

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

This prospectus supplement, together with the short form base shelf prospectus dated July 28, 2017 (the "Prospectus") to which it relates, as amended or supplemented, and each document incorporated or deemed to be incorporated by reference in the Prospectus constitutes a public offering of these securities only in those jurisdictions where they may lawfully be offered for sale and therein only by persons permitted to sell such securities.

The offering of Series 1 Shares (as defined herein) under this prospectus supplement is directed only to residents of Canada and Series 1 Shares may only be offered outside of Canada by the Underwriters (as defined herein) with the consent of Kinder Morgan Canada Limited. The Series 1 Shares have not been registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act). This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the Series 1 Shares in the United States. 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 the Corporate Secretary of Kinder Morgan Canada Limited, at Suite 2700, 300 – 5th Avenue S.W., Calgary, Alberta T2P 5J2, telephone (403) 514-6780, and are also available electronically at www.sedar.com.

PROSPECTUS SUPPLEMENT

To a Short Form Base Shelf Prospectus Dated July 28, 2017

New Issue

August 8, 2017



KINDER MORGAN CANADA LIMITED
\$300,000,000
12,000,000 Cumulative Redeemable Minimum Rate Reset
Preferred Shares, Series 1

Kinder Morgan Canada Limited (the "**Company**") is hereby qualifying the distribution (the "**Offering**") of 12,000,000 cumulative redeemable minimum rate reset Preferred Shares, Series 1 ("**Series 1 Shares**") of the Company at a price of \$25.00 per Series 1 Share. See "*Details of the Offering*" and "*Plan of Distribution*".

The holders of Series 1 Shares will be entitled to receive, as and when declared by the board of directors of the Company out of moneys of the Company properly applicable to the payment of dividends, fixed, cumulative, preferential cash dividends for the initial period (the "**Initial Fixed Rate Period**") from and including the date of issue of the Series 1 Shares up to but excluding November 15, 2022, at an annual rate of \$1.3125 per share, payable quarterly on the 15th day of February, May, August and November in each year, other than November 15, 2017. If any such date is not a business day, the dividend will be paid on the next succeeding business day. Assuming an issue date of August 15, 2017, the first dividend, if declared, will be payable November 15, 2017, in the amount of \$0.3308 per share.

For each five-year period after the Initial Fixed Rate Period (each a "**Subsequent Fixed Rate Period**", as defined herein), the holders of Series 1 Shares shall be entitled to receive, as and when declared by the board of directors of the Company, fixed, cumulative, preferential cash dividends, payable quarterly on the 15th day of February, May, August and November in each year, in the amount per share determined by multiplying one-quarter of the Annual Fixed Dividend Rate (as defined herein) for such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be determined by the Company on the Fixed Rate Calculation Date (as defined herein) and will be equal to the sum of the Government of Canada Yield (as defined herein) on the Fixed Rate Calculation Date plus 3.65%, provided that, in any event, such rate shall not be less than 5.25%. This spread will remain unchanged over the life of the Series 1 Shares. See "*Details of the Offering*".

The Series 1 Shares shall not be redeemable prior to November 15, 2022. Subject to the provisions described under "Details of the Offering – Certain Provisions of Series 1 Shares – Restrictions on Payments and Reductions of Capital", on November 15, 2022, and on November 15 in every fifth year thereafter, the Company may, at its option, upon not less than 30 days and not more than 60 days prior written notice, redeem for cash all or any part of the outstanding Series 1 Shares by the payment of \$25.00 per Series 1 Share plus all accrued and unpaid dividends. See "Details of the Offering".

Option to Convert into Series 2 Shares

The Series 1 Shares shall not be convertible prior to November 15, 2022. The holders of the Series 1 Shares will have the right to convert all or any of their Series 1 Shares into cumulative redeemable floating rate Preferred Shares, Series 2 of the Company (the "**Series 2 Shares**"), subject to certain conditions, on November 15, 2022 and on November 15 in every fifth year thereafter. The holders of the Series 2 Shares will be entitled to receive, as and when declared by the board of directors of the Company, quarterly floating rate cumulative preferential cash dividends payable on the 15th day of February, May, August and November in each year (each such quarterly dividend period is referred to as a "**Quarterly Floating Rate Period**", as defined herein) in the amount per share determined by multiplying the Floating Quarterly Dividend Rate (as defined herein) for such Quarterly Floating Rate Period by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year. The Floating Quarterly Dividend Rate will be the annual rate of interest equal to the sum of the T-Bill Rate (as defined herein) on the applicable Floating Rate Calculation Date (as defined herein) plus 3.65%. This spread will remain unchanged over the life of the Series 2 Shares. See "Details of the Offering".

The Series 1 Shares and Series 2 Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two series they wish to hold and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights and redemption rights attached thereto, the Series 1 Shares and Series 2 Shares are identical in all material respects. See "Risk Factors".

—————
Price: \$25.00 per Series 1 Share to initially yield 5.25% per annum
 —————

	Price to the Public	Underwriters' Fee⁽¹⁾	Net Proceeds to the Company⁽²⁾
Per Series 1 Share	\$25.00	\$0.75	\$24.25
Total	\$300,000,000	\$9,000,000	\$291,000,000

Notes:

- (1) The Underwriters' fee for the Series 1 Shares is \$0.25 for each share sold to certain institutions (as agreed to by the Underwriters and the Company) by closing of the Offering, and \$0.75 per share for all other Series 1 Shares purchased by the Underwriters. The Underwriters' fee indicated in the table assumes that no Series 1 Shares are sold to such certain institutions.
- (2) Before deducting the estimated expenses of the Offering of approximately \$900,000. The expenses of the Offering will be paid from the general funds of the Company.

There is no market through which the Series 1 Shares may be sold and purchasers may not be able to resell Series 1 Shares purchased under this prospectus supplement. This may affect the pricing of the Series 1 Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Series 1 Shares and the extent of issuer regulation. See "Risk Factors".

The Toronto Stock Exchange (the "**TSX**") has conditionally approved the listing of the Series 1 Shares and Series 2 Shares described in this prospectus supplement. Listing of the Series 1 Shares is subject to the Company fulfilling all the listing requirements of the TSX on or before November 6, 2017, including distribution of the Series 1 Shares and, at the time of any conversion into Series 2 Shares, the Series 2 Shares, to a minimum number of public securityholders.

It is currently anticipated that the closing date of the Offering (the "**Offering Closing Date**") will be on or about August 15, 2017, or such later date as the Company and the Underwriters may agree but in any event not later than August 29, 2017. See "*Details of the Offering*".

The terms of the Offering were determined by negotiations between the Company and Scotia Capital Inc. and CIBC World Markets Inc. (together, the "**Co-Lead Underwriters**"), on their own behalf and on behalf of RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc. and AltaCorp Capital Inc. (collectively, the "**Underwriters**").

The Underwriters, as principals, conditionally offer the Series 1 Shares, subject to prior sale, if, as and when issued by the Company to, and accepted by, the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "*Plan of Distribution*", and subject to the approval of certain legal matters relating to the Offering on behalf of the Company by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by Osler, Hoskin & Harcourt 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. Book entry only certificates representing the Series 1 Shares will be issued in registered form to CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee and will be deposited with CDS on the Offering Closing Date. A purchaser of Series 1 Shares will receive only a customer confirmation from a registered dealer which is a CDS participant and from or through which the Series 1 Shares are purchased. See "*Depository Services*".

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 Series 1 Shares at levels other than those which might otherwise prevail on the open market. The Underwriters propose to offer the Series 1 Shares initially at the offering price specified above. After a reasonable effort has been made to sell all of the Series 1 Shares at the price specified, the Underwriters may reduce the selling price to investors from time to time in order to sell any of the Series 1 Shares remaining unsold. Any such reduction will not affect the proceeds received by the Company. See "*Plan of Distribution*".

In the opinion of counsel, subject to the provisions of any particular plan, the Series 1 Shares and the Series 2 Shares issuable on conversion of Series 1 Shares, if issued on the date hereof, would be, on such date, qualified investments under the *Income Tax Act* (Canada) and the regulations thereunder (together, the "**Tax Act**") for certain tax-exempt trusts. See "*Eligibility for Investment*" and "*Risk Factors*".

Investing in the Series 1 Shares involves certain risks. See "*Risk Factors*" in the accompanying Prospectus and in this prospectus supplement.

Each of Scotia Capital Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Desjardins Securities Inc. and HSBC Securities (Canada) Inc. is, directly or indirectly, a subsidiary or an affiliate of a Canadian chartered bank or financial institution that is a lender under the Credit Facilities (as defined herein). In addition, ATB Financial is a minority shareholder of AltaCorp Capital Inc. and is an affiliate of Alberta Treasury Branches, which is also a lender to the Company or its subsidiaries. The proceeds from the Offering may, be used, in part, to reduce indebtedness under such Credit Facilities. Accordingly, pursuant to applicable securities legislation, the Company may be considered a "connected issuer" to each of Scotia Capital Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc. and AltaCorp Capital Inc. See "*Relationship Among the Company and Certain Underwriters*" and "*Use of Proceeds*".

The head office of the Company is located at Suite 2700, 300 – 5th Avenue S.W., Calgary, Alberta T2P 5J2 and the registered office of the Company is located at Suite 3500, 855 – 2nd Street S.W., Calgary, Alberta T2P 4J8.

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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 certain terms of the securities the Company 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 Series 1 Shares offered hereunder. Defined terms or abbreviations used in this prospectus supplement that are not defined herein have the meanings ascribed thereto in the Prospectus.

You should rely only on the information contained in this prospectus supplement and the Prospectus or incorporated by reference into the Prospectus. The Company has not, and the Underwriters have not, authorized anyone to provide you with different or additional information. The Company is not, and the Underwriters are not, making an offer to sell the Series 1 Shares in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this prospectus supplement, the Prospectus or any documents incorporated by reference into the Prospectus, is accurate as of any date other than the date on the front of those documents as the Company's business, operating results, financial condition and prospects may have changed since that date.

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.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus supplement and the Prospectus, and in certain documents incorporated by reference into the Prospectus, constitute "financial outlook", "forward-looking information" and "forward-looking statements" within the meaning applicable securities legislation (collectively, "**forward-looking statements**").

In addition to the cautionary statement below, with respect to forward-looking statements contained in the documents incorporated by reference into the Prospectus, prospective purchasers should refer to the sections entitled "*Notice to Investors – Forward-Looking Statements*", "*Notice to Investors – Growth Estimates*" and "*Risk Factors*" in the IPO Prospectus (as defined herein) and "*Cautionary Statement Regarding Forward-Looking Information*" in the Q2 2017 MD&A (as defined herein), as well as to the advisories section of any document incorporated by reference in the Prospectus that are filed after the date hereof.

Forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. Forward-looking statements may be identified by words such as "anticipate", "believe", "intend", "plan", "continue", "estimate", "expect", "may" or other variations of them or comparable terminology. In particular, but without limitation, this prospectus supplement contains forward-looking statements pertaining to the use of the proceeds of the Offering and matters relating to the closing of the Offering, including the mechanics and timing thereof.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions. Future actions, conditions or events and future results of operations may differ materially from those expressed in forward-looking statements. Many of the factors that will determine these results are beyond the Company's ability to control or predict. The forward-looking statements included in this prospectus supplement are based on a number of material assumptions including, among others, that all conditions required to complete the Offering will be satisfied.

The Company believes the forward-looking statements in this prospectus supplement are reasonable. However, there is no assurance that any of the actions, events or results of the forward-looking statements will occur, or if any of them do, their timing or what impact they will have on the Company's results of operations or financial condition. Because of these uncertainties, purchasers should not put undue reliance on any forward-looking statements.

Prospective purchasers should also carefully consider the matters discussed in the "*Risk Factors*" section in this prospectus supplement, the sections entitled "*Notice to Investors – Forward-Looking Statements*" and "*Risk Factors*" in the IPO Prospectus and the section headed "*Cautionary Statement Regarding Forward-Looking Information*" in the Q2 2017 MD&A, each as incorporated by reference herein, and to all other applicable risk factors described in

other documents incorporated by reference herein for information respecting further important risks and uncertainties relating to the Company.

Any forward-looking statements contained in this prospectus supplement or incorporated by reference in the Prospectus are expressly qualified by the foregoing cautionary statements. Unless required by law, the Company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed to be incorporated by reference into the Prospectus solely for the purposes of the Offering of the Series 1 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.

See "*Documents Incorporated by Reference*" in the Prospectus. As of the date hereof, the following documents filed with the securities commissions or similar authorities in each of the provinces and territories of Canada are specifically incorporated by reference into and form an integral part of the Prospectus:

- (a) the following sections of the Company's long form prospectus dated May 25, 2017 (the "**IPO Prospectus**") in connection with the Company's initial public offering (the "**IPO**");
 - (i) "*Glossary*", at pages 1 to 7;
 - (ii) "*Abbreviations and Conversions*", at page 8;
 - (iii) "*Notice to Investors*", at pages 9 to 16;
 - (iv) "*Risk Factors*", at pages 28 to 44;
 - (v) "*The Company and the Limited Partnership*", at pages 44 to 46;
 - (vi) "*The Business – Overview*", at page 48;
 - (vii) "*The Business – Investment Highlights*", at page 48 to 57;
 - (viii) "*The Business – Trans Mountain Pipeline System, Terminals and Related Pipelines*", at pages 57 to 73;
 - (ix) "*The Business – Cochin Pipeline System*", at pages 73 to 75;
 - (x) "*The Business – Terminals*", at pages 75 to 80;
 - (xi) "*The Business – Operations Management of the Business*", at pages 80 to 84;
 - (xii) "*The Business – Regulatory Environment*", at pages 84 to 87;
 - (xiii) "*Relationship with Kinder Morgan*", at pages 87 to 90;
 - (xiv) "*Description of Share Capital and Partnership Units*", at pages 91 to 97;
 - (xv) "*Dividend Policy*", at pages 97 to 98;
 - (xvi) "*Management's Discussion and Analysis*", at pages 102 to 122;
 - (xvii) "*Directors and Executive Officers*", at pages 122 to 128;
 - (xviii) "*Corporate Governance*", at pages 128 to 132;
 - (xix) "*Executive Compensation*", at pages 133 to 137;
 - (xx) "*Kinder Morgan*", at pages 141 to 142;
 - (xxi) "*Promoter*" at page 142;
 - (xxii) "*Interest of Management and Others in Material Transactions*", at page 142;
 - (xxiii) "*Legal Proceedings and Regulatory Actions*", at page 146;

- (xxiv) "Auditors, Transfer Agent and Registrar", at page 147;
 - (xxv) "Material Contracts", at page 148;
 - (xxvi) Kinder Morgan Canada Limited Independent Auditor's Report and the Audited Balance Sheet of Kinder Morgan Canada Limited and accompanying notes, at pages F-2 to F-5 (the "**April Balance Sheet**");
 - (xxvii) Canadian Business Independent Auditor's Report and Combined Consolidated Financial Statements of the Canadian Business as of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014 and accompanying notes, at pages F-18 to F-44 (the "**Annual Financial Statements**");
 - (xxviii) Appendix "A" – Mandate of the Board of Directors; and
 - (xxix) Appendix "B" – Audit Committee Charter;
- (b) unaudited interim consolidated financial statements of the Company for the three month and six month periods ended June 30, 2017 (the "**Q2 2017 Financial Statements**");
 - (c) the Company's management's discussion and analysis of financial condition and results of operations for the three month and six month periods ended June 30, 2017 (the "**Q2 2017 MD&A**"); and
 - (d) the template version (as such term is defined in National Instrument 41-101 – *General Prospectus Requirements* ("**NI 41-101**")) of the term sheet for the Offering dated August 3, 2017 (the "**Initial Term Sheet**") and the template version of the revised term sheet for the Offering dated August 3, 2017 (the "**Revised Term Sheet**").

Any statement contained in the Prospectus, in this prospectus supplement or in any other document (or part thereof) incorporated or deemed to be incorporated by reference into the Prospectus shall be deemed to be modified or superseded for the purposes of 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 in the Prospectus 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 be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the Prospectus.

Copies of the documents incorporated by reference into the Prospectus may be obtained on request without charge from the Corporate Secretary of Kinder Morgan Canada Limited, at Suite 2700, 300 – 5th Avenue S.W., Calgary, Alberta T2P 5J2, telephone (403) 514-6780.

MARKETING MATERIALS

Neither the template version of the Initial Term Sheet nor the Revised Term Sheet forms part of this prospectus supplement to the extent that the contents thereof have been modified or superseded by any statement contained in this prospectus supplement.

Statements included in the template version of the Initial Term Sheet relating to the size of the Offering, including the number of Series 1 Shares being distributed pursuant to the Offering and the Company granting an option to the Underwriters to purchase additional Series 1 Shares, have been modified in view of disclosure contained in this prospectus supplement to reflect the increase in the number of Series 1 Shares being distributed pursuant to the Offering from what was disclosed in the Initial Term Sheet and the elimination of the option granted to the

Underwriters. See disclosure on the cover page of this prospectus supplement and under "*Details of the Offering*". Pursuant to Section 9A.3(7) of National Instrument 44-102 – *Shelf Distributions*, the Company has prepared a revised template version of the Initial Term Sheet, being the Revised Term Sheet, which has been blacklined to show the modified statements discussed herein. The Revised Term Sheet and the blacklined version thereof have been filed with the securities commissions or similar authorities in each of the provinces and territories of Canada and can be viewed under the Corporation's profile at www.sedar.com.

In addition, any template version of any other marketing materials (as such term is defined in NI 41-101) filed with the securities commission or similar authority in each of the provinces and territories 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.

USE OF PROCEEDS

The gross proceeds to the Company from the Offering will be \$300,000,000.

Upon receipt, the proceeds to the Company from the Offering will be used by the Company to indirectly subscribe for Series 1 Units (as defined below) in Kinder Morgan Canada Limited Partnership (the "**Limited Partnership**"), which intends to subsequently use such proceeds to, directly or indirectly, finance the development, construction and completion of the Trans Mountain Expansion Project and Base Line Terminal project as well as potential future growth opportunities, to repay indebtedness (including indebtedness under the Credit Facilities) and for general corporate purposes.

The aforementioned use of the proceeds of the Offering is consistent with the Company's stated business objectives of maximizing value for investors and maintaining a funding mix during the construction of the Trans Mountain Expansion Project that is consistent with an investment grade credit rating. Certain significant events and milestones that must occur for the Company's business objectives to be accomplished are described under "*The Business – Trans Mountain Pipeline System, Terminals and Related Pipelines*" and "*The Business – Terminals*" in the IPO Prospectus, and also in the Prospectus and the Q2 2017 MD&A. While the Company believes that the Company and the Business (as defined in the Prospectus) have the attributes and resources necessary to accomplish these business objectives, significant expansion projects and participation in the oil and gas pipeline transportation and storage industry has a number of inherent risks. See "*Risk Factors*" in each of this prospectus supplement, the Prospectus, and the IPO Prospectus.

While the Company intends for the proceeds to be used as stated above, there may be circumstances that are not known at this time where a reallocation of the proceeds may be advisable for business reasons that management believes are in the Company's best interests.

The Company expects to pay the Underwriters' fee of \$9,000,000 (assuming that no Series 1 Shares are sold to certain institutions (as agreed to by the Underwriters and the Company)) and the Company's expenses of the Offering, estimated to be approximately \$900,000.

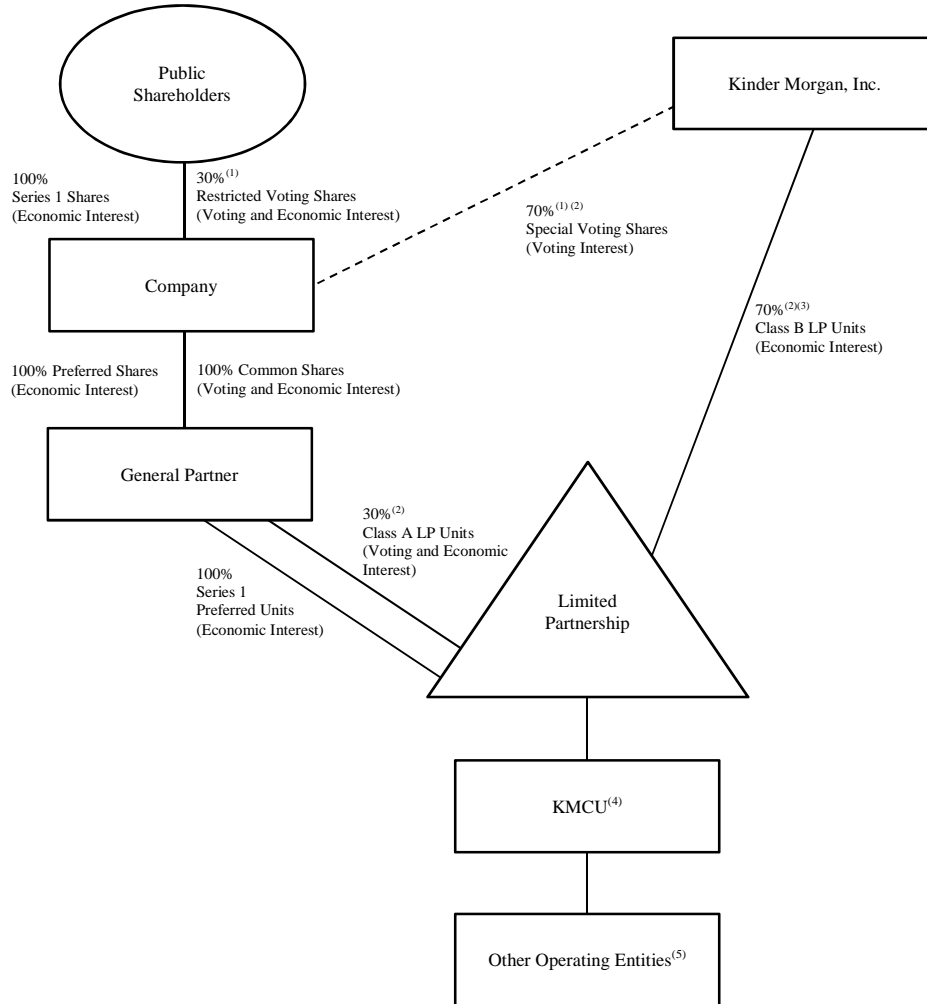
AMENDMENT TO ORGANIZATIONAL STRUCTURE

On the Offering Closing Date, the amended and restated limited partnership agreement of the Limited Partnership dated May 30, 2017 will be amended and restated (the "**Amended and Restated Limited Partnership Agreement**") in connection with the issuance of preferred limited partnership units, Series 1 (the "**Series 1 Units**") to Kinder Morgan Canada GP Inc., the general partner of the Limited Partnership (the "**General Partner**"). The terms of the Series 1 Units will be substantially similar to the terms of the Series 1 and the Series 2 Shares.

Pursuant to the terms of the Amended and Restated Limited Partnership Agreement, the General Partner, as the holder of the Series 1 Units, will have priority over the holders of Class A and Class B limited partnership units (being, indirectly, the Company and Kinder Morgan, Inc. ("**Kinder Morgan**")) on any distributions, and in the event of dissolution, of the Limited Partnership. In addition, no amendments to the provisions of the Series 1 Units or the

priority of distributions or in the event of dissolution may be made unless such amendments receive approval of two-thirds of then outstanding Series 1 Shares and Series 2 Shares and, if required, the approval of the TSX.

The simplified structure of the Company and the Limited Partnership, including the interests in the Limited Partnership, assuming completion of the Offering is as follows:



Notes:

- (1) Approximate percentages based on ownership of total outstanding voting shares of the Company.
- (2) Approximate percentages based on ownership of total outstanding Class A and Class B limited partnership units of the Limited Partnership.
- (3) Held indirectly through Kinder Morgan Canada Company and KM Canada Terminals ULC.
- (4) Kinder Morgan Cochin ULC ("KMCU").
- (5) Principal operating entities include KMCU, KM Canada Marine Terminal Limited Partnership, KM Canada North 40, KM Canada Rail Holdings GP Limited, Kinder Morgan Canada Inc., Trans Mountain Pipeline L.P., Trans Mountain (Jet Fuel) Inc., Trans Mountain Pipeline (Puget Sound) LLC and Trans Mountain.

CONSOLIDATED CAPITALIZATION OF THE COMPANY

The following table sets forth the consolidated capitalization of the Company as at June 30, 2017, before and after giving effect to the Offering and the expected use of proceeds therefrom. There have been no material changes in the share and loan capital of the Company, on a consolidated basis, since June 30, 2017. This table should be read in conjunction with the Q2 2017 Financial Statements, the Q2 2017 MD&A, the Annual Financial Statements and the information respecting the years ended December 31, 2016, 2015 and 2014 set forth under the heading "Management's Discussion and Analysis" in the IPO Prospectus, which are incorporated by reference herein.

Designation	Authorized	As at June 30, 2017 after giving effect to the Offering and use of proceeds therefrom	
		As at June 30, 2017	
Total Equity (\$thousands)	Unlimited	\$3,071,100 (102,942,000 Restricted Voting Shares and 242,058,000 Special Voting Shares)	\$3,361,200 ⁽¹⁾ (102,942,000 Restricted Voting Shares, 242,058,000 Special Voting Shares and 12,000,000 Series 1 Shares)
Debt (\$thousands) ⁽²⁾			
Construction Facility	See Note (2)	\$164.7	\$-
Contingent Facility	See Note (2)	\$-	\$-
Working Capital Facility	See Note (2)	\$24.5	\$-

Notes:

- (1) After deducting the Underwriters' fee of \$9,000,000 (assuming that no Series 1 Shares are sold to certain institutions as agreed to by the Underwriters and the Company) and the estimated expenses of the Offering of approximately \$900,000.
- (2) The Company, indirectly through KMCU, has entered into definitive agreements establishing the \$4.0 billion revolving construction credit facility (the "**Construction Facility**"), the \$1.0 billion revolving contingent credit facility (the "**Contingent Facility**") and the \$500 million revolving working capital facility (the "**Working Capital Facility**"), and, together with the Construction Facility and the Contingent Facility, the "**Credit Facilities**"). Funds drawn on the Credit Facilities bear interest (i) in the case of drawdowns by way of bankers' acceptances or LIBOR loans, at an annual rate of approximately the Canadian Dollar Offered Rate ("**CDOR**") or the London interbank offered rate, as the case may be, plus a fixed spread ranging from 1.50% to 2.50%, and (ii) in the case of loans in Canadian dollars or U.S. dollars, at an annual rate of approximately the Canadian prime rate or the U.S. dollar base rate, as the case may be, plus a fixed spread ranging from 0.50% to 1.50%, in each case, with the range dependent on the credit ratings of the Company. In addition, drawdowns on the Credit Facilities by way of issuance of letters of credit have issuance fees based on an annual rate of approximately CDOR plus a fixed spread ranging from 1.50% to 2.50%, with the range dependent on the credit ratings of the Company. The Credit Facilities have a five year term and pursuant to their terms, the foregoing rates and fees will increase by 0.25% upon the fourth anniversary of the Credit Facilities. Any undrawn commitments incur a standby fee of 0.30% to 0.625%, with the range dependent on the credit ratings of the Company. The Credit Facilities have been guaranteed by the Company and certain of the affiliates of KMCU and have been secured by a first lien security interest on all of the assets of the Company and the equity and assets of the other guarantors. The Credit Facilities include certain terms that may prevent or restrict the payment of dividends by the Company and/or distributions by the Limited Partnership and/or KMCU. In addition, the Credit Facilities provide that the Company must maintain a debt to total capitalization percentage of no greater than 70% and the Construction Facility includes the condition for borrowings for the Trans Mountain Expansion Project that requires that such costs funded with the indebtedness of the Company's business must not exceed 60% of total Trans Mountain Expansion Project costs then incurred to date, subject to satisfying certain availability conditions.

EARNINGS COVERAGE

Pursuant to applicable securities legislation, the Company is required to calculate and disclose its earnings coverage ratios for the 12-month period ending as of the end of its most recently completed fiscal year and ending as of the end of its most recently completed fiscal quarter in respect of which financial statements have been incorporated by reference in the Prospectus. However, the Company was incorporated on April 7, 2017 and did not carry on business prior to May 30, 2017, the date on which the Company acquired its approximate 30% interest in the Business. While financial information respecting the Business as at and for the periods ended December 31, 2016 and June 30, 2017 has been incorporated by reference in the Prospectus, the Company's available financial information incorporated by reference in the Prospectus is limited to the April Balance Sheet and the Q2 2017 Financial Statements. As the Company's financial information for the three and six month periods ended June 30, 2017 and 2016 consolidates the financial information of the Business, the following earnings coverage ratios have been calculated for the 12-month periods ended December 31, 2016 and June 30, 2017 as if the closing of the IPO had occurred on January 1, 2016 and July 1, 2016, respectively, resulting in the consolidation of the financial information of the Business and the Company for each applicable period. The following earnings coverage ratios have been calculated based on audited and unaudited financial information for the twelve month periods ended December 31, 2016 and June 30, 2017, respectively, are presented on a consolidated basis and have been adjusted to give effect to (i) the Offering and the application of the net proceeds therefrom as described under "Use of Proceeds", and (ii) the completion of the IPO

and the application of the use of proceeds therefrom, including the settlement of certain outstanding indebtedness to Kinder Morgan and its affiliates.

	Twelve Months Ended December 31, 2016 ⁽¹⁾	Twelve Months Ended June 30, 2017 ⁽¹⁾
Earnings coverage on long-term debt and preferred shares ⁽²⁾⁽³⁾	8.5	5.6

Notes:

- (1) Prospective investors should note that, as noted above, the Company indirectly holds an approximate 30% interest in the Business (held by the Limited Partnership) and Kinder Morgan indirectly holds an approximate 70% interest in the Business. Accordingly, the net income attributable to the Company and the net income attributable to the non-controlling interest held indirectly by Kinder Morgan reflect such respective interests in the Business. Notwithstanding the foregoing, the dividends on the Preferred Shares (as defined herein) payable out of the earnings of the Business through the distributions of the Limited Partnership (and, in turn, through the preferred limited partnership units held by the General Partner and the preferred shares of the General Partner held by the Company) have priority over both the Company's and Kinder Morgan's 30% and 70% indirect common equity interest in the Limited Partnership, respectively.
- (2) The owners of the parent include both the owners of the Restricted Voting Shares that are held by the public and the Special Voting Shares retained by Kinder Morgan. Assumes that the IPO occurred on January 1, 2016, (i) the earnings before borrowing costs and income taxes attributable to Kinder Morgan for the twelve month periods ended December 31, 2016 and June 30, 2017 amounted to \$201.7 million and \$132.4 million, respectively and (ii) the earnings before borrowing costs and income taxes attributable to the Restricted Voting Shares for the twelve month periods ended December 31, 2016 and June 30, 2017 amounted to \$86.4 million and \$56.7 million, respectively.
- (3) The dividend requirements on all of the Preferred Shares after giving effect to the Offering, and adjusted to a before-tax equivalent using an effective income tax rate of 40%, for the twelve month periods ended December 31, 2016 and June 30, 2017, amounted to \$17.5 million for each period. The Company's adjusted interest expense requirements for the twelve month periods ended December 31, 2016 and June 30, 2017 amounted to \$16.5 million for each period, which amounts were primarily comprised of commitment fees payable on the Credit Facilities. The amounts for the twelve month periods ended December 31, 2016 and June 30, 2017 have been adjusted to give effect to (i) the Offering and the application of the net proceeds therefrom as described under "Use of Proceeds" and (ii) the completion of the IPO and the application of the use of proceeds therefrom, including the settlement of certain outstanding indebtedness to Kinder Morgan and its affiliates.

The Company's consolidated borrowing cost requirements, calculated as discussed above, amounted to \$34.0 million for each of the 12-month periods ended December 31, 2016 and June 30, 2017 and the Company's consolidated earnings before borrowing costs and income taxes, calculated as discussed above, amounted to \$288.1 million for the 12-months ended December 31, 2016 and \$189.1 million for the 12-months ended June 30, 2017, which is 8.5 times and 5.6 times the Company's consolidated borrowing cost requirements for each of the respective periods.

DETAILS OF THE OFFERING

The following is a summary of the principal rights, privileges, restrictions and conditions attaching to the Preferred Shares ("**Preferred Shares**") of the Company as a class and to be attached to the Series 1 Shares and Series 2 Shares. Such provisions will be available on SEDAR at www.sedar.com following completion of the Offering. The following is a summary only and is qualified in its entirety by the full text of the rights, privileges, restrictions and conditions attaching to the Series 1 Shares and the Series 2 Shares that will be available on SEDAR as aforesaid.

Definition of Terms

The following definitions are relevant to the Series 1 Shares and the Series 2 Shares.

"**Annual Fixed Dividend Rate**" means, for any Subsequent Fixed Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date and 3.65%, provided that, in any event, such rate shall not be less than 5.25%.

"**Dividend Payment Date**" means the 15th day of February, May, August and November in each year.

"**Fixed Rate Calculation Date**" means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

"Floating Quarterly Dividend Rate" means, for any Quarterly Floating Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date and 3.65%.

"Floating Rate Calculation Date" means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

"Government of Canada Yield" on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and that appears on the Bloomberg Screen GCAN5YR <Index> Page on such date; provided that if such rate does not appear on the Bloomberg Screen GCAN5YR <Index> Page on such date, then the Government of Canada Yield shall mean the arithmetic average of the yields quoted to the Company by two registered Canadian investment dealers selected by the Company as being the annual yield to maturity on such date, compounded semi-annually, that a non-callable Government of Canada bond would carry if issued, in Canadian dollars, at 100% of its principal amount on such date with a term to maturity of five years.

"Initial Fixed Rate Period" means the period from and including the date of issue of the Series 1 Shares to but excluding November 15, 2022.

"Quarterly Commencement Date" means the 15th day of February, May, August and November in each year, commencing November 15, 2022.

"Quarterly Floating Rate Period" means the period from and including a Quarterly Commencement Date to but excluding the next succeeding Quarterly Commencement Date.

"Series 1 Conversion Date" means November 15, 2022 and November 15 in every fifth year thereafter.

"Series 2 Conversion Date" means November 15, 2027 and November 15 in every fifth year thereafter.

"Subsequent Fixed Rate Period" means, for the initial Subsequent Fixed Rate Period, the period from and including November 15, 2022 to but excluding November 15, 2027, and for each succeeding Subsequent Fixed Rate Period means the period from and including the day immediately following the last day of the immediately preceding Subsequent Fixed Rate Period to but excluding November 15 in the fifth year thereafter.

"T-Bill Rate" means, for any Quarterly Floating Rate Period, the average yield expressed as an annual rate on 90 day Government of Canada treasury bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

Certain Provisions of the Preferred Shares as a Class

The Preferred Shares, as a class, have provisions to the effect set forth below.

One or More Series

Preferred Shares may at any time and from time to time be issued in one or more series.

Terms of Each Series

Subject to the *Business Corporations Act* (Alberta), the Company's board of directors may fix, before the issue thereof, the number of Preferred Shares of each series, the designation, rights privileges, restrictions and conditions attaching to the Preferred Shares of each series, including, without limitation, any voting rights, any right to receive dividends (which may be cumulative or non-cumulative and variable or fixed) or the means of determining such dividends, the dates of payment thereof, any terms and conditions of redemption or purchase, any conversion rights, any rights on the liquidation, dissolution or winding up of the Company, and any sinking fund or other provisions,

the whole to be subject to the issue of a certificate or amendment setting forth the designation, rights, privileges, restrictions and conditions attaching to the Preferred Shares of the series.

Ranking of Preferred Shares

The Preferred Shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, rank on a parity with the Preferred Shares of every other series and be entitled to preference over the Restricted Voting Shares, the Special Voting Shares and any other shares ranking junior to the Preferred Shares with respect to priority in payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company. If any amount of cumulative dividends (whether or not declared) or declared non-cumulative dividends or any amount payable on any such distribution of assets constituting a return of capital in respect of the Preferred Shares of any series is not paid in full, the Preferred Shares of such series shall participate rateably with the Preferred Shares of every other series in respect of all such dividends and amounts in accordance with the amounts that would be payable with respect to such Preferred Shares if all such dividends were declared and paid in full and all amounts payable on such a return of capital were paid in full.

Certain Provisions of the Series 1 Shares

Issue Price

The Series 1 Shares will have an issue price of \$25.00 per share.

Dividends on Series 1 Shares

During the Initial Fixed Rate Period, the holders of the Series 1 Shares shall be entitled to receive and the Company shall pay, as and when declared by the board of directors of the Company, out of the moneys of the Company properly applicable to the payment of dividends, fixed, cumulative, preferential cash dividends at an annual rate of \$1.3125 per share, payable quarterly on each Dividend Payment Date in each year, other than November 15, 2017. The first dividend, if declared, shall be payable on November 15, 2017 and, notwithstanding the foregoing, shall be in the amount per share determined by multiplying \$1.3125 by the number of days in the period from and including the date of issue of the Series 1 Shares to but excluding November 15, 2017, and dividing that product by 365.

During each Subsequent Fixed Rate Period, the holders of the Series 1 Shares shall be entitled to receive and the Company shall pay, as and when declared by the board of directors of the Company, out of the moneys of the Company properly applicable to the payment of dividends, fixed, cumulative, preferential cash dividends, payable quarterly on each Dividend Payment Date, in the amount per share determined by multiplying one-quarter of the Annual Fixed Dividend Rate for such Subsequent Fixed Rate Period by \$25.00.

On each Fixed Rate Calculation Date, the Company shall determine the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon the Company and upon all holders of Series 1 Shares. The Company shall, on each Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Series 1 Shares.

Redemption of Series 1 Shares

The Series 1 Shares shall not be redeemable prior to November 15, 2022. Subject to the provisions described under "*Restrictions on Payments and Reductions of Capital*", on November 15, 2022 and on November 15 in every fifth year thereafter, the Company may redeem all or any part of the Series 1 Shares by the payment of an amount in cash for each share to be redeemed equal to \$25.00 per Series 1 Share plus all accrued and unpaid dividends thereon to, but excluding, the date fixed for redemption.

Notice of any redemption of Series 1 Shares will be given by the Company not more than 60 days and not less than 30 days prior to the date fixed for redemption. If less than all of the outstanding Series 1 Shares are at any time to be

redeemed, the shares so to be redeemed shall be selected by lot in such manner as the board of directors of the Company or the transfer agent or registrar, if any, appointed by the Company in respect of such shares shall decide, or, if the board of directors of the Company so decides, such shares may be redeemed *pro rata* (disregarding fractions).

From and after the date specified for redemption in a notice of redemption, the Series 1 Shares called for redemption shall cease to be entitled to dividends and the holders shall not be entitled to exercise any of the rights of holders in respect thereof unless payment of the cash redemption price is not made upon presentation of certificates in accordance with the provisions of the Series 1 Shares, in which case the rights of the holders shall remain unaffected.

Conversion of Series 1 Shares into Series 2 Shares

The Series 1 Shares shall not be convertible prior to November 15, 2022. Thereafter, holders of Series 1 Shares shall have the right to convert on each Series 1 Conversion Date, subject to certain restrictions, all or any of their Series 1 Shares into Series 2 Shares on the basis of one Series 2 Share for each Series 1 Share. Written notice of a holder's intention to convert Series 1 Shares must be received by the transfer agent and registrar for the Series 1 Shares at its principal office in Toronto or Calgary not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 1 Conversion Date. Once received by the transfer agent and registrar on behalf of the Company, the election of a holder to convert is irrevocable.

The Company shall, not more than 60 days and not less than 30 days prior to the applicable Series 1 Conversion Date, give notice to the then registered holders of the Series 1 Shares of the conversion right. On the 30th day prior to each Series 1 Conversion Date, the Company shall give notice to the then registered holders of the Series 1 Shares of the Annual Fixed Dividend Rate for the Series 1 Shares for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series 2 Shares for the next succeeding Quarterly Floating Rate Period.

Holders of Series 1 Shares shall not be entitled to convert their shares into Series 2 Shares if the Company determines that there would remain outstanding on a Series 1 Conversion Date less than 1,000,000 Series 2 Shares, after having taken into account all Series 1 Shares tendered for conversion into Series 2 Shares and all Series 2 Shares tendered for conversion into Series 1 Shares. The Company shall give notice thereof to all affected registered holders of the Series 1 Shares at least seven days prior to the applicable Series 1 Conversion Date. Furthermore, if the Company determines that there would remain outstanding on a Series 1 Conversion Date less than 1,000,000 Series 1 Shares, after having taken into account all Series 1 Shares tendered for conversion into Series 2 Shares and all Series 2 Shares tendered for conversion into Series 1 Shares, then all of the remaining outstanding Series 1 Shares shall be converted automatically into Series 2 Shares on the basis of one Series 2 Share for each Series 1 Share on the applicable Series 1 Conversion Date and the Company shall give notice thereof to the then registered holders of such remaining Series 1 Shares at least seven days prior to the Series 1 Conversion Date.

The Company reserves the right not to deliver Series 2 Shares to any person that the Company or its transfer agent has reason to believe is a person whose address is in, or that the Company or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, if such delivery would require the Company to take any action to comply with the securities laws of such jurisdiction.

If the Company gives notice to the holders of the Series 1 Shares of the redemption of all of the Series 1 Shares, the right of a holder of Series 1 Shares to convert such Series 1 Shares shall terminate and the Company shall not be required to give notice to the registered holders of the Series 1 Shares of the Annual Fixed Dividend Rate for the Series 1 Shares for the next succeeding Subsequent Fixed Rate Period, the Floating Quarterly Dividend Rate for the Series 2 Shares for the next succeeding Quarterly Floating Rate Period or the conversion right of holders of Series 1 Shares.

The Series 1 Shares and Series 2 Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two Series they wish to hold and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights and redemption rights attached thereto, the Series 1 Shares and Series 2 Shares are identical in all material respects.

Purchase for Cancellation

Subject to the provisions described under "*Restrictions on Payments and Reductions of Capital*" below, the Company may at any time or times purchase for cancellation all or any part of the Series 1 Shares at the lowest price or prices at which, in the opinion of the board of directors of the Company, such shares are obtainable.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Series 1 Shares shall be entitled to receive \$25.00 per Series 1 Share plus all accrued and unpaid dividends thereon before any amount shall be paid or any property or assets of the Company shall be distributed to the holders of the Restricted Voting Shares, Special Voting Shares or to the holders of any other shares ranking junior to the Series 1 Shares in any respect. After payment to the holders of the Series 1 Shares of the amount so payable to them, they shall not, as such, be entitled to share in any further distribution of the property or assets of the Company.

Restrictions on Payments and Reductions of Capital

So long as any Series 1 Shares are outstanding, the Company shall not:

- (a) call for redemption, purchase, reduce or otherwise pay for less than all the Series 1 Shares and all other preferred shares then outstanding ranking prior to or on a parity with the Series 1 Shares with respect to payment of dividends,
- (b) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Company ranking junior to the Series 1 Shares) on the Restricted Voting Shares, Special Voting Shares or any other shares of the Company ranking junior to the Series 1 Shares with respect to payment of dividends, or
- (c) call for redemption, purchase, reduce or otherwise pay for any shares of the Company ranking junior to the Series 1 Shares with respect to repayment of capital or with respect to payment of dividends,

unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on the Series 1 Shares and on all other preferred shares then outstanding ranking prior to or on a parity with the Series 1 Shares with respect to payment of dividends shall have been declared and paid or set apart for payment at the date of any such action.

Creation or Issue of Additional Shares

So long as any Series 1 Shares are outstanding, the Company shall not, without the prior approval of the holders of the Series 1 Shares, create or issue any shares ranking prior to or on a parity with the Series 1 Shares with respect to repayment of capital or payment of dividends; provided, however, that the Company may without such approval create and/or issue additional series of Preferred Shares on a parity with the Series 1 Shares with respect to repayment of capital or payment of dividends; (i) if all dividends then payable on the Series 1 Shares shall have been paid or set apart for payment; or (ii) in the event of the insolvency or bankruptcy of the Company (which shall include, for certainty, (a) the initiation of any proceedings, (b) the appointment of a receiver, interim receiver, trustee or other similar official or (c) assignments for the benefit of the Company's creditors, in each case related to the bankruptcy or insolvency of the Company), for the purposes of satisfying interest payments on outstanding indebtedness or debt securities of the Company, repaying indebtedness or outstanding debt securities of the Company and/or converting or exchanging indebtedness or outstanding debt securities of the Company into such series of preferred shares.

Voting Rights

The holders of the Series 1 Shares are not entitled (except as otherwise provided by law and except for meetings of the holders of Preferred Shares as a class and meetings of the holders of Series 1 Shares as a series) to voting rights

or to receive notice of or to attend shareholders' meetings unless and until dividends on the Series 1 Shares are in arrears to the extent of eight quarterly dividends, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of such dividends. Until all such arrears of dividends have been paid, holders of Series 1 Shares will be entitled to receive notice of and to attend all shareholders' meetings at which directors are to be elected and which take place more than 60 days after the date on which the failure first occurred (other than separate meetings of holders of another class or series of shares) and to one vote in respect of each Series 1 Share held with respect to resolutions to elect directors.

Tax Election

The Series 1 Shares will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Series 1 Shares. The terms of the Series 1 Shares require the Company to make the necessary election under Part VI.1 of the Tax Act so that such corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 1 Shares. See "*Certain Canadian Federal Income Tax Considerations – Dividends*".

Modification

The provisions attaching to the Series 1 Shares may be amended with the written approval of all the holders of the Series 1 Shares outstanding or by at least two-thirds of the votes cast at a meeting of the holders of such shares duly called for that purpose.

Business Day

If any day on which any dividend on the Series 1 Shares is payable by the Company or on or by which any other action is required to be taken by the Company is not a business day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a business day. For the purposes hereof, "business day" shall mean a day on which banks are generally open for business in both Calgary, Alberta and Toronto, Ontario.

Certain Provisions of the Series 2 Shares

Issue Price

The Series 2 Shares will be issuable only upon conversion of Series 1 Shares and will have an ascribed issue price of \$25.00 per share.

Dividends on Series 2 Shares

During each Quarterly Floating Rate Period, the holders of the Series 2 Shares shall be entitled to receive and the Company shall pay, as and when declared by the board of directors of the Company, out of the moneys of the Company properly applicable to the payment of dividends, cumulative preferential cash dividends, payable on each Dividend Payment Date, in the amount per share determined by multiplying the Floating Quarterly Dividend Rate for such Quarterly Floating Rate Period by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year.

On each Floating Rate Calculation Date, the Company shall determine the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon the Company and upon all holders of Series 2 Shares. The Company shall, on each Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series 2 Shares.

Redemption of Series 2 Shares

Subject to the provisions described under "*Restrictions on Payments and Reductions of Capital*" below, the Company may redeem all or any part of the Series 2 Shares by the payment of an amount in cash for each share to be redeemed equal to (i) \$25.00 in the case of a redemption on any Series 2 Conversion Date on or after November 15, 2027, or (ii) \$25.50 in the case of a redemption on any date after November 15, 2022 that is not a Series 2 Conversion Date, in each case plus all accrued and unpaid dividends thereon to but excluding the date fixed for redemption.

Notice of any redemption of Series 2 Shares will be given by the Company not more than 60 days and not less than 30 days prior to the date fixed for redemption. If less than all of the outstanding Series 2 Shares are at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the board of directors of the Company or the transfer agent or registrar, if any, appointed by the Company in respect of such shares shall decide, or, if the board of directors of the Company so decides, such shares may be redeemed *pro rata* (disregarding fractions).

From and after the date specified for redemption in a notice of redemption, the Series 2 Shares called for redemption shall cease to be entitled to dividends and the holders shall not be entitled to exercise any of the rights of holders in respect thereof unless payment of the cash redemption price is not made upon presentation of certificates in accordance with the provisions of the Series 2 Shares, in which case the rights of the holders shall remain unaffected.

Conversion of Series 2 Shares into Series 1 Shares

The Series 2 Shares shall not be convertible prior to November 15, 2027. Thereafter, holders of Series 2 Shares shall have the right to convert on each Series 2 Conversion Date, subject to certain restrictions, all or any of their Series 2 Shares into Series 1 Shares on the basis of one Series 1 Share for each Series 2 Share. Written notice of a holder's intention to convert Series 2 Shares must be received by the transfer agent and registrar for the Series 2 Shares at its principal office in Toronto or Calgary not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 2 Conversion Date. Once received by the transfer agent and registrar on behalf of the Company, the election of a holder to convert is irrevocable.

The Company shall, not more than 60 days and not less than 30 days prior to the applicable Series 2 Conversion Date, give notice to the then registered holders of the Series 2 Shares of the conversion right. On the 30th day prior to each Series 2 Conversion Date, the Company shall give notice to the then registered holders of the Series 2 Shares of the Annual Fixed Dividend Rate for the Series 1 Shares for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series 2 Shares for the next succeeding Quarterly Floating Rate Period.

Holders of Series 2 Shares shall not be entitled to convert their shares into Series 1 Shares if the Company determines that there would remain outstanding on a Series 2 Conversion Date less than 1,000,000 Series 1 Shares, after having taken into account all Series 1 Shares tendered for conversion into Series 2 Shares and all Series 2 Shares tendered for conversion into Series 1 Shares. The Company shall give notice thereof to all affected registered holders of the Series 2 Shares at least seven days prior to the applicable Series 2 Conversion Date. Furthermore, if the Company determines that there would remain outstanding on a Series 2 Conversion Date less than 1,000,000 Series 2 Shares, after having taken into account all Series 1 Shares tendered for conversion into Series 2 Shares and all Series 2 Shares tendered for conversion into Series 1 Shares, then all of the remaining outstanding Series 2 Shares shall be converted automatically into Series 1 Shares on the basis of one Series 1 Share for each Series 2 Share on the applicable Series 2 Conversion Date and the Company shall give notice thereof to the then registered holders of such remaining Series 2 Shares at least seven days prior to the Series 2 Conversion Date.

The Company reserves the right not to deliver Series 1 Shares to any person that the Company or its transfer agent has reason to believe is a person whose address is in, or that the Company or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, if such delivery would require the Company to take any action to comply with the securities laws of such jurisdiction.

If the Company gives notice to the holders of the Series 2 Shares of the redemption of all of the Series 2 Shares, the right of a holder of Series 2 Shares to convert such Series 2 Shares shall terminate and the Company shall not be required to give notice to the registered holders of the Series 2 Shares of the Annual Fixed Dividend Rate for the Series 1 Shares for the next succeeding Subsequent Fixed Rate Period, the Floating Quarterly Dividend Rate for the Series 2 Shares for the next succeeding Quarterly Floating Rate Period or the conversion right of holders of Series 2 Shares.

The Series 1 Shares and Series 2 Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two series they wish to hold and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights and redemption rights attached thereto, the Series 1 Shares and Series 2 Shares are identical in all material respects.

Purchase for Cancellation

Subject to the provisions described under "*Restrictions on Payments and Reductions of Capital*" below, the Company may at any time or times purchase for cancellation all or any part of the Series 2 Shares at the lowest price or prices at which, in the opinion of the board of directors of the Company, such shares are obtainable.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Series 2 Shares shall be entitled to receive \$25.00 per Series 2 Share plus all accrued and unpaid dividends thereon before any amount shall be paid or any property or assets of the Company shall be distributed to the holders of the Restricted Voting Shares, Special Voting Shares or to the holders of any other shares ranking junior to the Series 2 Shares in any respect. After payment to the holders of the Series 2 Shares of the amount so payable to them, they shall not, as such, be entitled to share in any further distribution of the property, or assets of the Company.

Restrictions on Payments and Reductions of Capital

So long as any Series 2 Shares are outstanding, the Company shall not:

- (a) call for redemption, purchase, reduce or otherwise pay for less than all the Series 2 Shares and all other preferred shares then outstanding ranking prior to or on a parity with the Series 2 Shares with respect to payment of dividends,
- (b) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Company ranking junior to the Series 2 Shares) on the Restricted Voting Shares, Special Voting Shares or any other shares of the Company ranking junior to the Series 2 Shares with respect to payment of dividends, or
- (c) call for redemption, purchase, reduce or otherwise pay for any shares of the Company ranking junior to the Series 2 Shares with respect to repayment of capital or with respect to payment of dividends,

unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on the Series 2 Shares and on all other preferred shares then outstanding ranking prior to or on a parity with the Series 2 Shares with respect to payment of dividends shall have been declared and paid or set apart for payment at the date of any such action.

Creation or Issue of Additional Shares

So long as any Series 2 Shares are outstanding, the Company shall not, without the prior approval of the holders of the Series 2 Shares, create or issue any shares ranking prior to or on a parity with the Series 2 Shares with respect to repayment of capital or payment of dividends; provided, however, that the Company may without such approval create and/or issue additional series of Preferred Shares on a parity with the Series 2 Shares with respect to repayment of capital or payment of dividends; (i) if all dividends then payable on the Series 2 Shares shall have been

paid or set apart for payment; or (ii) in the event of the insolvency or bankruptcy of the Company (which shall include, for certainty, (a) the initiation of any proceedings, (b) the appointment of a receiver, interim receiver, trustee or other similar official or (c) assignments for the benefit of the Company's creditors, in each case related to the bankruptcy or insolvency of the Company), for the purposes of satisfying interest payments on outstanding indebtedness or debt securities of the Company, repaying indebtedness or outstanding debt securities of the Company and/or converting or exchanging indebtedness or outstanding debt securities of the Company into such series of preferred shares.

Voting Rights

The holders of the Series 2 Shares are not entitled (except as otherwise provided by law and except for meetings of the holders of Preferred Shares as a class and meetings of the holders of Series 2 Shares as a series) to voting rights or to receive notice of or to attend shareholders' meetings unless dividends on the Series 2 Shares are in arrears to the extent of eight quarterly dividends, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of such dividends. Until all such arrears of dividends have been paid, holders of Series 2 Shares will be entitled to receive notice of and to attend all shareholders' meetings at which directors are to be elected and which take place more than 60 days after the date on which the failure first occurred (other than separate meetings of holders of another class or series of shares) and to one vote in respect of each Series 2 Share held with respect to resolutions to elect directors.

Tax Election

The Series 2 Shares will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Series 2 Shares. The terms of the Series 2 Shares require the Company to make the necessary election under Part VI.1 of the Tax Act so that such corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 2 Shares. See "*Certain Canadian Federal Income Tax Considerations – Dividends*".

Modification

The series provisions attaching to the Series 2 Shares may be amended with the written approval of all the holders of the Series 2 Shares outstanding or by at least two-thirds of the votes cast at a meeting or adjourned meeting of the holders of such shares duly called for that purpose.

Business Day

If any day on which any dividend on the Series 2 Shares is payable by the Company or on or by which any other action is required to be taken by the Company is not a business day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a business day. For the purposes hereof, "business day" shall mean a day on which banks are generally open for business in both Calgary, Alberta and Toronto, Ontario.

DEPOSITORY SERVICES

The Series 1 Shares and Series 2 Shares will be issued in "book entry only" form and must be purchased or transferred through a participant in the CDS depository service ("**CDS Participant**"). The Company will cause a global certificate or certificates representing any newly issued Series 1 Shares or Series 2 Shares to be delivered to, and registered in the name of, CDS or its nominee. All rights of holders of Series 1 Shares or Series 2 Shares must be exercised through, and all payments or other property to which such holder of Series 1 Shares or Series 2 Shares, as the case may be, is entitled, will be made or delivered by, CDS or the CDS Participant through which the holder of Series 1 Shares or Series 2 Shares holds such shares. Each person who acquires Series 1 Shares or Series 2 Shares will receive only a customer confirmation of purchase from the registered dealer from or through which the Series 1 Shares or Series 2 Shares are acquired in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution

of a customer order. CDS is responsible for establishing and maintaining book entry accounts for its CDS Participants having interests in the Series 1 Shares or Series 2 Shares.

The ability of a beneficial owner of Series 1 Shares or Series 2 Shares to pledge such shares or otherwise take action with respect to such owner's interest in such shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Company has the option to terminate registration of the Series 1 Shares and Series 2 Shares through the book entry only system, in which event certificates for Series 1 Shares and Series 2 Shares in fully registered form will be issued to the beneficial owners of such shares or their nominees.

Neither the Company nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Series 1 Shares or Series 2 Shares held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Series 1 Shares or Series 2 Shares; or (c) any advice or representation made by or with respect to CDS and those contained in this prospectus supplement and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and persons, other than CDS Participants, having an interest in the Series 1 Shares or Series 2 Shares must look solely to CDS Participants for payments made by or on behalf of the Company to CDS in respect of the Series 1 Shares or Series 2 Shares.

If (i) required by applicable law, (ii) the book entry only system ceases to exist, (iii) the Company determines that CDS is no longer willing or able to discharge properly its responsibilities as depository with respect to the Series 1 Shares or Series 2 Shares and the Company is unable to locate a qualified successor, or (iv) the Company, at its option, decides to terminate the book entry only system, then certificates representing the Series 1 Shares and Series 2 Shares, as applicable, will be made available and sent to registered holders.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the "**Underwriting Agreement**") dated effective August 3, 2017 among the Company and the Underwriters, the Company has agreed to sell an aggregate of 12,000,000 Series 1 Shares to the Underwriters, and the Underwriters have severally (and not jointly or jointly and severally) agreed to purchase from the Company, as principals, such Series 1 Shares at a price of \$25.00 per Series 1 Share payable in cash against delivery on the Offering Closing Date. The Underwriting Agreement provides that, in consideration of the services of the Underwriters in connection with the Offering, the Company will pay the Underwriters a fee of \$0.25 per Series 1 Share issued and sold by the Underwriters to certain institutions (as agreed to by the Underwriters and the Company), and \$0.75 per Series 1 Share for all other Series 1 Shares issued and sold by the Company as part of the Offering, for an aggregate fee payable by the Company of \$9,000,000 (assuming no sales are made to such certain institutions). The Underwriters' fee is payable on the Offering Closing Date.

The terms of the Offering were established through negotiations between the Company and the Co-Lead Underwriters, on their own behalf and on behalf of the other Underwriters.

The obligations of the Underwriters under the Underwriting Agreement are several (and not joint or joint and several) and each Underwriter is entitled, at its option, to terminate and cancel its obligations under the Underwriting Agreement if, prior to the closing time on the Offering Closing Date: (a) there should occur or there should be announced or discovered any material change or change in a material fact in relation to the Company or the Business, which, in either case, had not been publicly disclosed at or prior to the date hereof and in the opinion of the Underwriter, acting reasonably, would be expected to have a significant adverse effect on the market price or value of the Series 1 Shares; (b) (i) there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence which, in the opinion of the Underwriter, acting reasonably, seriously adversely affects, or involves, or will seriously adversely affect, or involve, the financial markets generally or the business, operations or affairs of the Company or the Business; or (ii) there shall have occurred any outbreak or escalation of hostilities, declaration by Canada or the United States of a national emergency or war, or other calamity or crisis, which, in the opinion of the Underwriter, acting reasonably, seriously adversely affects, or involves, or will seriously adversely affect, or involve, the financial markets or the

business, operations or affairs of Company or the Business; (c) any inquiry, action, suit, investigation or other proceeding, whether formal or informal, is instituted, announced or threatened or any order is made by any federal, provincial, state, municipal or other governmental authority in relation to the Company or the Business which, in the opinion of the Underwriter, acting reasonably, operates to prevent or restrict the distribution or trading of the Series 1 Shares; (d) any order to cease or suspend trading in the Company's securities or to prohibit or restrict the distribution of the Series 1 Shares is made, or proceedings are announced, commenced or threatened for the making of any such order, by any of the applicable securities commissions or securities regulatory authorities in each of the provinces and territories of Canada or the TSX and has not been rescinded, revoked or withdrawn; (e) there is announced any change or proposed change in law, regulation or policy or the interpretation or administration thereof, if, in the opinion of the Underwriter, acting reasonably, the change, announcement, commencement or threatening thereof materially adversely affects, or may materially adversely affect, the trading or distribution of the Series 1 Shares or the trading of any other securities of the Company; or (f) there shall occur a negative change in the rating or outlook applicable to the Series 1 Shares by DBRS (as defined herein) or S&P (as defined herein) or if one of such organizations shall place the Series 1 Shares on a "credit watch".

If an Underwriter fails to purchase the Series 1 Shares which it has agreed to purchase, the remaining Underwriter(s) may terminate their obligation to purchase their allotment of Series 1 Shares, or may, but are not obligated to, purchase the Series 1 Shares not purchased by the Underwriter or Underwriters which fail to purchase; provided, however, that if the aggregate number of Series 1 Shares not so purchased is not more than 11.0% of the aggregate number of Series 1 Shares agreed to be purchased by the Underwriters, then each of the other Underwriters shall be obliged to purchase severally the Series 1 Shares not taken up, on a *pro rata* basis or in such other proportions as the Co-Lead Underwriters may specify. The Underwriters are, however, obligated to take up and pay for all of the Series 1 Shares if any of Series 1 Shares are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Company will, in certain circumstances indemnify the Underwriters, their respective affiliates and each of their respective directors, officers, employees, partners and agents against certain liabilities, claims, actions, complaints, losses, costs, fines, penalties, taxes, interest, damages and expenses and provide rights to contribution.

The Underwriters propose to offer the Series 1 Shares initially at the public offering price specified on the cover page of this prospectus supplement. After the Underwriters have made a reasonable effort to sell all of the Series 1 Shares offered by this prospectus supplement at the price specified herein, the offering price may be decreased and may be further changed from time to time to an amount not greater than \$25.00. In the event the offering price of the Series 1 Shares is reduced, the compensation received by the Underwriters will be decreased by the amount by which the aggregate price paid by the purchasers for the Series 1 Shares is less than the gross proceeds paid by the Underwriters to the Company for the Series 1 Shares. Any such reduction will not affect the proceeds received by the Company.

Subscriptions for Series 1 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 Series 1 Shares and Series 2 Shares described in this prospectus supplement. Listing of the Series 1 Shares is subject to the Company fulfilling all the listing requirements of the TSX on or before November 6, 2017, including distribution of the Series 1 Shares and, at the time of any conversion into Series 2 Shares, the Series 2 Shares, to a minimum number of public securityholders.

The Company has agreed that, subject to certain exceptions, it shall not sell or agree or offer to sell or grant any option for the sale of or otherwise dispose of any preferred shares or any other shares with provisions or characteristics similar to the Series 1 Shares, or announce such intention, prior to 60 days after the Offering Closing Date without the prior consent of the Co-Lead Underwriters, on behalf of the Underwriters, which consent shall not be unreasonably withheld or delayed.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Series 1 Shares. The policy statements allow certain exceptions to the foregoing prohibitions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series 1 Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules

for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 1 Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The Series 1 Shares have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and, accordingly may not be offered or sold within the United States.

RELATIONSHIP AMONG THE COMPANY AND CERTAIN UNDERWRITERS

Each of Scotia Capital Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Desjardins Securities Inc. and HSBC Securities (Canada) Inc. is, directly or indirectly, a wholly-owned or majority-owned subsidiary of a Canadian chartered bank or financial institution that is a lender under the Credit Facilities (the "**lenders**"). In addition, ATB Financial is a minority shareholder of AltaCorp Capital Inc. and is an affiliate of Alberta Treasury Branches, which is also a lender to the Company or its subsidiaries. Consequently, the Company may be considered to be a connected issuer to each of Scotia Capital Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc. and AltaCorp Capital Inc. under applicable securities laws. The net proceeds of this Offering may be used, in part, to reduce indebtedness under the Credit Facilities, which indebtedness was incurred in the normal course of business to fund the Business's capital program (including the Trans Mountain Expansion Project). See "*Use of Proceeds*".

As at August 4, 2017, approximately \$246 million was owed to the lenders in aggregate under the Credit Facilities. The debt outstanding under the Credit Facilities is secured by a first lien security interest on all of the assets of the Company and all of the equity and assets of substantially all of the entities comprising the Business. The Company is in compliance with all material terms of the agreements governing the Credit Facilities and none of the lenders has waived any material breach by the Company of such agreements since their execution. The financial position of the Company has not changed substantially or adversely since the indebtedness under the Credit Facilities was incurred.

The decision to distribute the Series 1 Shares offered hereby and the determination of the terms of the distribution were made through negotiations between the Company and the Co-Lead Underwriters, on their own behalf and on behalf of the other Underwriters. The lender affiliates of such Underwriters under the Credit Facilities did not have any involvement in such decision or determination, but have been advised of the issuance and the terms thereof. As a consequence of this Offering, each of Scotia Capital Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc. and AltaCorp Capital Inc. will receive its share of the Underwriters' fee and each of the lenders will receive a portion of the proceeds from the Offering from the Company as a repayment of outstanding indebtedness under the Credit Facilities. The Credit Facilities will then be available to be re-drawn as required.

CREDIT RATINGS

The Series 1 Shares have been rated Pfd-3 (high), Stable by DBRS Limited ("**DBRS**"), on a provisional basis with the final rating to be issued on the Offering Closing Date, and P-3 (High) by Standard & Poor's ("**S&P**") (DBRS and S&P are each a "**Rating Agency**" and together the "**Rating Agencies**"). Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. The Rating Agencies' ratings for preferred shares range from a high of Pfd-1 to a low of D for DBRS and from a high of P-1 to a low of D for S&P.

According to the DBRS rating system, securities rated Pfd-3 (high), Stable are of adequate credit quality. While protection of dividends and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection. "High" or "low" grades are used to indicate the relative standing within a rating category. The absence of either a "high" or "low" designation indicates the rating is in the middle of the category.

According to the S&P rating system, securities rated P-3 (High) are less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. The ratings from P-1 to P-5 may be modified by "high" and "low" grades which indicate relative standing within the major rating categories.

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

The Company will pay fees to each of S&P and DBRS for the credit ratings to be rendered on the Series 1 Shares. The Company has also paid fees to each of S&P and DBRS for credit ratings provided on other outstanding securities of the Company. Additional information relating to such other ratings is included under the heading "*Credit Ratings*" in the Prospectus. Other than those payments made in respect of credit ratings, no additional payments have been made to either of S&P and DBRS for any other services provided to the Company during the past two years.

RISK FACTORS

An investment in the Series 1 Shares is subject to various risks including those risks inherent to the industry in which the Company operates. Before deciding whether to invest in any Series 1 Shares, prospective purchasers of Series 1 Shares should consider carefully the risk factors contained in and incorporated by reference in the Prospectus and in this prospectus supplement.

Discussions of certain risks affecting the Company in connection with its business are provided in the IPO Prospectus filed with the various securities regulatory authorities which is incorporated by reference in the Prospectus.

Risks Relating to Securities Offered under this Prospectus Supplement

Market for Securities

There is currently no market through which the Series 1 Shares or the Series 2 Shares may be sold and purchasers of Series 1 Shares may not be able to resell the Series 1 Shares purchased under this prospectus supplement or any Series 2 Shares acquired on conversion of any Series 1 Shares. The price offered to the public for the Series 1 Shares and the number of Series 1 Shares to be issued have been determined by negotiations among the Company and the Underwriters. The price paid for each Series 1 Share may bear no relationship to the price at which the Series 1 Shares or the Series 2 Shares will trade in the public market subsequent to this Offering. The Company cannot predict at what price the Series 1 Shares or Series 2 Shares will trade and there can be no assurance that an active trading market will develop for the Series 1 Shares or the Series 2 Shares or, if developed, that such market will be sustained. The TSX has conditionally approved the listing of the Series 1 Shares and Series 2 Shares described in this prospectus supplement. Listing is subject to the Company fulfilling all the listing requirements of the TSX on or before November 6, 2017, including distribution of the Series 1 Shares and, at the time of any conversion into Series 2 Shares, to a minimum number of public securityholders.

Market Price

The market price of the Series 1 Shares and Series 2 Shares may fluctuate due to a variety of factors relative to the Company's business, including announcements of new developments, change in credit ratings, fluctuations in the Company's operating results, sales of the Series 1 Shares and Series 2 Shares in the marketplace, failure to meet analysts' expectations, any public announcements made in regard to this Offering, the impact of various tax laws or rates and general market conditions or the worldwide economy. In recent years, stock markets have experienced significant price fluctuations, which have been unrelated to the operating performance of the affected companies.

There can be no assurance that the market price of the Series 1 Shares and Series 2 Shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to the Company's performance.

Prevailing yields on similar securities will affect the market value of the Series 1 Shares and Series 2 Shares. Assuming all other factors remain unchanged, the market value of the Series 1 Shares and Series 2 Shares would be expected to decline as prevailing yields for similar securities rise and would be expected to increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities will also affect the market value of the Series 1 Shares and Series 2 Shares in an analogous manner.

Dividends

The uncertainty of future dividend payments by the Company and the level thereof as the funds available for the payment of dividends from time to time will be dependent upon, among other things, operating cash flow generated by the Business, financial requirements for the Company's operations and those of the Business and the execution of its growth strategy and the satisfaction of solvency tests imposed by the *Business Corporations Act* (Alberta) for the declaration and payment of dividends.

The dividend rate for the Series 1 Shares and the Series 2 Shares will reset every five years and quarterly, respectively. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding period. Investments in the Series 2 Shares, given their floating interest component, entail risks not associated with investments in the Series 1 Shares. The resetting of the applicable rate on a Series 2 Share may result in a lower yield compared to fixed rate Series 1 Shares. The applicable rate on a Series 2 Share will fluctuate in accordance with fluctuations in the T-Bill Rate on which the applicable rate is based, which in turn may fluctuate and be affected by a number of interrelated factors, including economic, financial and political events over which the Company has no control. See "*Details of the Offering – Certain Provisions of the Series 2 Shares – Dividends on Series 2 Shares*".

Change of Tax Law

On July 18, 2017, the Minister of Finance (Canada) released for consultation a discussion paper seeking input on possible approaches to address certain perceived tax advantages of investing passively through a private corporation. Potential alternatives for amending the current system of corporate taxation under the Tax Act are outlined in this paper, although specific proposals to amend the Tax Act are not included. Legislative proposals are expected to be released by the Minister of Finance (Canada) following such consultation. There can be no assurance that, following the enactment of any such proposals, securities held by a Canadian corporation will not be taxed under the Tax Act in a manner that is less favourable than under the current system.

Credit Ratings

The credit ratings applied to the Series 1 Shares are an assessment, by the Rating Agencies, of the Company's ability to pay its obligations. The credit ratings are based on certain assumptions about the future performance and capital structure of the Company that may or may not reflect the actual performance or capital structure of the Company. Changes in credit ratings of the Series 1 Shares may affect the market price or value and the liquidity of the Series 1 Shares. There is no assurance that any credit rating assigned to the Series 1 Shares will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant Rating Agency. See "*Credit Ratings*".

Insolvency or Winding-Up

The Series 1 Shares and Series 2 Shares are equity capital of the Company which rank equally with other Preferred Shares, if any, in the event of an insolvency or winding-up of the Company. If the Company becomes insolvent or is wound up, the Company's assets must be used to pay liabilities and other debt before payments may be made on the Series 1 Shares, Series 2 Shares and other Preferred Shares, if any.

Automatic Conversion

An investment in the Series 1 Shares may become an investment in Series 2 Shares without the consent of the holder in the event of an automatic conversion of the Series 1 Shares into Series 2 Shares. Upon such automatic conversion, the dividend rate on the Series 2 Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time while the dividend rate on the Series 1 Shares will be, for each five-year period, a fixed rate that is determined by reference to the Government of Canada Yield on the 30th day prior to the first day of each such five-year period. In addition, holders may be prevented from converting their Series 1 Shares into Series 2 Shares in certain circumstances. See "*Details of the Offering*".

No Fixed Maturity

Neither the Series 1 Shares nor the Series 2 Shares have a fixed maturity date and are not redeemable at the option of the holders of Series 1 Shares or the Series 2 Shares, as applicable. The ability of a holder to liquidate its holdings of Series 1 Shares and Series 2 Shares, as applicable, may be limited.

No Voting Rights

Holders of Series 1 Shares and Series 2 Shares will not generally have voting rights at meetings of shareholders of the Company except under limited circumstances. See "*Details of the Offering*".

Redeemable

The Company may choose to redeem the Series 1 Shares and/or Series 2 Shares from time to time, in accordance with its rights described under "*Details of the Offering – Certain Provisions of the Series 1 Shares – Redemption of Series 1 Shares*" and "*Details of the Offering – Certain Provisions of the Series 2 Shares – Redemption of Series 2 Shares*", including when prevailing interest rates are lower than the yield borne by the Series 1 Shares and Series 2 Shares. If prevailing interest rates are lower at the time of redemption, a purchaser would not be able to reinvest the redemption proceeds in a comparable security at an effective yield as high as the yield on the Series 1 Shares or Series 2 Shares being redeemed. The Company's redemption right may also adversely impact a purchaser's ability to sell Series 1 and Series 2 Shares.

Incurrence of Additional Indebtedness

The Company may incur additional indebtedness that may adversely affect its ability to meet its financial obligations under the Series 1 Shares or Series 2 Shares, as applicable.

The Company may incur additional indebtedness in the future, which could have important consequences to holders of the Series 1 Shares or Series 2 Shares, as applicable, including the following:

- The Company could have insufficient cash to meet its financial obligations, including obligations under the Series 1 Shares or Series 2 Shares, as applicable;
- the ability to obtain additional financing for working capital, capital expenditures or general corporate purposes may be impaired; and
- a significant degree of debt could make the Company more vulnerable to changes in general corporate and industry conditions.

Refinancing Risks

The Company may be exposed to additional risks such as interest rate and refinancing risk, capital market risk and industry risk. Details associated with these risks can be found in the IPO Prospectus which is incorporated by reference in the Prospectus.

ELIGIBILITY FOR INVESTMENT

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Company, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters (collectively, "**counsel**"), based on current provisions of the Tax Act, subject to the provisions of any particular plan, the Series 1 Shares offered hereby and the Series 2 Shares issuable on conversion of the Series 1 Shares, if issued on the date hereof, would be, on such date, qualified investments for purposes of the Tax Act for trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), registered disability savings plans, registered education savings plans, deferred profit sharing plans and tax free savings accounts ("**TFSAs**"), each as defined in the Tax Act.

Notwithstanding the foregoing, if the Series 1 Shares and the Series 2 Shares issuable on a conversion of the Series 1 Shares are a "prohibited investment", within the meaning of the Tax Act, for a particular RRSP, RRIF or TFSA, the annuitant under the RRSP or RRIF or the holder of a TFSA, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Series 1 Shares and the Series 2 Shares issuable on a conversion of the Series 1 Shares will not be a prohibited investment for an RRSP, RRIF or TFSA provided that the annuitant of the RRSP or RRIF or the holder of the TFSA, as the case may be, deals at arm's length with the Company for purposes of the Tax Act and does not have a "significant interest" (within the meaning of the Tax Act) in the Company. Generally, a holder or annuitant will have a significant interest in the Company if the holder or annuitant and/or persons or partnerships not dealing at arm's length with the holder own directly or indirectly 10% or more of the issued shares of any class or series in the capital stock of the Company or a corporation related to the Company (within the meaning of the Tax Act). In addition, the Series 1 Shares and the Series 2 Shares issuable on a conversion of the Series 1 Shares will not be a prohibited investment if such shares are "excluded property" (as defined in the Tax Act) for the purposes of section 207.01 of the Tax Act for trusts governed by an RRSP, RRIF or TFSA.

Prospective investors who intend to hold Series 1 Shares or the Series 2 Shares issuable on a conversion of the Series 1 Shares in their RRSP, RRIF or TFSA should consult their own tax advisors regarding their particular circumstances.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSEQUENCES

In the opinion of counsel, the following summary, as of the date hereof, describes the principal Canadian federal income tax consequences generally applicable under the provisions of the Tax Act to a prospective purchaser of Series 1 Shares pursuant to this prospectus supplement and to a holder of Series 2 Shares who acquired such shares as a result of a conversion of the Series 1 Shares who, at all relevant times, for the purposes of the Tax Act, is (or is deemed to be) resident in Canada, holds the Series 1 Shares and will hold the Series 2 Shares, as applicable, as capital property, and deals at arm's length and is not affiliated with the Company or the Underwriters (a "**Holder**"). Generally, the Series 1 Shares or Series 2 Shares will be considered to be capital property to a Holder provided the Holder does not hold the shares in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Holders who might not otherwise be considered to hold their Series 1 Shares or Series 2 Shares as capital property may, in certain circumstances, be entitled to have them and all other "Canadian securities" (as defined in the Tax Act) owned by them in the year of election or in any subsequent taxation year treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Holders who do not hold their Series 1 Shares or will not hold their Series 2 Shares, as applicable, as capital property should consult their own tax advisors with respect to their own particular circumstances. This summary assumes the Series 1 Shares and the Series 2 Shares will be listed on a designated stock exchange in Canada under the Tax Act (which currently includes the TSX) at all relevant times.

This summary is not applicable to a Holder: (i) that is a "financial institution", as defined in the Tax Act for the purpose of the "mark-to-market" rules; (ii) an interest in which would be a "tax shelter investment" as defined in the Tax Act; (iii) that is a "specified financial institution" as defined in the Tax Act; (iv) which has made a "functional currency" election under the Tax Act to determine its Canadian tax results in a currency other than Canadian currency; or (v) that has entered into or will enter into, in respect of the Series 1 Shares or the Series 2 Shares, a "derivative forward agreement", as that term is defined in the Tax Act. Any such Holder should consult its own tax advisors with respect to an investment in the Series 1 Shares or the Series 2 Shares.

This summary is based upon the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposals**"), existing case law and counsel's understanding of the current published administrative and assessing practices of the Canada Revenue Agency. This summary assumes the Proposals will be enacted in the form proposed; however, no assurance can be given that the Proposals will be enacted in their current form, or at all. This summary does not take into account the discussion paper seeking input on possible approaches to address certain perceived tax advantages of investing passively through a private corporation released, for consultation, by the Minister of Finance (Canada) on July 18, 2017. See, in this regard, "*Risk Factors – Risks Relating to Securities Offered under this Prospectus Supplement – Change of Tax Law*". This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, nor does it take into account any provincial, territorial or foreign income tax legislation or considerations.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. No representations are made with respect to the income tax consequences to any particular Holder. Consequently, prospective Holders should consult their own tax advisors with respect to their particular circumstances for advice with respect to the tax consequences to them of acquiring, holding and disposing of the Series 1 Shares or the Series 2 Shares, including the application and effect of the income and other tax laws of any country, province, territory, state or local tax authority.

Dividends

Dividends (including deemed dividends) received (or deemed to be received) on the Series 1 Shares or the Series 2 Shares, as the case may be, by a Holder that is an individual (other than certain trusts) will be included in such Holder's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations. Individuals are entitled to an enhanced gross-up and dividend tax credit in respect of "eligible dividends" received from taxable Canadian corporations, such as the Company, if such dividends have been designated as eligible dividends by the Company. By notice in writing on the Company's website, the Company advised its shareholders that all dividends paid by the Company will be "eligible dividends" unless the Company otherwise notifies its shareholders. Management of the Company anticipates that the dividends paid to the holders of the Series 1 Shares and the Series 2 Shares will be designated as eligible dividends unless otherwise notified at the time of the dividend declaration.

Dividends received by a Holder who is an individual (other than certain trusts) may give rise to a liability for alternative minimum tax under the Tax Act.

Dividends (including deemed dividends) received on the Series 1 Shares or the Series 2 Shares, as the case may be, by a Holder which is a corporation will be included in computing the Holder's income and will generally be deductible in computing the Holder's taxable income. A "private corporation", as defined in the Tax Act, or any other corporation controlled (whether by reason of a beneficial interest in one or more trusts or otherwise) by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33¹/₃% refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Series 1 Shares or the Series 2 Shares, as the case may be, to the extent such dividends are deductible in computing its taxable income.

The Series 1 Shares and the Series 2 Shares will be "taxable preferred shares" as defined in the Tax Act. The terms of the Series 1 Shares and the Series 2 Shares require the Company to make the necessary election under Part VI.1 of the Tax Act so that corporate Holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 1 Shares or the Series 2 Shares.

Dispositions

A Holder who disposes of or is deemed to dispose of Series 1 Shares or Series 2 Shares (on the redemption of such shares or otherwise but not including on a conversion of Series 1 Shares into Series 2 Shares or a conversion of Series 2 Shares into Series 1 Shares) will generally realize a capital gain (or a capital loss) to the extent that the Holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted

cost base of such shares to the Holder. The amount of any deemed dividend arising on the redemption, acquisition or cancellation by the Company of Series 1 Shares or Series 2 Shares, as the case may be, will generally not be included in computing the Holder's proceeds of disposition for purposes of computing the capital gain (or capital loss) arising on the disposition of such Series 1 Shares or Series 2 Shares, as the case may be. See "*Redemption*" below. If the Holder is a corporation, any capital loss arising on a disposition of a Series 1 Share or a Series 2 Share, as the case may be, may, in certain circumstances, be reduced by the amount of any dividends, which have been received (or deemed to be received) on the Series 1 Share or Series 2 Share or any share which was converted into such share. Analogous rules apply to a partnership or trust of which a corporation, partnership or trust is a member or beneficiary.

Generally, one-half of any capital gain will be included in computing the Holder's income in the year of disposition as a taxable capital gain and one-half of any capital loss (an "allowable capital loss") must be deducted from the Holder's taxable capital gains in the year of disposition. Allowable capital losses in excess of taxable capital gains for a taxation year generally may be carried back up to three taxation years or carried forward indefinitely and deducted against net taxable capital gains in those other taxation years. Capital gains realized by an individual may give rise to a liability for alternative minimum tax under the Tax Act. Taxable capital gains of a "Canadian-controlled private corporation", as defined in the Tax Act, may be subject to an additional refundable tax at a rate of $6\frac{2}{3}\%$.

Redemption

If the Company redeems Series 1 Shares or Series 2 Shares, or otherwise acquires or cancels Series 1 Shares or Series 2 Shares (other than by a purchase by the Company of the shares in the open market in the manner in which shares are normally purchased by any member of the public in the open market), the Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Company in excess of the paid-up capital (as determined for purposes of the Tax Act) of such shares at such time. Generally, the difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for purposes of computing the capital gain or capital loss arising on the disposition of such shares. See "*Dispositions*" above. In the case of a Holder that is a corporation, it is possible that in certain circumstances all or part of any such deemed dividend may be treated as proceeds of disposition and not as a dividend.

Conversion

The conversion of Series 1 Shares into Series 2 Shares and the conversion of Series 2 Shares into Series 1 Shares will not constitute a disposition of property for purposes of the Tax Act and, accordingly, will not give rise to a capital gain or capital loss. The cost to a Holder of the Series 2 Shares or Series 1 Shares, as the case may be, received on the conversion will, subject to the cost averaging rules contained in the Tax Act for identical properties, be deemed to be equal to the Holder's adjusted cost base of the converted Series 1 Shares or Series 2 Shares, as the case may be, immediately before the conversion.

INTERESTS OF EXPERTS

Certain legal matters relating to the Offering will be passed upon by Blake, Cassels & Graydon LLP, on behalf of the Company, and by Osler, Hoskin & Harcourt LLP, on behalf of the Underwriters. As at the date of this prospectus supplement, the partners and associates of Blake, Cassels & Graydon LLP, and the partners and associates of Osler, Hoskin & Harcourt LLP, each as a group, own, directly or indirectly, less than 1% of each class of outstanding securities of the Company.

The auditors of the Company are PricewaterhouseCoopers LLP, Chartered Professional Accountants, of Calgary, Alberta, Canada. PricewaterhouseCoopers LLP has confirmed that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Series 1 Shares and Series 2 Shares is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta, and Toronto, Ontario.

CERTIFICATE OF THE UNDERWRITERS

Date: August 8, 2017

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 and territories of Canada.

SCOTIA CAPITAL INC.

**CIBC WORLD MARKETS
INC.**

**RBC DOMINION
SECURITIES INC.**

TD SECURITIES INC.

By: (signed) "*David Baboneau*"

By: (signed) "*Kelsen Vallee*"

By: (signed) "*Douglas Pearce*"

By: (signed) "*Alec W.G. Clark*"

BMO NESBITT BURNS INC.

By: (signed) "*Aaron Engen*"

**NATIONAL BANK
FINANCIAL INC.**

By: (signed) "*Iain Watson*"

**DESJARDINS SECURITIES
INC.**

**HSBC SECURITIES
(CANADA) INC.**

ALTACORP CAPITAL INC.

By: (signed) "*Darren Ongyerth*"

By: (signed) "*Jeff Allsop*"

By: (signed) "*Gurdeep Gill*"