SHAPEKEYS

Introduction
Shapekeys are a means of animating a character's expression and lip synching their mouth shape to a voice track without using bones or targets. They are deformations of the mesh, usually and most efficiently defined by their difference to a base mesh.

Technique

Let’s start with a Suzanne head with two degrees of subdivision which is then applied, so that we have a reasonably dense mesh to start with. I’ve added simple detail in the eyes to accentuate the expression. Let’s go to the Object Data tab in Properties and find the Shape Keys panel.
In Object mode, left click on the + icon in the panel.

This will create a locked base layer, which is what the shape keys will be calculated from. Note that the Relative box is checked by default, which creates the most intuitive shape keys. There are other ways to create them, but those are beyond the scope of this introduction.

Click the + button a second time to add another shape key. This will create not just a second shape key but also a group of controls to the bottom of the panel. This is now something we can work with.

Rename the new shape key to Smile by double clicking on it and, with it still selected in blue, go to Edit mode. We’re going to use selections of vertices and Proportional Editing mode to change Suzanne’s expression to a beaming smile.
Start by activating Proportional Editing. In many cases you’ll want to use Connected to move an upper lip without changing the lower lip, for example. In this case Suzanne doesn’t have a full mouth cavity but it’s good practice to use the Connected option anyway. With the Circle Select tool, choose a few vertices either side of her mouth. They don’t have to be exact mirrors of each other; most peoples’ expressions are naturally lopsided. Hit G-Z to constrain along the Z axis, and use the mouse scroll wheel to adjust the area of influence. Then, with the same selection, hit S-X to round out her cheeks.

Select some more vertices and move them up.
Now go back into Object mode. The expression disappears. But with the Smile expression still selected in blue in the Shape Keys panel, move the Value slider across to the right. Suzanne’s smile will appear and broaden.

Using the same procedure, make a shape key called Frown and in Edit mode change her expression to a frown (or whatever you want). By right clicking on the Value slider you can set keyframes for the value at any particular point in your animation.

However you can only do this for the selected shape key. To combine expressions you need to adjust and keyframe both at a time. The most efficient way to do this is to split the screen and make one half the Dope Sheet. Choose Shape Key Editor from the pop-up selection in the control bar at the foot of the window.

Now in the top left of the Shape Key Editor you’ll see sliders for both expressions. Not only that, but as you adjust them key frames will automatically be added to the timeline at the current frame. This is the best way to combine shapekeys as you animate.