



KINDER MORGAN CANADA LIMITED

Kinder Morgan Canada Limited Launches \$200 Million Bought Deal Preferred Share Offering

NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR DISSEMINATION IN THE UNITED STATES

CALGARY, ALBERTA December 6, 2017 - Kinder Morgan Canada Limited (the "Company") (TSX: KML) is pleased to announce that it has entered into an agreement with a syndicate of underwriters led by CIBC Capital Markets, Scotiabank, RBC Capital Markets and TD Securities (together, the "Underwriters") pursuant to which the Underwriters have agreed to purchase from the Company, 8,000,000 cumulative redeemable minimum rate reset preferred shares, Series 3 (the "Series 3 Preferred Shares") at a price of \$25.00 per share for distribution to the public.

The Company has granted to the Underwriters an option, exercisable at any time up to 48 hours prior to the closing of the offering, to purchase up to an additional 2,000,000 Series 3 Preferred Shares at a price of \$25.00 per share.

The Company intends to use the proceeds from the offering to indirectly subscribe for preferred units in Kinder Morgan Canada 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 and for general corporate purposes.

The holders of Series 3 Preferred Shares will be entitled to receive fixed cumulative dividends at an annual rate of \$1.3000 per share, payable quarterly on the 15th day of February, May, August and November as and when declared by the Board of Directors of the Company, yielding 5.20 percent per annum at the issue price, for the initial fixed rate period to but excluding February 15, 2023 (the "Initial Fixed Rate Period"). The first quarterly dividend payment date is scheduled for February 15, 2018 and is anticipated to be in the amount of \$0.22082 per share (assuming closing of the offering on December 15, 2017). The dividend rate will reset on February 15, 2023 and every five years thereafter at a rate equal to the sum of the then five-year Government of Canada bond yield plus 3.51 percent, provided that, in any event, such rate shall not be less than 5.20 percent per annum. The Series 3 Preferred Shares are redeemable by the Company, at its

option, on February 15, 2023 and on February 15 of every fifth year thereafter at a price of \$25.00 per share plus accrued and unpaid dividends.

The holders of Series 3 Preferred Shares will have the right to convert their shares into cumulative redeemable floating rate preferred shares, Series 4 (the "Series 4 Preferred Shares"), subject to certain conditions, on February 15, 2023 and on February 15 of every fifth year thereafter. The holders of Series 4 Preferred Shares will be entitled to receive quarterly floating rate cumulative dividends, as and when declared by the Board of Directors of the Company, at a rate equal to the sum of the then 90-day Government of Canada treasury bill rate plus 3.51 percent.

Closing of the offering is expected to occur on December 15, 2017, subject to customary closing conditions.

The offering is being made under a prospectus supplement to the base shelf prospectus of the Company dated July 28, 2017 (together, the "Prospectus"). Copies of the Prospectus may be obtained from Canadian Imperial Bank of Commerce, Commerce Court, Toronto, Ontario M5L 1A2, Telephone (416) 980-3096, The Bank of Nova Scotia, Scotia Plaza, 44 King Street West, Toronto, Ontario M5H 1H1, Telephone: (416) 866-3672, Royal Bank of Canada, 200 Bay Street, 4th Floor, North Tower, Toronto, Ontario, M5J 2W7, Telephone (416) 955-7803 and The Toronto-Dominion Bank, Toronto-Dominion Centre, Toronto, Ontario M5K 1A2, Telephone: (416) 308-6963. Investors should read the Prospectus, and the documents incorporated therein by reference, in their entirety, before making an investment decision.

The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

This news release does not constitute an offer to sell or a solicitation of any offer to buy, nor will there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction.

About Kinder Morgan Canada Limited

Kinder Morgan Canada Limited operates a business, comprising a number of pipeline systems and terminal facilities including the Trans Mountain pipeline, the Canadian portion of the Cochin pipeline, the Trans Mountain Puget Sound pipeline, Trans Mountain Jet Fuel pipeline, the Westridge Marine and Vancouver Wharves terminals in British Columbia as well as various crude oil loading facilities in Edmonton, Alberta. The Trans Mountain pipeline currently transports approximately 300,000 barrels per day (bpd) of crude oil and refined petroleum products from the oil sands in Alberta to Vancouver, British Columbia and Washington state. On

November 29, 2016, the Government of Canada granted approval for the \$7.4 billion Trans Mountain Expansion Project, to increase the nominal capacity of the system to 890,000 bpd.

Advisory Regarding Forward-Looking Statements

This document contains certain forward-looking statements and information (collectively, "forward-looking statements") within the meaning of applicable securities legislation that are based on the Company's current expectations, estimates, projections and assumptions in light of its experience and its perception of historical trends. In some cases, forward-looking statements can be identified by terminology such as "plans", "expects", "proposes", "projects", "will", "estimates", "anticipates", "develop", "could" and similar expressions suggesting future events or future performance. In particular, this news release contains forward-looking statements and information relating to the planned use of proceeds, size of and timing for the offering, the anticipated closing date, the anticipated rights, privileges, restrictions and conditions attaching to the Series 3 Preferred Shares and Series 4 Preferred Shares, and the anticipated dividends and timing thereof.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions. Any 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 may differ materially from those expressed in forward-looking statements. Many of the factors that will determine these results, including the ability of the Company to pay dividends, are beyond the ability of the Company to control or predict. As noted above, the forward-looking statements included in this news 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 and the competitive landscape relating to the Company's business (the "Business"); issues, delays or stoppages associated with major expansion projects, including the Trans Mountain Expansion Project and the Base Line Terminal project; changes in public opinion or public or government opposition to the Business' major expansion projects; 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; changes in the level or nature of support from the federal government and various provincial governments (including the Alberta and British Columbia provincial governments), municipal governments and/or applicable regulators (including the National Energy Board and the British Columbia Utilities Commission) and specifically, opposition to the Trans Mountain Expansion Project by the British Columbia provincial government and municipal governments therein, changes in the regulatory environment applicable to the Business, significant

unanticipated cost overruns or required capital expenditures; the breakdown or failure of equipment, pipelines and facilities, releases or spills, operational disruptions or service interruptions; the ability of the Company and/or the Business to access sufficient external sources of financing, and the cost of such financing; and certain other risks detailed from time to time in the Company's public disclosure documents including, among other things, those detailed under the heading "Risk Factors" in the Company's short form base shelf prospectus dated July 28, 2017, and under the heading "Risk Factors" in the Company's final long form prospectus dated May 25, 2017, both of which can be found under the Company's profile at www.sedar.com. In addition, the closing of the offering may not be completed, or may be delayed, if the conditions to the closing of the offering are not satisfied on the anticipated timelines or at all. Accordingly, there is a risk that the offering will not be completed within the anticipated time, on the terms currently proposed, or at all. The intended use of the net proceeds of the offering by the Company may change if the board of directors of the Company determines that it would be in the best interests of the Company to deploy the proceeds for some other purpose.

Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted, forecasted or projected. Such forward-looking statements are expressly qualified by the above statements. The Company does not undertake any obligation to publicly update or revise any forward-looking statements or information contained herein, except as required by applicable laws.

Contacts:

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

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