regulatory authorities during the currency of this prospectus, the previous annual information form, the previous audited annual consolidated financial statements and accompanying management's discussion and analysis and all unaudited condensed interim consolidated financial statements and accompanying management's discussion and analyses and material change reports filed prior to the commencement of the Corporation's financial year in which the new annual information form is filed shall be deemed no longer to be incorporated into this prospectus for purposes of future offers and sales of Securities under this prospectus.

Upon a new information circular relating to an annual meeting of shareholders of the Corporation being filed by the Corporation with the applicable securities regulatory authorities during the term of this prospectus, the information circular for the preceding annual meeting of shareholders shall be deemed no longer to be incorporated by reference into this prospectus for purposes of future offers and sales of Securities under this prospectus.

Upon new unaudited condensed interim consolidated financial statements and the accompanying management's discussion and analysis being filed by the Corporation with the applicable securities regulatory authorities during the currency of this prospectus, all unaudited condensed interim consolidated financial statements and the accompanying management's discussion and analysis filed prior to the new unaudited condensed interim consolidated financial statements shall be deemed no longer to be incorporated into this prospectus for purposes of future offers and sales of Securities under this prospectus.

**Any statement contained in this prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of material fact or an omission to state a material fact**

**that is required to be stated or that is necessary in order to make a statement in the light of the circumstances under which it was made, not misleading. Any statement so modified or superseded shall not be deemed to constitute a part of this prospectus, except as so modified or superseded.**

A Prospectus Supplement containing the specific terms of any Securities being offered and other information relating to such Securities will be delivered to prospective purchasers of such Securities, together with this prospectus, and will be deemed to be incorporated by reference into this prospectus for the purposes of securities legislation as of the date of such Prospectus Supplement and only for the purposes of the distribution of such Securities to which the Prospectus Supplement pertains. The Corporation is not making an offer of Securities in any jurisdiction where the offer is not permitted by law.

## **KEYERA CORP.**

### **General**

The Corporation was formed pursuant to articles of amalgamation under the *Business Corporations Act* (Alberta). These articles of amalgamation were amended in May 2013 following the approval, by special resolution of the shareholders of the Corporation, authorizing the creation of two new classes of preferred shares (the "**First Preferred Shares**" and the "**Second Preferred Shares**"), each issuable in one or more series, without par value and subject to an aggregate maximum number of authorized Preferred Shares (collectively the articles of amalgamation and articles of amendment being referred to as the "**Articles**").

The Corporation directly or indirectly owns 100% of the voting interests in all of its operating subsidiaries and is the managing partner of Keyera Partnership, its primary Canadian operating subsidiary (collectively, the Corporation and its subsidiaries being referred to as "**Keyera**"). The registered and head office of the Corporation is located at 600, 144 - 4<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 3N4.

### **Business of Keyera**

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

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

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

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

## USE OF PROCEEDS

The net proceeds to be derived from the sale of the Securities by the Corporation will be the offering price less any fee or commission paid in connection therewith and expenses relating to the particular offering of the Securities. Unless otherwise specified in a Prospectus Supplement, the net proceeds from the sale of the Securities will be used for general working capital purposes, which may include: the repayment of indebtedness; capital and operating expenditures; corporate and asset acquisitions; and direct or indirect financing of future growth opportunities. The amount of net proceeds to be used for any such purpose will be set forth in a Prospectus Supplement. The Corporation may invest funds with it does not immediately use, including in short-term investment grade securities.

The Corporation may, from time to time, issue securities (including debt securities) other than pursuant to this prospectus.

## EARNINGS COVERAGE

The following earnings coverage ratios have been calculated on a consolidated basis and are derived from (i) audited financial information of Keyera for the year ended December 31, 2012, and (ii) the unaudited financial information of Keyera for the twelve-month period ended June 30, 2013. Keyera's interest expense requirements amounted to approximately \$41.8 million for the twelve month period ended December 31, 2012 and approximately \$44.3 million for the twelve-month period ended June 30, 2013. Keyera's earnings before interest expense and income tax expense for the twelve-month period ended December 31, 2012 was approximately \$211.2 million and approximately \$239.3 million for the twelve month period ended June 30, 2013. The borrowing cost requirement for the twelve-month period ended December 31, 2012 was 5.05 times and for the twelve-month period ended June 30, 2013 was 5.41 times. Such ratios do not give effect to the issue of any Debt Securities or Preferred Shares pursuant to this prospectus. If Debt Securities having a term to maturity in excess of one year or Preferred Shares are offered under a Prospectus Supplement, the Prospectus Supplement will include earnings coverage ratios giving effect to the issuance of such securities.

## DESCRIPTION OF COMMON SHARES

The Corporation is authorized to issue an unlimited number of Common Shares. The following description of the Common Shares is a summary of their material attributes and characteristics.

In accordance with the Articles and the *Business Corporations Act* (Alberta), holders of the Common Shares are entitled: (i) to one vote per share at all meetings of the shareholders of the Corporation; (ii) to receive dividends if, as and when declared by the board of directors of the Corporation in such amount and payable at such times and at such place or places as the board of directors of the Corporation may from time to time determine, subject to the rights, privileges and restrictions and conditions attaching to any other class of shares of the Corporation ranking senior to the Common Shares (including the First Preferred Shares and the Second Preferred Shares); and (iii) to receive the remaining property of the Corporation upon dissolution, subject to the rights, privileges and restrictions and conditions attaching to any other class of shares of the Corporation ranking senior to the Common Shares (including the First Preferred Shares and the Second Preferred Shares). There are no pre-emptive rights or conversion privileges attached to the Common Shares and the Common shares are not subject to redemption. For additional information with respect to the Common Shares refer to Schedule "C" to the Information Circular.

Common Shares may be offered separately or in combination with one or more other Securities.

## DESCRIPTION OF PREFERRED SHARES

The Corporation is authorized to issue a limited number of two classes of Preferred Shares (the First Preferred Shares and the Second Preferred Shares), each issuable in one or more series, each series to consist of such number of Preferred Shares as may, before the issue thereof, be determined by the board of directors of the Corporation. No Preferred Shares of either class may be issued under the Articles if:

- (a) the aggregate number of First Preferred Shares and Second Preferred Shares that would then be outstanding would exceed 50% of the aggregate number of Common Shares then outstanding; or
- (b) the maximum aggregate number of Common Shares into which all of the First Preferred Shares and Second Preferred Shares then outstanding could be converted in accordance with their terms (regardless of any restrictions on the time of conversion and regardless of any conditions to the conversion) would exceed 20% of the aggregate number of Common Shares then outstanding; or
- (c) the aggregate number of votes which the holders of all of the First Preferred Shares and the holders of all of the Second Preferred Shares then outstanding would be entitled to cast (regardless of any conditions) at any meeting of the shareholders of the Corporation, other than a meeting at which only holders of the First Preferred Shares, or Second Preferred Shares or any series thereof (as applicable) are entitled to vote, would exceed 20% of the aggregate number of votes which the holders of all of the Common Shares then outstanding would be entitled to cast at any such meeting.

The board of directors of the Corporation shall fix the designation and the rights, privileges, restrictions and conditions attaching to the Preferred Shares of each class and series prior to the issuance thereof, which provisions may include, among things, dividend entitlements (which may be made cumulative and accorded priority to dividends payable on the Common Shares), voting rights, a right or obligation on the part of the Corporation to redeem the Preferred Shares or on the part of the holder to require redemption (and the terms and conditions of redemptions), conversion privileges entitling the Corporation or the holder to convert the Preferred Shares into Common Shares or another security (and the terms and conditions of conversion), and such other provisions as may be permitted under the *Business Corporations Act* (Alberta).

In accordance with the Articles, the holders of each series of Preferred Shares would have priority over holders of Common Shares and any other shares of the Corporation ranking junior to such series of Preferred Shares with respect to the payment of dividends (if any) and the distribution of the remaining property of the Corporation upon dissolution, but would be subject to the preferences accorded to holders of any other shares of the Corporation ranking senior to each such series of Preferred Shares.

For additional information with respect to the Preferred Shares, refer to the section titled "Matters to be Acted Upon at the Meeting" in the Information Circular and Schedule "C" to the Information Circular. The specific terms and provisions of any Preferred Shares offered under this prospectus will be described in the applicable Prospectus Supplement filed in respect of such offering. Preferred Shares may be offered separately or in combination with one or more other Securities.

## **DESCRIPTION OF SUBSCRIPTION RECEIPTS**

Each series of Subscription Receipts will be issued under a separate subscription receipt agreement to be entered into between the Corporation and an appropriately qualified financial institution acting as subscription receipt agent. The applicable Prospectus Supplement will include details of the subscription receipt agreement covering the Subscription Receipts being offered.

The particular terms and provisions of Subscription Receipts offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in the Prospectus Supplement filed in respect of such Subscription Receipts. This description will include, where applicable:

- (a) the number of Subscription Receipts offered;
- (b) the price at which the Subscription Receipts will be offered;
- (c) the designation and terms of the Securities that may be acquired on exchange of the Subscription Receipts;
- (d) the procedures for the exchange of the Subscription Receipts into Equity Securities, Debt Securities or other securities of the Corporation, as applicable;
- (e) the number of Equity Securities, Debt Securities or other securities of the Corporation that may be obtained upon exercise of each Subscription Receipt;
- (f) the designation and terms of any other securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each security;
- (g) the terms applicable to the holding and release or return of the gross proceeds from the sale of the Subscription Receipts plus any interest earned thereon;
- (h) whether the Subscription Receipts will be subject to redemption or call provisions and, if so, the terms of such redemption or call provisions;
- (i) whether the Subscription Receipts will be issued in fully registered or global form; and
- (j) any other material terms and conditions of the Subscription Receipts.

The Subscription Receipts may be offered separately or in combination with one or more other Securities. The Subscription Receipts will be issued under a subscription receipt agreement that will be entered into at the time of issuance of the Subscription Receipts. A copy of the subscription receipt agreement will be filed with the securities commission or similar regulatory authority in each of the provinces of Canada after it has been entered into and will be accessible on SEDAR at [www.sedar.com](http://www.sedar.com).

## **DESCRIPTION OF DEBT SECURITIES**

Debt Securities may be issued from time to time in one or more series. The following sets forth certain general terms and provisions of the Debt Securities that may be offered under this prospectus and in respect of which a Prospectus Supplement may be filed. The particular terms and provisions of the Debt Securities offered pursuant to this prospectus, and the extent to which the general terms and provisions described below may apply to such Debt Securities, will be described in the applicable Prospectus Supplement filed in respect of such offering.

The Debt Securities will be direct unsecured obligations of the Corporation. The Debt Securities may be senior or subordinated indebtedness of the Corporation as described in the relevant Prospectus

Supplement. In the event of the insolvency or winding-up of the Corporation, the subordinated indebtedness of the Corporation, including the subordinated Debt Securities, will be subordinate in right of payment to the prior payment in full of all other liabilities of the Corporation (including senior indebtedness), except those which by their terms rank equally in right of payment with or are subordinate to such subordinated indebtedness.

The Debt Securities will be issued under one or more indentures (each, a "**Debt Indenture**"), in each case between the Corporation and a financial institution to which the *Trust and Loan Companies Act* (Canada) applies or a financial institution organized under the laws of any province of Canada and authorized to carry on business as a trustee. The statements made hereunder relating to any Debt Indenture and the Debt Securities to be issued thereunder are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Debt Indenture.

Each Debt Indenture may provide that Debt Securities may be issued thereunder up to the aggregate principal amount which may be authorized from time to time by the Corporation and, unless otherwise provided in the applicable Prospectus Supplement, a series of Debt Securities may be reopened for issuance of additional debt Securities of that series. The particular terms and provisions of each issue of Debt Securities will be described in the applicable Prospectus Supplement. This description will include, as applicable:

- (a) the designation, aggregate principal amount and authorized denominations of such Debt Securities;
- (b) any limit on the aggregate principal amount of the Debt Securities;
- (c) the currency or currency unit for which the Debt Securities may be purchased and the currency or currency unit in which the principal and any interest is payable (in either case, if other than Canadian dollars);
- (d) the offering price (at par, at a discount or at a premium) of the Debt Securities;
- (e) the date or dates on which the Debt Securities will be issued and delivered;
- (f) the date or dates on which such Debt Securities will mature, including any provision for the extension of a maturity date or the method of determining such date(s);
- (g) the rate or rates per annum at which such Debt Securities will bear interest (if any), or the method of determination of such rate(s) (if any);
- (h) the date(s) from which any interest obligation will accrue and on which interest will be payable, and the record date(s) for such interest payments or the method of determining such date(s);
- (i) if applicable, the provisions for subordination of the Debt Securities to other indebtedness of the Corporation;
- (j) the name of the trustee under the Debt Indenture pursuant to which the Debt Securities are to be issued;
- (k) any redemption term or terms under which such Debt Securities may be defeased prior to maturity;
- (l) whether such Debt Securities are to be issued in registered form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;



- (m) any exchange or conversion terms;
- (n) any events of default applicable to the Debt Securities;
- (o) provisions applicable to the amendment of the Debt Indenture;
- (p) any ability of the Corporation to satisfy all or a portion of any redemption of the Debt Securities, payment of any premium or interest thereon, or repayment of the principal owing upon maturity by way of issuing other securities of the Corporation or any other entity (including any restrictions on the persons to whom such securities may be issued; and
- (q) any other material terms applicable to the Debt Securities, including covenants or other provisions.

The Corporation reserves the right to include in a Prospectus Supplement specific terms and provisions pertaining to the Debt Securities in respect of which the Prospectus Supplement is filed that are not within the variables and parameters set forth in this prospectus. To the extent that any terms or provisions or other information pertaining to the Debt Securities described in a Prospectus Supplement differ from any of the terms or provisions or other information described in this prospectus, the description set forth in this prospectus shall be deemed to have been superseded by the description set forth in the Prospectus Supplement with respect to those Debt Securities. Debt Securities of a single series may be issued at various times with different maturity dates, may bear interest at different rates and may otherwise vary.

The Debt Securities of any series may, at the option of the Corporation, be issued in fully registered form or in "book-entry only" form:

*Registered Form:* Debt Securities of any series may be issued, in whole or in part, in registered form in accordance with the terms of the Debt Indenture. Debt Securities issued in registered form will be exchangeable for other Debt Securities of the same series and tenor, registered in the same name, for a like aggregate principal amount in authorized denominations and will be transferable at any time or from time to time at the corporate trust office of the trustee for such Debt Securities. Payment of principal and interest, if any, on Debt Securities issued in registered form, may be made by cheque or bank draft mailed to the address of the holders entitled thereto, or such other payment methods as may be specified in the Debt Indenture.

*Debt Securities in Book Entry Form:* Debt Securities of any series may be issued, in whole or in part, in the form of one or more global securities ("**Global Securities**") registered in the name of a designated clearing agency (a "**depository**") or its nominee and held by or on behalf of the depository in accordance with the terms of the applicable Debt Indenture. The specific terms of the depository arrangement with respect to any series of Debt Securities to be represented by a Global Security will, to the extent not described herein, be described in the Prospectus Supplement relating to such series. Unless otherwise stated in the applicable Prospectus Supplement, CDS Clearing and Depository Services Inc. or its successor will act as depository for any Debt Securities represented by a Global Security.

A Global Security may not be transferred, except as a whole between the depository and a nominee of the depository or as between nominees of the depository, or to a successor depository or nominee thereof, until it is wholly exchanged for Debt Securities in certificated non-book-entry form in accordance with the terms of the applicable Debt Indenture. So long as the depository (or its successor or nominee), is the registered owner of the Global Security, such depository (or its successor or nominee) will be considered the sole owner or holder of the Debt Securities

represented by such Global Security for all purposes under the applicable Debt Indenture, and payments of principal, premium and interest, if any, on the Debt Securities represented by a Global Security will be made by the Corporation to the Depository (or its successor or nominee, as the case may be).

Owners of beneficial interests in a Global Security will not be entitled to have the Debt Securities represented by the Global Security registered in their names, will not receive or be entitled to receive physical delivery of the Debt Securities in certificated non-book-entry form, will not be considered the owners or holders thereof under the applicable Debt Indenture and will not be able to pledge Debt Securities as security. No Global Security may be exchanged or transferred, in whole or in part, for Debt Securities registered in the name of, any person other than the depository for such Global Security or its successor or nominee except in the following circumstances:

- there is a requirement to do so under applicable law;
- the book-entry system ceases to exist;
- the depository is no longer willing or able to properly discharge its responsibilities with respect to the Debt Securities and the Corporation is unable to locate a qualified successor;
- the Corporation decides, at its option, to terminate the book-entry system; or
- in such other circumstances as may be specified in the Debt Indenture;

whereupon such Global Security shall be exchanged for certificated non-book-entry Debt Securities of the same series in an aggregate principal amount equal to the principal amount of such Global Security and registered in such names and denominations as the depository may direct.

Principal and interest payments, if any, on the Debt Securities represented by a Global Security registered in the name of a depository or its successor or nominee, will be made to the depository (or its successor or nominee as the case may be), as the registered owner of the Global Security. None of the Corporation, the trustee under the Debt Indenture or any paying agent for the Debt Securities will have any responsibility or liability for (i) any aspect of the records relating to or payments made on account of beneficial ownership interests in such Global Security; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made by or with respect to the depository in this prospectus, any Prospectus Supplement or the applicable Debt Indenture.

## **DESCRIPTION OF WARRANTS**

Warrants may be offered separately or in combination with one or more other Securities. Each series of Warrants will be issued under a separate warrant indenture or agreement to be entered into between the Corporation and an appropriately qualified financial institution acting as warrant trustee or agent, or will be represented by Warrant certificates issued by the Corporation. The applicable Prospectus Supplement will include details of the instrument representing the Warrants being offered or pursuant to which they are to be issued.

A Warrant will entitle the holder thereof to acquire another Security upon the valid exercise thereof, including payment of the applicable exercise price, and will be exercisable for a specific period of

time at the end of which it will expire and cease to be exercisable. Holders of Warrants are not shareholders of the Corporation.

The following description of the Warrants sets forth certain general terms and provisions of Warrants that may be offered under this prospectus and in respect of which a Prospectus Supplement may be filed. The specific terms and provisions of any Warrants offered under this prospectus, and the extent to which the general terms and provisions described below may apply thereto, will be described in the applicable Prospectus Supplement filed in respect of such offering. This description will include, as applicable:

- (a) the designation and aggregate number of Warrants offered;
- (b) the offering price of the Warrants;
- (c) the currency or currency unit in which the Warrants are offered or denominated;
- (d) the designation and terms of the Debt Securities or Equity Securities that may be purchased on exercise of each Warrant;
- (e) the date on which the right to exercise the Warrants will commence and the date on which the right will expire;
- (f) the number of Debt Securities or Equity Securities that may be purchased upon exercise of each Warrant, and the price at which (and currency or currency unit in which) that number of Debt Securities or Equity Securities may be purchased upon exercise of each Warrant;
- (g) procedures for the exercise of the Warrants;
- (h) the designation and terms of any other securities with which the Warrants are being offered, if any, and the number of Warrants that will be offered with each such other security;
- (i) the date(s), if any, on or after which the Warrants and any related securities will be transferable separately;
- (j) the minimum or maximum amount, if any, of Warrants that may be exercised at any one time;
- (k) whether the Warrants will be subject to redemption or call and, if so, the terms of such redemption or call provisions;
- (l) whether the Warrants will be issued in fully registered or global form; and
- (m) any other material terms, conditions and rights (or limitations on such rights) of the Warrants including, without limitation, transferability and adjustment terms and whether the Warrants will be listed on a stock exchange.

The Corporation reserves the right to include in a Prospectus Supplement specific terms and provisions pertaining to the Warrants in respect of which the Prospectus Supplement is filed that are not within the variables and parameters set forth in this prospectus. To the extent that any terms or provisions or other information pertaining to the Warrants described in a Prospectus Supplement differ from any of the terms or provisions or other information described in this prospectus, the description set forth in this prospectus shall be deemed to have been superseded by the description set forth in the Prospectus Supplement with respect to those Warrants.

## DESCRIPTION OF UNITS

Units are comprised of two or more of the other Securities described in this prospectus in any combination that are offered together, and are typically issued so that the holder is the holder of each included Security comprising the Unit. Accordingly, an investor who acquires a Unit will typically have the rights and obligations of a holder of each included Security. The agreement, if any, under which a Unit is issued may provide that the included Securities comprising the Unit cannot be held or transferred separately, at any time or before a specified date.

The specific terms and provisions of any Units offered under this prospectus, and the extent to which the general terms and provisions described below may apply thereto, will be described in the applicable Prospectus Supplement filed in respect of such offering. This description will include, as applicable:

- (a) the designation and terms of the Units and the included Securities comprising the Units;
- (b) the number of Units offered;
- (c) the offering price of the Units;
- (d) the currency or currency unit in which the Units are offered or denominated;
- (e) whether and under what circumstances the included Securities comprising the Units may be held or transferred separately;
- (f) where an included Security is exercisable, convertible or exchangeable for or into another security, particulars of such other security and the terms and procedure for exercise, conversion or exchange;
- (g) terms and provisions regarding an included Security as contemplated elsewhere in this prospectus within the description of that kind of Security; and
- (h) any other material terms, conditions and rights (or limitations on such rights) of the Units.

The Corporation reserves the right to include in a Prospectus Supplement specific terms and provisions pertaining to the Units in respect of which the Prospectus Supplement is filed that are not within the variables and parameters set forth in this prospectus. To the extent that any terms or provisions or other information pertaining to the Units described in a Prospectus Supplement differ from any of the terms or provisions or other information described in this prospectus, the description set forth in this prospectus shall be deemed to have been superseded by the description set forth in the Prospectus Supplement with respect to those Units.

## PLAN OF DISTRIBUTION

The Corporation may offer and sell the Securities to or through underwriters or dealers purchasing as principals, directly to one or more purchasers or through agents. The distribution of the Securities may be effected from time to time in one or more transactions at a fixed price or prices, or at non-fixed prices. If offered on a non-fixed price basis, the Securities may be offered at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at prices to be negotiated with purchasers at the time of sale, which prices may vary as between purchasers and during the period of distribution of the Securities. Without limiting the generality of the foregoing, the Corporation may also issue Securities in exchange for securities or assets of other entities that it may acquire in the future.

The Prospectus Supplement relating to each offering of Securities will identify each underwriter, dealer or agent engaged by the Corporation in connection with such offering, and will also set forth the terms of the offering, including the type of Security being offered, the public offering price (or the manner of determination thereof if offered on a non-fixed price basis), the method of distribution, the net proceeds to the Corporation (if determinable) and any fees, discounts or other compensation payable to the underwriters, dealers or agents.

In connection with the sale of the Securities, the underwriters, dealers or agents, as the case may be, may receive compensation from the Corporation in the form of fees, commissions, concessions or discounts and be reimbursed their expenses. Any such fees or commissions and expenses may be paid out of the general funds of the Corporation or the proceeds of the sale of the Securities. Underwriters, dealers and agents who participate in a distribution of the Securities may be entitled, under agreements to be entered into with the Corporation, to indemnification against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments that they may be required to make in respect thereof.

If underwriters are used in the sale, the Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale, at market prices prevailing at the time of sale or at prices related to such prevailing market prices. The obligations of the underwriters to purchase such Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all of the Securities offered by the Prospectus Supplement if any such Securities are purchased. Any public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time. The Securities may also be sold through agents designated by the Corporation from time to time, or directly by the Corporation at prices and upon terms agreed to by the purchaser and the Corporation, subject to any applicable dealer registration requirements. Any agent involved in the offering and sale of the Securities pursuant to this prospectus will be named, and any fees, commissions or other remuneration payable by the Corporation to that agent will be set forth, in the applicable Prospectus Supplement. Unless otherwise indicated in the Prospectus Supplement, any agent would be acting on a best efforts basis for the period of its appointment.

In connection with any offering of the Securities, the underwriters, dealers or agents, as the case may be, may over allot or effect transactions which stabilize, maintain or otherwise affect the market price of the Securities at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be interrupted or discontinued at any time. Any offering of Securities, other than Common Shares, will be an issue of new securities which may not have an established trading market and, unless otherwise specified in the applicable Prospectus Supplement, such Securities will not be listed on any securities exchange. Certain dealers may make a market for such Securities, but will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that any dealer will make a market in such Securities or as to the liquidity of the trading market, if any, for such Securities.

#### **CERTAIN INCOME TAX CONSIDERATIONS**

The applicable Prospectus Supplement may describe certain Canadian federal income tax consequences which may be applicable to a purchaser of Securities offered thereunder, and may also include a discussion of certain United States federal income tax consequences to the extent applicable.

## RISK FACTORS

**An investment in the Securities is subject to various risks, including those risks inherent to the industry in which Keyera operates. Before deciding whether to invest in any Securities, investors should consider carefully the risks incorporated by reference in this prospectus (including subsequently filed documents incorporated by reference) and those described in the Prospectus Supplement relating to a specific offering of the Securities.**

Discussions of certain risk factors affecting Keyera in connection with its business are provided in the Corporation's disclosure documents filed with the various securities regulatory authorities which are incorporated by reference in this prospectus and are accessible on SEDAR at [www.sedar.com](http://www.sedar.com). In particular, see the "Risk Factors and Risk Management Strategies" section of the AIF and the "Risk Factors" and "Liquidity and Capital Resources" sections of the Corporation's 2012 MD&A. Before investing, prospective purchasers of the Securities should carefully consider the information contained or incorporated by reference in this prospectus.

## PRICE RANGE AND TRADING VOLUME

The Common Shares are listed on the TSX under the symbol "KEY". The following table sets forth the price range and trading volume of the Common Shares as reported by the TSX for the periods indicated:

<u>Calendar Period</u>	<u>Price per Share</u>		<u>Share Trading Volume</u>
	<u>High (Close)</u>	<u>Low (Close)</u>	
<b>2012</b>			
August .....	\$47.70	\$44.79	3,889,698
September .....	\$47.64	\$44.75	3,509,804
October .....	\$49.25	\$47.05	2,943,937
November .....	\$48.36	\$45.20	2,647,746
December.....	\$49.23	\$46.31	3,157,297
<b>2013</b>			
January.....	\$51.90	\$49.30	3,946,929
February.....	\$54.45	\$50.95	3,318,140
March.....	\$57.09	\$54.20	3,423,848
April.....	\$62.93	\$56.33	4,965,589
May.....	\$63.88	\$59.58	11,118,842
June.....	\$61.37	\$55.08	7,103,953
July	\$59.70	\$56.00	4,138,149
August (1-18)	\$60.19	\$55.20	2,523,706



The Debentures are listed on the TSX under the symbol KEY.DB.A. The following table sets forth the high and low sales prices per debenture and trading volumes for the Debentures on the TSX for the period indicated.

<u>Calendar Period</u>	<u>Price per \$100 Principal Amount of Debenture</u>		<u>Debenture Trading Volume (per \$100 Principal Amount)</u>
	<u>High (Close)</u>	<u>Low (Close)</u>	
<b>2012</b>			
August .....	\$249.45	\$233.31	520
September .....	\$250.42	\$233.61	3,150
October .....	\$258.20	\$245.09	5,090
November.....	\$253.44	\$240.59	850
December .....	\$255.49	\$242.42	2,535
<b>2013</b>			
January .....	\$274.14	\$256.78	3,410
February .....	\$281.47	\$267.01	2,260
March .....	\$293.95	\$ 275.00	570
April .....	\$320.00	\$299.00	2,300
May .....	\$326.00	\$311.00	1,608
June .....	\$320.54	\$296.62	2,890
July .....	\$310.00	\$295.00	770
August (1-18)	\$311.87	\$292.00	930

**PRIOR SALES**

For the period August 1, 2012 to August 18, 2013 the Corporation issued a total of 1,367,906 Common Shares as follows:

- 265,923 Common Shares were issued pursuant to the conversion of \$5,079,810 principal amount Debentures at a price of \$19.10; and
- 1,101,983 Common Shares were issued pursuant to the Premium Dividend<sup>TM</sup> and Dividend Reinvestment Plan<sup>1</sup> (the "DRIP"). The following table summarizes the issuances by the Corporation of Common Shares under the DRIP during the period of August 1, 2012 to August 18, 2013:

**Shares Issued under DRIP between August 1, 2012 and August 18, 2013**

<u>Date of Issuance</u>	<u># of Shares Issued</u>	<u>Price per Share</u>
15-Aug-12	92,994	\$43.7167
17-Sep-12	95,439	\$43.7188
15-Oct-12	94,701	\$46.4881
15-Nov-12	97,869	\$46.0509
17-Dec-12	102,903	\$45.7268
15-Jan-13	88,705	\$47.9618

<sup>1</sup> The "Premium Dividend<sup>TM</sup>" component of the DRIP has been suspended since 2009.

**Shares Issued under DRIP between August 1, 2012 and August 18, 2013**

<b>Date of Issuance</b>	<b># of Shares Issued</b>	<b>Price per Share</b>
15-Feb-13	81,857	\$50.0735
15-Mar-13	79,394	\$53.1206
15-April-13	75,080	\$55.3766
15-May-13	72,994	\$59.6704
17-June-13	72,825	\$57.7753
15-July-13	76,887	\$55.5775
15-August-13	70,335	\$55.7309
<b>Total:</b>	<b>1,101,983</b>	

**LEGAL MATTERS**

Unless otherwise specified in a Prospectus Supplement, certain legal matters relating to the Securities offered by a Prospectus Supplement will be passed upon, on behalf of the Corporation, by Norton Rose Fulbright Canada LLP. If any underwriters, dealers or agents named in a Prospectus Supplement retain their own counsel to pass upon legal matters relating to the Securities, their counsel will be named in the Prospectus Supplement.

**CONTRACTUAL RIGHTS OF RESCISSION**

Original purchasers of Subscription Receipts, of Debt Securities which are convertible into other securities of the Corporation or of Warrants offered separately will have a contractual right of rescission against the Corporation in respect of the conversion, exchange or exercise of such a Subscription Receipt, Debt Security or Warrant. The contractual right of rescission will entitle such original purchasers to receive the amount paid upon conversion, exchange or exercise, upon surrender of the underlying securities gained thereby, in the event that this prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 203 of the *Securities Act* (Alberta), and is in addition to any other right or remedy available to original purchasers under section 203 the *Securities Act* (Alberta) or otherwise at law. Original purchasers are further advised that in certain provinces the statutory right of action for damages in connection with a prospectus misrepresentation is limited to the amount paid for the convertible, exchangeable or exercisable security that was purchased under a prospectus, and therefore a further payment at the time of conversion, exchange or exercise may not be recoverable in a statutory action for damages. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights, or consult with a legal advisor.

**STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the

securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

**CERTIFICATE OF THE CORPORATION**

Dated: August 19, 2013

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada.

KEYERA CORP.

(Signed) "*James V. Bertram*"  
Chief Executive Officer

(Signed) "*Steven Kroeker*"  
Vice President and Chief Financial Officer

On behalf of the Board of Directors  
Of Keyera Corp.

(Signed) "*William Stedman*"  
Director

(Signed) "*Donald Nelson*"  
Director