KINDER MORGAN CANADA LIMITED ANNOUNCES 2018 FINANCIAL EXPECTATIONS

Trans Mountain Expansion Project Pursuing a "Primarily Permitting" Spend Strategy

CALGARY, ALBERTA, Dec. 4, 2017 - Kinder Morgan Canada Limited (TSX: KML) today announced its preliminary 2018 financial projections.

"We expect 2018 to be a good year for Kinder Morgan Canada Limited businesses," said KML Chairman and CEO Steve Kean. "KML's extensive network of strategic assets includes the existing Trans Mountain Pipeline system, the only Canadian crude oil and refined products export pipeline with North American West Coast tidewater access. Other KML assets include one of the largest integrated networks of crude tank storage and rail terminals in Western Canada, the largest merchant terminal storage facility in the Edmonton region, the largest origination crude by rail loading facility in North America, and the largest mineral concentrate export/import facility on the west coast of North America. Those assets will continue to generate substantial value for KML shareholders in 2018," continued Kean.

"With respect to the Trans Mountain Expansion Project (TMEP), we made some progress during 2017 on permitting, regulatory condition satisfaction and land access," said Kean. "Unfortunately, the scope and pace of the permits and approvals received does not allow for significant additional construction to begin at this time."

"KML must have a clear line of sight on the timely conclusion of the permitting and approvals processes before we will commit to full construction spending," said KML President Ian Anderson. "To that end, we have filed motions with the National Energy Board (NEB) to resolve existing delays as they relate to the City of Burnaby, and to establish an open NEB process that will backstop provincial and municipal processes in a fair, transparent and expedited fashion."

Below is a summary of KML's expectations for 2018:

- Generate $474 million of Adjusted EBITDA, and $349 million of distributable cash flow (DCF) , respectively, with growth due primarily to the phased in-service of tanks at the new Base Line Terminal during the year and higher capitalized equity financing costs (or allowance for equity used during construction (AEDC)) associated with spending on TMEP (recognized in other income). Excluding AEDC, Adjusted EBITDA and DCF are budgeted to be $403 million and $278 million, respectively. Actual AEDC earnings will vary depending on the amount and timing of TMEP expenditures. Adjusted EBITDA excluding AEDC is slightly higher than our IPO forecast. Adjusted EBITDA including AEDC is lower than our IPO forecast due to lower spend in 2017 and expected lower spend in 2018.

- Generate DCF (including AEDC) to restricted voting shareholders of $0.96 per restricted voting share, with an expected declared dividend of $0.65 per restricted voting share.

- Invest $1.9 billion on expansion projects and other discretionary spending, of which $1.8 is associated with TMEP and the balance is associated with the Base Line Terminal.

- End 2018 with a Net Debt-to-Adjusted EBITDA ratio of approximately 2.7 times.

- In order to prudently manage shareholder capital, the 2018 budget assumes TMEP spending in the first part of 2018 is primarily on advancing the permitting process, rather than spending at full construction levels, until KML has greater clarity on key permits, approvals and judicial reviews. We previously announced a potential unmitigated delay to project completion of nine months (to September 2020) due primarily to the time required to file for, process and obtain necessary permits and regulatory approvals. Potential mitigation measures require obtaining greater clarity early in 2018 with respect to key permits, approvals and judicial reviews and continued planning with TMEP contractors to assess options to start or accelerate work in certain areas.

    - Construction delays entail increased costs due to a variety of factors including extended personnel, equipment and facilities charges, storage charges for unused material and equipment, extended debt service, and inflation, among others. Because those costs are highly uncertain at this stage of the project and the extent of a delay, if any, is currently unknown, Trans Mountain is not updating its cost estimate at this time.
    - In order to help achieve the necessary clarity with respect to permits and approvals, Trans Mountain has filed motions with the National Energy Board (NEB) to resolve existing delays and to establish an NEB process that will backstop provincial and municipal processes in a fair, transparent and expedited fashion. As stated in the November 14, 2017 motion presented to the NEB, "it is critical for Trans Mountain to have certainty that once started, the Project can confidently be completed on schedule." If uncertainty around permitting and

judicial processes extends further into 2018, TMEP would expect to reduce its 2018 budgeted spend. As a result, the previously announced unmitigated delay to a September 2020 in-service date could extend beyond September 2020. Further, as stated in the November 14 motion, if TMEP continues to be "faced with unreasonable regulatory risks due to a lack of clear processes to secure necessary permits . . . it may become untenable for Trans Mountain's shareholders . . . to proceed."

- While the exact length of delay is uncertain at this time, assuming an unmitigated delay of nine months, estimated incremental Adjusted EBITDA attributable to three months of service in 2020 would be approximately $225 million (excluding the impact of AEDC, which can be difficult to calculate given the requirement of specific project spend schedules). Our original estimate of incremental 2020 Adjusted EBITDA attributable to the project was $900 million (or $776 million including the impact of our original estimate of $124 million for 2018 AEDC), each of which was based on an anticipated full year of service in 2020. We would expect to receive the full incremental $900 million of Adjusted EBITDA plus partial year tariff escalation in 2021, as our current estimate of total Adjusted EBITDA from the project has not changed. Each month of change in our in-service date is expected to result in a change of approximately $75 million of Adjusted EBITDA. The above figures exclude any utilization of spot volumes, which could add more than $200 million of Adjusted EBITDA annually.

About Kinder Morgan Canada Limited (TSX: KML). KML manages and is the holder of a minority interest in a portfolio of strategic energy infrastructure assets across Western Canada. The financial results of the entire suite of assets held by Kinder Morgan Canada Limited Partnership (Business) have been consolidated into the financial results of KML. KML investors are reminded that KMI holds a majority voting interest in KML and a corresponding majority economic interest in the entirety of the business contributing to financial results discussed in this new release. Therefore, unless the context otherwise requires, references to KML in this news release are references to the Business in which the holders of restricted voting shares of KML have a minority interest. The Trans Mountain Pipeline system, with connections to 20 incoming pipelines and current transportation capacity of approximately 300,000 barrels per day (based on throughput of 80 percent light oil and refined products and 20 percent heavy oil), is the only Canadian crude oil and refined products export pipeline with North American West Coast tidewater access. In Alberta, KML has one of the largest integrated networks of crude tank storage and rail terminals in Western Canada and the largest merchant terminal storage facility in the Edmonton market. KML also operates the largest origination crude by rail loading facility in

North America. In British Columbia, KML controls the largest mineral concentrate export/import facility on the west coast of North America through its Vancouver Wharves Terminal. Through its Puget Sound pipeline system, KML ships crude oil to refineries in Washington state and its Cochin Pipeline system transports light condensate originating from the United States to Fort Saskatchewan, Alberta. For more information please visit www.kindermorgancanadalimited.com.

Non-U.S. GAAP Financial Measures

The non-U.S. generally accepted accounting principles (non-GAAP) financial measures of distributable cash flow (DCF), both in the aggregate and per Restricted Voting Share, and Adjusted EBITDA are presented herein.

Certain Items, as used to calculate our non-GAAP measures, are items that are required by U.S. GAAP (GAAP) to be reflected in net income, but typically either (1) do not have a cash impact, or (2) by their nature are separately identifiable from our normal business operations and in our view are likely to occur only sporadically.

DCF is calculated by adjusting net income before Certain Items for depreciation, depletion and amortization (DD&A), total book and cash taxes, preferred share dividends and sustaining capital expenditures. DCF is a significant performance measure used by management and external users of our financial statements in evaluating our performance and to measure and estimate the ability of our assets to generate cash earnings after servicing our debt and preferred share dividends, paying cash taxes and expending sustaining capital, that could be used for discretionary purposes such as distributions or expansion capital expenditures. We believe the GAAP measure most directly comparable to DCF is net income. DCF to restricted shareholders per Restricted Voting Share is DCF attributable to restricted shareholders divided by average outstanding Restricted Voting Shares, including restricted stock awards that participate in dividends.

Adjusted EBITDA is calculated by adjusting net income before interest expense, taxes, and DD&A for Certain Items. Adjusted EBITDA is used by management and external users to evaluate, in conjunction with our net debt, certain leverage metrics. We believe the GAAP measure most directly comparable to Adjusted EBITDA is net income.

Our non-GAAP measures should not be considered alternatives to GAAP net income or other GAAP measures and have important limitations as analytical tools. Our computations of non-GAAP measures may differ from similarly titled measures used by others. You should not consider these non-GAAP measures in isolation or as substitutes for an analysis of our results as reported under GAAP. DCF should not be used as an alternative to net cash provided by operating activities computed under GAAP. Management compensates for the limitations of these non-GAAP measures by reviewing our comparable GAAP measures, understanding the differences between the measures and taking this information into account in its analysis and its decision making processes.

Important Information Relating to Forward-Looking Statements

This news release includes "forward-looking information," "financial outlook" and "forward-looking statements" within the meaning of applicable securities laws (forward-looking statements). Forward-looking statements in this news release include statements, express or implied, concerning, without limitation: the Trans Mountain Expansion Project (TMEP), and Base Line Terminal project, including completion of such projects, anticipated costs, scheduling and in-service dates, future benefits and utilization, anticipated project returns and the impacts of such projects; KML's anticipated 2018 Adjusted EBITDA and DCF; potential additional Adjusted EBITDA dependent on spot utilization; and anticipated dividends and the intended payment thereof. Forward-looking statements are not guarantees of performance. They involve significant risks, uncertainties and assumptions. Any financial outlook or other forward-looking statements provided in this news release have been included for the purpose of providing information relating to management's current expectations and plans for the future, are based on a number of significant assumptions and may not be appropriate, and should not be used, for any other purpose. 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, including the ability of KML to pay dividends, are beyond the ability of KML to control or predict. As noted above, the forward-looking statements included in this release are based on a number of material assumptions, including among others those highlighted, or inherent in the factors highlighted, below. Among other things, specific factors that could cause actual results to differ from those indicated in the forward-looking statements provided in this news release include, without limitation: changes in market conditions; competitive landscape; issues, delays or stoppages associated with major expansion projects, including the TMEP; changes in public opinion; public or government opposition; the resolution of issues relating to the concerns of individuals, special interest or Aboriginal groups, governmental organizations, non-governmental organizations and other third parties that may expose the Business to higher project or operating costs, project delays or even project cancellations; significant unanticipated cost overruns or required capital expenditures; level of shipper demand for spot utilization; the breakdown or failure of equipment, pipelines and facilities; releases or spills, operational disruptions or service interruptions; the ability of KML and/or the Business to access sufficient external sources of financing, and the cost of such financing; and changes in governmental support and the regulatory environment.

The assumptions behind KML's forecasted 2018 Adjusted EBITDA are substantially unchanged from those presented under the headings "Notice to Investors – Growth Estimates" and "The Business – Investment Highlights – Sizeable Growth Project of Strategic National Importance to Canada - Financial Highlights and Growth Estimates" within KML's final initial public offering prospectus dated May 25, 2017,2017 (the IPO Prospectus, a copy of which is available under KML's profile on SEDAR at www.sedar.com), except for reduced capitalized equity financing costs due to TMEP capital expenditures expected to be lower through 2018. In addition to the assumptions for Adjusted EBITDA, KML's forecasted 2018 DCF includes *assumptions for expected funding sources and associated costs, cash taxes and sustaining capital expenditures.*

The foregoing list should not be construed to be exhaustive. In addition to the foregoing, important additional information respecting the material assumptions, expectations and risks applicable to the financial outlook and other forward-looking statements included in this news release are set out in the IPO Prospectus, under the headings "Notice to Investors – Forward-Looking Statements," "Notice to Investors – Growth Estimates" and "Risk Factors," and prospective investors are urged to review and carefully consider such information prior to making any investment decision in respect of KML's securities. The risk factors applicable to KML could cause actual results to vary materially from those contained in any forward-looking statements. KML disclaims any obligation, other than as required by applicable law, to update the forward-looking statements included in this release.

CONTACTS

Ali Hounsell
Media Relations
(604) 908-9734
ali_hounsell@transmountain.com

Investor Relations
(713) 369-9490
km_ir@kindermorgan.com
www.kindermorgan.com