**Form 62-103F1**

**REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS**

**Item 1 – Security and Reporting Issuer**

**1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.**

Restricted voting shares ("**KML Restricted Voting Shares**") of Kinder Morgan Canada Limited ("**KML**") (predecessor to Amalco (as defined herein)), special voting shares of KML ("**KML Special Voting Shares**"), class B limited partnership units of Kinder Morgan Canada Limited Partnership ("**Class B Units**"), cumulative redeemable minimum rate reset preferred shares, series 1 of KML ("**KML Series 1 Shares**"), cumulative redeemable minimum rate reset preferred shares, series 3 of KML ("**KML Series 3 Shares**") and common shares of Amalco ("**Amalco Common Shares**").

The head office of Amalco is located at:

PKM Canada Limited (formerly Kinder Morgan Canada Limited)
Suite 3000, 300 – 5th Avenue S.W.
Calgary, Alberta T2P 5J2

**1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.**

The transactions described in this Early Warning Report were effected through a plan of arrangement transaction. See Items 2.2 and 3.1 below.

**Item 2 – Identity of the Acquiror**

**2.1 State the name and address of the acquiror.**

Pembina Pipeline Corporation ("**Pembina**")
4000, 585 – 8th Avenue S.W.
Calgary, Alberta T2P 1G1

**2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.**

On December 16, 2019 KML and Pembina completed a plan of arrangement under Section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**") pursuant to which KML acquired all of the issued and outstanding Class B Units, Pembina acquired all of the issued and outstanding KML Special Voting Shares and PKM Canada Limited ("**Pembina SubCo**"), a wholly-owned subsidiary of Pembina, amalgamated with KML and continued under the name "PKM Canada Limited"("**Amalco**"). Pursuant to such amalgamation, each KML Restricted Voting Share was cancelled, each KML Series 1 Share was cancelled, each KML Series 3 Share was cancelled, each KML Special Voting

Share was cancelled and each common share of Pembina SubCo was converted into one Amalco Common Share resulting in Pembina being the sole securityholder of Amalco.

Pursuant to the Arrangement:

(a) holders of KML Restricted Voting Shares, for each KML Restricted Voting Share held, received 0.3068 of a common share of Pembina (a "**Pembina Common Share**");

(b) holders of KML Special Voting Shares, and associated Class B Units received: (i) for each KML Special Voting Share held, a cash payment of $0.000001; and (ii) for each associated Class B Unit held, 0.3068 of a Pembina Common Share;

(c) holders of KML Series 1 Shares, for each KML Series 1 Share held, received one cumulative redeemable rate reset class A preferred share, series 23 of Pembina ("**PPL Series 23 Shares**") with substantially the same terms and conditions as the KML Series 1 Shares; and

(d) holders of KML Series 3 Shares, for each KML Series 3 Share held, received one cumulative redeemable rate reset class A preferred share, series 25 of Pembina ("**PPL Series 25 Shares**") with substantially the same terms and conditions as the KML Series 3 Shares.

**2.3 State the names of any joint actors.**

Not applicable.

**Item 3 – Interest in Securities of the Reporting Issuer**

**3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror's securityholding percentage in the class of securities.**

In connection with the Arrangement, 35,104,376 KML Restricted Voting Shares, 81,353,820 KML Special Voting Shares, 12,000,000 KML Series 1 Shares and 10,000,000 KML Series 3 Shares were acquired and cancelled, 81,353,820 Class B Units were acquired by KML and 100 Amalco Common Shares were acquired by Pembina. Before the Arrangement, Pembina did not own or control any KML Restricted Voting Shares, KML Special Voting Shares, Class B Units, KML Series 1 Shares, KML Series 3 Shares or Amalco Common Shares.

**3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.**

See Items 2.2 and 3.1 above.

**3.3 If the transaction involved a securities lending arrangement, state that fact.**

Not applicable.

**3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.**

Immediately before the Arrangement, Pembina did not own or control any KML Restricted Voting Shares, KML Special Voting Shares, Class B Units, KML Series 1 Shares, KML Series 3 Shares or Amalco Common Shares.

Immediately after giving effect to the Arrangement, Pembina owned 100 Amalco Common Shares, representing 100% of the issued and outstanding securities of Amalco.

**3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which**

**(a) the acquiror, either alone or together with any joint actors, has ownership and control,**

See Item 3.4 above.

**(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

Not applicable.

**(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

**3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

Not applicable.

**3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

Not applicable.

**State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.**

Not applicable.

3.8 **If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

See Items 2.2 and 3.1 above.

**Item 4 – Consideration Paid**

**4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

See Items 2.2 and 3.1 above.

Pursuant to the Arrangement: (a) Pembina issued to, Computershare Investor Services Inc., the depositary for the Arrangement, an aggregate of: (i) 35,729,375 Pembina Common Shares to the former holders of KML Restricted Voting Shares and Class B Units; (ii) 12,000,000 PPL Series 23 Shares to the former holders of KML Series 1 Shares; and (iii) 10,000,000 PPL Series 25 Shares to the former holders of KML Series 3 Shares; and (b) paid an aggregate of $81.25 in cash to the former holders of KML Special Voting Shares.

**4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

See Items 2.2, 3.1 and 4.1 above.

**4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

See Items 2.2, 3.1 and 4.1 above.

**Item 5 – Purpose of the Transaction**

**State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:**

**(a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**

**(b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**

**(c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**

**(d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**

**(e) a material change in the present capitalization or dividend policy of the reporting issuer;**

**(f) a material change in the reporting issuer's business or corporate structure;**

**(g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**

**(h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**

**(i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**

**(j) a solicitation of proxies from securityholders;**

**(k) an action similar to any of those enumerated above.**

The purpose of the Arrangement was for Pembina to acquire all of the issued and outstanding securities of KML (and subsequently Amalco).

It is expected that the KML Restricted Voting Shares, the KML Series 1 Shares and the KML Series 3 Shares will cease trading and will be delisted from the Toronto Stock Exchange within a few trading days from December 16, 2019. After such delisting of the KML Restricted Voting Shares, the KML Series 1 Shares and the KML Series 3 Shares, Amalco will apply to the applicable Canadian securities regulatory authorities in order to cease to be a reporting issuer.

**Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer**

**Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.**

On August 20, 2019, Pembina and KML entered into the arrangement agreement pursuant to which the parties thereto agreed to effect the Arrangement and related matters, as amended and restated dated effective September 10, 2019. For a detailed summary of the arrangement agreement and other information in respect of the transactions thereunder, please refer to the information circular and proxy statement of KML dated November 4, 2019, which is available at www.sedar.com under the profile of Amalco. In addition, a copy of such arrangement agreement is available at www.sedar.com under the profile of Amalco.

**Item 7 – Change in material fact**

**If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.**

Not applicable.

**Item 8 – Exemption**

**If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.**

Not applicable.

**Item 9 – Certification**

**Certificate**

I, as the acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Dated December 16, 2019.

**PEMBINA PIPELINE CORPORATION**

By: **(signed)** "*Chris Scherman*"
Name: Chris Scherman
Title: Vice President General Counsel and Corporate Secretary