Canada Development Investment Corporation
La corporation de développement des investissements du Canada

CANADA DEVELOPMENT INVESTMENT CORPORATION

2019 to 2023
CORPORATE PLAN SUMMARY

and

2019 CAPITAL BUDGET SUMMARY

A Summary of the June 2019 Corporate Plan

The Canada Development Investment Corporation (CDEV) 2019-2023 Corporate Plan was approved by the Treasury Board in June 2019. At the time of Treasury Board's consideration of the corporate plan, the Governor In Council had not yet issued order in council P.C. 2019-0820, which authorized the approval of the Trans Mountain Expansion Project ("TMEP"). As a result, CDEV submitted two sections of its Corporate Plan: a "Core Plan," which provided information and projections based on the assumption of a continuation of the status quo (no approval to proceed with the TMEP), and an "Annex," which outlined how the corporation would proceed in the event of approval. The Summary of the 2019-2023 Corporate Plan was prepared in accordance with section 125 of the *Financial Administration Act* ("FAA"), in order to provide information on the business activities and decisions of a Crown corporation and its subsidiaries. Summaries of both the Core Plan and the Annex have been submitted in order to accurately reflect the corporate plan that was approved by the Treasury Board. Information that may be commercially detrimental to CDEV's operations have not been included within this Summary, pursuant to section 153(1) of the FAA.

CDEV CORPORATE PLAN SUMMARY
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1.0 EXECUTIVE SUMMARY AND CORPORATE PROFILE

WHO WE ARE

Canada Development Investment Corporation ("the Corporation" or "CDEV") was incorporated in 1982 under the provisions of the *Canada Business Corporations Act* and is wholly-owned by Her Majesty in Right of Canada. The Corporation is an agent Crown corporation listed in Schedule III, Part II of the *Financial Administration Act* (“FAA”) and is not subject to the provisions of the *Income Tax Act*. CDEV reports to Parliament through the Minister of Finance (“the Minister”). CDEV has three wholly-owned subsidiaries: Canada Hibernia Holding Corporation (“CHHC”), Canada Eldor Inc. (“CEI”), and TMP Finance Ltd. (“TMP Finance”) which in turn owns Trans Mountain Corporation (“TMC”) and its subsidiaries. CDEV’s primary mandate is to manage the government’s assets assigned to us in a commercial manner. CDEV also undertakes analyses of government assets from a commercial perspective as requested by the Minister of Finance.

WHAT WE DO

Ridley Terminals Inc. (“RTI”) is a government owned coal terminal that the Minister requested CDEV to act as an agent for a potential sale. In 2018 CDEV launched the sales process for RTI. In December 2018 CDEV identified preferred bidders to prepare binding purchase proposals in 2019.

In 2018 CDEV acquired the assets of the Trans Mountain Pipeline and continued to manage this investment in 2019. To finance the TMC acquisition, TMP Finance, which is the owner and financing source of TMC borrowed $4.7 billion from the Canada Account of the Government administered by Export Development Canada (“EDC”).

CHHC is CDEV’s subsidiary which owns a working interest in the Hibernia off-shore oil production platform. CHHC’s interest in the Hibernia field continues to perform well with forecast 2018 sales volumes of 3.0 million barrels, and 2018 forecast net income of $76 million, compared to 2017 net income of $72 million. CEI continues to pay for costs relating to the mine site decommissioning and retiree benefits.

We held our annual public meeting on October 11, 2018 in Calgary, AB fulfilling requirements under the FAA.

Our main focus in 2019 through 2022 will be to oversee the management of TMC. In the four months in 2018 that TMC was operational, it was forecast to generate $130 million in revenue and approximately $50 million in EBITDA under CDEV’s accounting framework as it consolidates into the government accounts. In 2019 TMC is expected to generate revenue of $400 million and $185 million in EBITDA. TMP Finance will be the financing entity, providing debt and equity to TMC. TMP Finance will be financed by debt or equity as determined with the government and it is expected to generate a loss due to its interest expense being greater than the interest income and dividends received from TMC. At CHHC 2019 is expected to experience a 5% increase in oil production, and a $21 million increase in capital expenditures. Net income is expected to increase 7% to $81 million. CEI will participate in a hearing of the Canadian Nuclear Safety Commission (“CNSC”) in the fall of 2019.

ANNEX to 2019-2023 PLAN

We have attached an Annex to this year’s Plan. It is understood that the planned activities and financing requirements and approvals related to the Trans Mountain Expansion Project (“TMEP”) will come into effect with a later Order in Council (“OIC”), if received. The main plan is to be considered a status quo version with no OIC permitting a re-launch of the TMEP.

2.0 MANDATE AND BUSINESS OVERVIEW

Mandate

The Articles of Incorporation give CDEV a broad mandate. We were incorporated to provide a commercial vehicle for government equity investment and to manage commercial holdings of Canada. Our primary objective is to carry out our activities in the best interests of Canada, operating in a commercial manner. We note that the Minister issued a letter to CDEV's chair in August 2018 regarding Trans Mountain, provided in Appendix B.

Our Vision: To be the Government of Canada's primary resource for the evaluation, management and divestiture of its commercial assets.

Our Mission: Acting in the best interests of Canada, on behalf of the Minister of Finance, we bring excellent business judgement and commercial practices to the evaluation, management and divestiture of assets of the Government of Canada.

Business Overview

CDEV's activities are driven by the priorities of the government and it is managed with a commercial focus. We also manage sales processes of government assets and assist the government in the analysis of government assets as requested.

Canada TMP Finance Ltd.

TMP Finance was established in Q2 of 2018 and is the owner and financing entity for TMC. At present it is expected that TMP Finance will borrow funds from EDC to fund the cash requirements of TMC. The interest rate charged by EDC is 4.7%. As per a Funding Agreement between TMP Finance and TMC, 55% of funds advanced to TMC will be loans, and 45% will be a form of shareholder's equity. Loans payable by TMC to TMP Finance bear an interest rate of 5.0%. This structure mirrors the tolling regime agreed to by the National Energy Board ("NEB") and the shippers of the Trans Mountain Pipeline.

Trans Mountain Corporation

See Appendix B for more details of TMC. TMC was formed to acquire the entities that operate the Trans Mountain Pipeline system from Kinder Morgan Cochin ULC. The entities are Trans Mountain Pipeline Limited Partnership (the operator), Trans Mountain Pipeline ULC (the regulated entity and general partner of the pipeline) and Trans Mountain Canada Inc. (the employer and service entity) as shown in Appendix A-1 organization chart. The purchase price was $4.4 billion after closing adjustments. Following the FCA court order, TMEP activity has ramped down significantly. TMC safely shutdown activities through the end of 2018. In 2019 TMC will continue planning efforts on TMEP, including assembling submission materials for future permit applications, accepting orders of pipe that it ordered and committed to in 2018, developing a new cost estimate and schedule for the project and continued support of the government's efforts on Indigenous consultations, where appropriate. It is also considering ways to further address any new recommendations from the NEB regarding marine safety.

Canada Hibernia Holding Corporation

CHHC was established in March 1993, for the sole purpose of holding, managing, administering and operating an 8.5% working interest in the Hibernia project. CHHC's primary goal is to manage its ownership in the Hibernia project to maintain the asset in a state of readiness should Canada elect to divest of the asset. An expert management team based in Calgary performs these functions along with a technical advisor to prepare a technical and economic reserve evaluation reports. A financial advisor remains under contract.

Dividends from CHHC in the plan period are expected to average $54 million per year which is slightly lower than the forecasted average in the last plan period of $58 million per year primarily due to declining production. Since CHHC is a single asset company, it retains funds for decommissioning obligations for the Hibernia project. CHHC has set aside $100 million in the Consolidated Revenue Fund of Canada ("CRF") plus $36 million in other financial assets for abandonment and other purposes.

Sales Mandates and Asset Reviews

We launched the sales process to sell RTI with CDEV acting as agent. In December 2018 CDEV identified a short list of five bidders who were invited to submit binding purchase proposals for RTI. We will assist in the review of government assets if requested by the government.

Canada Eldor Inc.

CEI through Cameco, the manager and licensee of the Beaverlodge mine site, continues to manage the properties for which it has been granted a license. Projects are being undertaken to reach the goal of transferring the properties to the Institutional Control ("IC") programme of the Government of Saskatchewan within five years. Efforts will be made in 2019 to prepare for a CNSC licensing hearing to approve property transfers to IC.

3.0 CORPORATE GOVERNANCE AND OPERATING ENVIRONMENT

CDEV is managed by a team based in Toronto headed by the Executive Vice-President, who work closely with consultants, legal counsel, the Board and management of its subsidiaries to ensure the effective functioning of the Corporation and its subsidiaries. CDEV has six employees plus two contractors.

The Corporation reports to Parliament through the Minister of Finance. CDEV's Board of Directors supervises and oversees the conduct of the business and affairs of CDEV. The Board of CDEV currently consists of the Chair and four other directors. See Appendix A-1 for the Corporation's organization chart and current listing of CDEV's directors and officers. All members of the Board are independent of CDEV management. The Board carries out its responsibilities regarding the financial statements of the Corporation through its Audit Committee. The Boards of CEI, CHHC and TMP Finance are made up of directors and management of CDEV. CDEV directors act on the boards and committees of subsidiaries of CDEV group of companies. In November 2018 CDEV appointed a new board for TMC with the CDEV Chair is a member.

Corporate governance is dealt with by the Nominating and Governance ("N and G") Committee, which continues to review CDEV's governance practices and the composition and structure of the Board. The Board also has a Human Resources and Compensation Committee that assists the Board in matters pertaining to the human resources and compensation strategy, policies and practices of CDEV and its subsidiaries. CDEV's articles allow for up to seven directors plus a CEO.

CDEV fulfills its supervisory role as owner of TMC through a Memorandum of Understanding which lays out areas of responsibility and accountability. Specifically CDEV Board approves the salary of the CEO of TMC, CDEV management helps to develop internal audit reviews of TMC and discusses the external audit of TMC with the auditors and TMC.

4.0 CORPORATE PERFORMANCE

4.1 Assessment of 2018 Results

Our actual performance in 2018 as compared to the objectives outlined in our 2018-2022 Corporate Plan is as follows:

2018 Objectives	2018 Results
Manage working interest in Hibernia through CHHC	Financial results strong.
Manage assigned sales processes of government assets	RTI sales process was advanced with support from financial and other advisors.
Remain operationally efficient yet flexible to meet requirements from Finance	Continued use of consulting firms with suitable expertise and bench strength given uneven work requirements; remained in compliance with travel directive; retained funds to ensure adequate resources available to satisfy mandate.
Operate CHHC efficiently and to maximize value, given limited 8.5% ownership leverage	Given 6 week shutdown in 2018 and lower than expected production, production is 7% lower than plan; net income is $76 million, ($75 million in 2017).
Management of Canada GEN	Company dissolved as recommended in prior year plan.
Management of Canada CEI and its liabilities	CEI continues to oversee Cameco's management of the site restoration activities and budget estimates; some delays in transfers of properties are noted with expected CNSC hearings in 2019.
Undertaking activities as requested, given our capabilities.	In 2018 we undertook due diligence efforts to evaluate Kinder Morgan request for support; undertook same for TMC acquisition, managed required processes to complete acquisition including financing, implemented processes to monitor strategic activity and integration as a Crown corporation; preparation of 2018 financial report and related analyses;
Risk Management	Continued to evaluate, manage and mitigate risks identified in all operations.

For more discussion of the activities of CDEV please see the 2018 annual report of CDEV.

5.0 CDEV - OBJECTIVES AND STRATEGIES FOR THE PERIOD 2019 TO 2023

Our main objectives are to manage the interests of the government assigned to us, in a commercial manner. These are the main areas of focus for 2019 and beyond:

- Oversee, monitor and provide strategic support of the Trans Mountain Corporation. As per TMC's Corporate Plan (Appendix B) TMC's main objectives for 2019 are:
    - Continue to operate the existing TMPL and Puget systems safely and efficiently.
    - Fill all remaining organizational gaps and fully terminate the Transition Services Agreement with Kinder Morgan.
- For TMP Finance to provide financing to TMC for its operating and financing requirements
- Manage our working interest in the Hibernia oil field through our subsidiary CHHC in a commercially prudent manner.
- Continue to keep CHHC in a state of preparedness for a potential sale.
- Manage the sales process of RTI launched in November 2018, with a potential completion in 2019.
- Manage our operations to maintain our ability to perform all tasks given to us in an efficient manner. This involves keeping employees and management trained and engaged in relevant issues, maintaining contacts with potential advisors, and maintaining suitable levels of cash to fund contingencies and new projects.

5.1 Trans Mountain Corporation

TMC operates a 300,000 barrel per day pipeline between Edmonton AB to the Pacific Ocean with related tank storage facilities primarily in Edmonton, AB, and Burnaby, BC. The pipeline can ship different types of products from heavy crude to gasoline. In 2019 TMC is also focused on accelerating the replacements of services that are provided by Kinder Morgan and filling out staffing positions as it completes its transition from a subsidiary of a US publically-listed entity to that of a Crown corporation. It is focused on efficiently and profitably operating its pipeline in a manner that supports its Environmental, Health and Safety program. Its regulated transportation service revenue is driven by the tolls approved by the NEB and its forecast volume throughput. TMC will also continue some administrative activities related to TMEP including the preparation of a new cost estimate and schedule.

5.2 Canada TMP Finance Ltd.

TMP Finance will continue to borrow from the Canada Account administered by EDC. If so determined by the government it will receive capital injections as required to fund the capital expenditure requirements of TMC. It will fund TMC in a ratio of 55% Debt/ 45% Equity. Given that TMP Finance borrows 100% of its financial requirements (at 4.7% interest) but only lends 55% of this to TMC (at 5.0% interest) it has an operating cash flow deficiency. To fund this deficiency, it will borrow to remain in a positive cash position. If TMP Finance receives 45% of its funding requirements in some form of equity, it will have a relatively neutral cash flow position. If TMP continues to be 100% debt financed, it will require to draw on its Construction Facility to fund some of the interest expenses on the Acquisition and Construction Facilities. TMP Finance is requesting an extension to the maturity of the Construction Facility beyond August 2019.

5.3 Canada Hibernia Holding Corporation

Please see the attached Appendix C for detailed information on the objectives and strategies of CHHC. CDEV assists CHHC, as necessary, regarding activities that might be required to ensure that the investment in the Hibernia project is ready when a divestiture decision is made. At a high level, we note that planned CHHC 2019 sales volume of 3.13 million barrels is higher than 2018 forecast of 2.97 million barrels due to lower production levels in 2018 which had a scheduled 40-day production shutdown at Hibernia. CHHC's share of production in Plan 2019 will be 8,580 barrels per day compared to 2018 production of 8,200 barrels per day, a 5% increase.

CHHC 2019 Plan net income is $81 million, higher than the 2018 forecast net income of $76 million. Dividends from CHHC are expected to be $63 million in 2019 compared to $108 million forecast in 2017. The decrease in 2019 dividends from 2018 is due to the $20 million decrease in cash held in 2018 and $20 million increase in capital expenditures in 2019.

5.4 Canada Eldor Inc.

Pursuant to the Purchase and Sale Agreement, CEI has mine site restoration liabilities related to a decommissioned uranium mine of Eldorado Nuclear in northern Saskatchewan and costs related to post-employment benefits of former employees. CEI is also a defendant in a class action lawsuit going back several years in the Deloro township of Ontario.

CEI will continue to pay Cameco to undertake mine site restoration activities, pay regulatory fees and pay benefits to retired employees. Cameco is paid a 15% management fee. The 2019 projected costs are $2 million and $10 million for the entire plan period 2019 to 2023. CEI has $18 million in assets to pay for these expected costs.

Status of Overall Project and Outstanding Issues

The CNSC approved a license renewal for the mine properties in 2013 for a period of ten years to 2023. It is expected that by the end of the license term, all 65 individual properties will be transferred to the Institutional Control ("IC") programme of the Government of Saskatchewan. We expect that the CNSC will hold a hearing in 2019 to approve the transfer of several properties to IC and allow for a plan for the transfer of other properties in the license term.

5.5 RTI Sales Role

In November 2018 CDEV launched a sale process through its financial advisor, Macquarie Capital Markets Canada Ltd. It is anticipated that a sale may close in 2019.

5.6 Borrowing Plan

Total borrowing in 2019:

Acquisition Loan Facility	$4.67 billion
Construction Loan Facility	$0.7 billion
NEB Facility	$ nil ($500 million available to help satisfy the NEB's statutory financial requirements)

The maturity of all facilities extended to August 2023.

Lease Transactions - CDEV seeks the Minister of Finance's approval for leasing activity of $12 million for a maximum term of 7 years by TMC.

5.7 Risks and Risk Mitigation Summary

We and our subsidiaries are subject to a number of risks. Those risks related to TMC and CHHC are detailed in their respective Corporate Plans (see Appendix B and C).

TMP Finance has significant financial risk including a deficiency between its interest income from TMC and its interest expense to the Canada Account. This is primarily due to the 100% debt financed acquisition of TMC where a significant portion of the acquisition is for assets under development and not generating cash flow. It also has borrowing authority that is less than the expected total financial requirements of the entire TMEP project.

CEI is subject to considerable liabilities with no ability to raise additional funds. We rely on the expertise of Cameco to manage and budget for the site restoration activities. A significant mitigant for future risks is through the transfer of properties to Institutional Control where monitoring costs are reduced significantly. However, these transfers do not fully remove CEI liability for future environmental impacts and related financial costs.

6.0 FINANCIAL SECTION

6.1 Financial Overview for 2018

Consolidated profit is forecast for 2018 at $23 million which is comprised of CHHC's income of $76 million, TMC's operating income of $29 million (net of IFRS adjustments) less TMP's loss of $32 million and less costs to operate CDEV. Dividends paid to the government (please see Schedules 2 or 3 below) are forecast in 2018 at $118 million, compared to Plan of $41 million.

See the Appendix for the pro-forma financial projections (December year-end) (On the following Schedules, numbers may not add due to rounding):

Schedule 1 - Consolidated Statements of Financial Position
Schedule 2 - Consolidated Statements of Cash Flows
Schedule 3 - Consolidated Statements of Changes in Shareholder's Equity
Schedule 4 - Consolidated Statements of Comprehensive Income

Key assumptions for the above schedules are outlined below in Section 6.3.

6.2 Quarterly Financial Reporting

We issue Quarterly Financial Statements which are posted in both English and French on our website (www.cdev.gc.ca) within 60 days of a quarter end.

6.3 Commentary, Highlights and Key Assumptions in Financial Projections

6.3.1 Financial Summary in the Plan Period

Condensed operations and cash flow of CDEV (2018 – 2023):

$ Million (per IFRS)	**2018 F**	**2019 P**	**2020 P**	**2021 P**	**2022 P**	**2023 P**
CHHC Oil Sales (M bbl)	3.0	3.1	3.1	2.5	2.5	2.7
Price per bbl (C$)	*94*	*89*	*89*	*91*	*94*	*97*
Net Crude Revenue	179	189	197	158	179	189
CHHC Operating Cash Flow	118	107	138	96	115	122
Investing activities	(32)	(64)	(53)	(55)	(81)	(71)
CHHC Dividend to CDEV	108	63	84	40	35	50
TMP Finance (net loss)**	(45)	(138)	(100)	(130)	(145)	(149)
TMC Operating Cash Flow before changes in Working Capital items*	19	78	113	80	93	(115)
TMC Continued Op. Capital Expenditure	(7)	(56)	(38)	(35)	(36)	(38)
TMEP Cash Capital Expenditures**	(188)	(399)	(28)	(29)	(29)	0
Dividends to Government ***	118	58	78	34	29	44

* There are large adjustments for non-cash working capital items due the refunding of dock premiums that are current and non-current but not truly operational in nature.
** There are existing expenditures on the TMEP that continue to be incurred to maintain the project in a state of readiness, and to avoid extraordinary costs if the project was fully stopped and later restarted, including the payment of contractors and pipe orders already committed. Includes capitalized interest on incurred construction costs.
*** The dividends indicated above are based on CHHC dividends paid to CDEV in the CHHC Plan. Actual dividends paid will depend on the cash generated by CHHC.

CHHC Revenue Projections

CHHC has a single revenue source, crude oil sales. As shown above, CHHC earnings and ultimately CDEV net income and dividends to the government, are driven by CHHC's crude oil sales volume and crude oil prices. Sales volume is expected to drop after 2020 due to natural field production declines. Crude oil prices will vary but there are no reliable means to predict oil prices in the long term as the forward market is not fluid.

Loans Payable to Canada Account

In 2018 TMP Finance entered into a loan agreement with EDC to fund the TMC acquisition and to fund construction costs through a $1 billion loan facility for one year to August 2019. An extension to the Construction Loan Facility limit to 2023 is requested through the approved 2019 corporate plan.

6.3.2 Assumptions for the Plan Period

This Corporate Plan is based on the following assumptions:

Canada Development Investment Corporation (non-consolidated)

1) Operating Costs - Financial projections assume management and the Board continue to closely manage costs. Administration costs (salary, benefits and other) are approximately $2.5 million annually throughout the planning period which is similar to 2018 forecast costs.

2) Professional fees incurred by CDEV, TMP Finance and CEI are expected to be approximately $6 million in 2019. In 2019 the main costs will involve the RTI sales process including legal and financial advisory costs.

3) Foreign Exchange Rate –CAD$ 1.27 per USD for CDEV and all of its subsidiaries.

Canada Hibernia Holding Corporation

4) Operating Revenues and Costs – CHHC's revenues and costs are discussed in detail in Appendix C.

Canada Eldor Inc.

5) CEI has minimal operating expenses as Cameco is responsible for managing the site restoration. Estimates for its fees are already occurred in the site restoration estimate. The $9 million in site restoration costs are expected to be spent in the plan period and no changes to the provisions are expected at this time. Most of the costs are incurred when properties are transferred to Institutional Control Program and for long-term monitoring and regulator fees, expected in 2022 or 2023. No settlement payments are assumed for the lawsuit which CEI is defending.

6) Interest is accrued on CEI's funds on deposit in the CRF at a rate equal to 90% of the government's 90-day Treasury Bill rate. Provisions for Site Restoration are adjusted for inflation at 2% and discounted at the 3-5yr Treasury Bill rate.

Canada TMP Finance Ltd.

7) The loans negotiated with EDC have an interest rate of 4.7% per annum and have commitment fees of 0.065% for undrawn amounts. Loans receivable from TMC earn interest at 5.0%. The NEB Facility will be repaid and replaced with an undrawn committed credit facility between TMP ULC and EDC. The commitment fee on the $500 million NEB Facility is 0.30%.

Trans Mountain Corporation

8) In the financial statements included in the Plan, we assume that the operating results of the existing pipeline continue in a steady state manner with revenues earned based on a toll approved by the NEB and operating costs incurred based on operating and maintaining the 300,000 barrels per day Trans Mountain pipeline in an efficient manner recognizing the need to comply with its Environmental, Health and Safety program and any requirements of its regulator the National Energy Board. TMC continues to adjust its operations incurring costs related to standing up its IT and other operations independently of its prior owner Kinder Morgan. To ensure that TMC has comparative financial information to its prior operation and to its peer group, TMC prepares its financial statements under USGAAP regulated entities framework. CDEV needs to reflect TMC's financial information under IFRS for consolidation into the government accounts. We present the income statement components in both USGAAP and IFRS below with the adjusting entries.

TMC $MM	**2019**	**2020**	**2021**	**2022**	**2023**
EBITDA – USGAAP	184	204	204	184	203
TRV Revenue Adjustment	(21)	37			0
Collection of funds to be used in construction	29	29	29	29	0
EBITDA - IFRS	192	270	233	213	203

6.4 Capital Budget

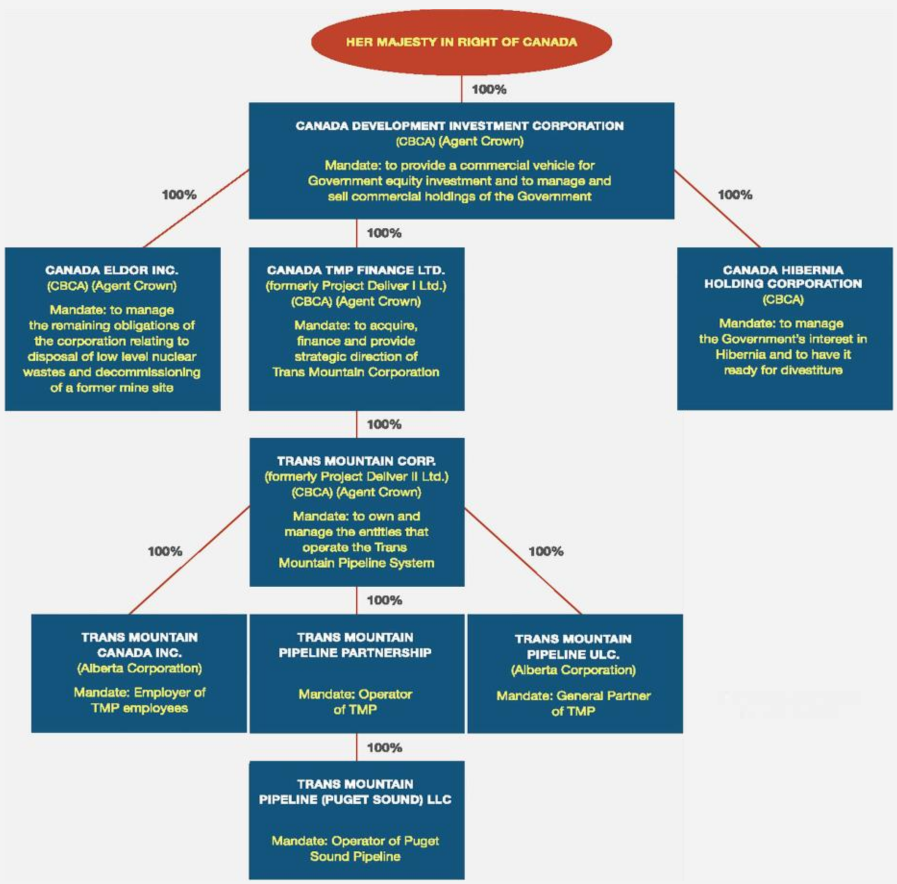
CDEV, CHHC and CEI do not require any capital funding of equipment or other acquisitions for the 2019 fiscal year. Please see the capital budgets for TMC and CHHC in the appendices for details. CDEV, and CEI are not involved in capital intensive activities.

TMC will undertake continued operations capital projects in 2019 focused on natural hazard mitigation and to preserve system integrity including replacing or armouring of watercourse crossings. It also plans to spend money on IT infrastructure and software.

Total capital expenditures are estimated at $455 million, including $399 million for TMEP.

Appendix A - 1

CANADA DEVELOPMENT INVESTMENT CORPORATION



TMP = Trans Mountain Pipeline System

Board of Directors

Stephen Swaffield, MBA [(2)]
Chair
Canada Development Investment Corporation
President
CarbEx Consulting Inc.
Whistler, British Columbia

Mary Ritchie, FCPA FCA [(1) (2)]
CEO
Richford Holdings Ltd.
Edmonton, Alberta

Darlene Halwas, CFA, ICD.D [(1) (3)]
Director
Calgary, Alberta

Sandra Rosch, MBA [(2) (3)]
Executive Vice President and Director
Labrador Iron Ore Royalty Corporation
Toronto, Ontario

Jennifer Reynolds, MBA [(1) (3)]
President and CEO
Toronto Financial International
Toronto, Ontario

CDEV has three committees of the Board
(1) Audit Committee
(2) Nominating and Governance Committee
(3) Human Resources and Compensation Committee

CDEV Officers

Michael Carter
Executive Vice-President and most senior executive

Andrew Stafl, CPA CA, MBA
Vice-President, Finance

Zoltan Ambrus, CFA, LL.B, MBA
Vice-President

Noreen Flaherty, BA, LLB
Corporate Secretary

Appendix A-2 CDEV Consolidated Pro-Forma Financial Statements 2017 - 2023

Schedule 1 - Proforma Consolidated Statements of Financial Position

$ millions (Dec 31)

	2017 Actual	2018 Plan	2018 Forecast	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Assets								
Currents assets:								
Cash and cash equivalents	206.5	201.0	219.9	56.8	278.9	230.2	128.8	(217.3)
Restricted cash	-	-	51.0	51.0	51.0	51.0	51.0	51.0
Accounts receivable	22.2	37.3	117.4	129.8	99.5	99.5	100.5	84.5
Income taxes recoverable	1.9	1.3	-	-	-	-	-	-
Inventory	4.3	2.5	4.3	4.3	4.3	4.3	4.3	4.3
Prepaid expenses	0.3	0.3	14.3	11.3	11.3	11.3	15.3	15.3
Investments held for future obligations	3.3	1.8	2.0	2.0	1.7	1.2	3.4	0.4
	238.4	**244.1**	**408.8**	**255.1**	**446.6**	**397.4**	**303.1 -**	**61.9**
Non current assets:								
Property and equipment	197.6	177.9	4,886.8	5,237.1	5,196.2	5,163.8	5,159.0	5,112.6
Goodwill	-	-	1,097.0	1,097.0	1,097.0	1,097.0	1,097.0	1,097.0
Abandonment and risk fund	123.0	136.9	136.7	151.3	154.2	157.3	160.3	163.4
Deferred amounts and other assets	-	-	62.0	158.0	6.0	4.0	3.0	2.0
Restricted investments	14.2	14.2	65.5	94.2	110.2	127.2	144.2	170.2
Deferred tax asset	16.1	16.6	19.5	23.2	27.1	27.3	24.4	20.6
Investments held for future obligations	13.6	15.2	10.0	10.3	5.8	6.5	4.5	2.6
	364.5	**360.8**	**6,277.5**	**6,771.1**	**6,596.5**	**6,582.9**	**6,592.4**	**6,568.4**
	602.9	**604.8**	**6,686.3**	**7,026.2**	**7,043.0**	**6,980.3**	**6,895.5**	**6,506.5**
Liabilities and Shareholder's Equity								
Current liabilities								
Accounts payable and accrued liabilities	16.2	21.6	139.5	140.8	166.4	157.5	123.6	250.7
Other current liabilities	-	-	125.0	80.0	73.0	73.0	72.0	1.0
Income tax payable	-	-	1.3	3.4	3.5	3.5	3.5	3.5
Current portion defined benefit obligation	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Current portion of site restoration	3.1	1.6	1.9	1.9	1.6	1.1	3.2	0.3
	19.4	**23.3**	**267.8**	**226.2**	**244.6**	**235.3**	**202.5**	**255.6**
Long term liabilities								
Loan payable			4,916.0	5,397.0	5,496.0	5,554.0	5,577.0	5,451.0
Deferred income taxes	-	-	613.0	609.0	583.0	554.0	557.0	323.0
Provision for decommissioning obligation	133.4	130.2	462.0	473.2	484.5	496.1	507.8	519.7
Defined benefit obligation	1.5	1.5	65.5	65.4	65.3	65.2	64.1	64.0
Provision for site restoration	9.0	7.4	7.5	5.8	4.4	3.4	0.3	-
Lease liability	-	-	-	0.7	0.6	0.4	0.3	0.1
Other deferred costs	-	-	11.0	26.0	42.0	58.0	75.0	101.0
	143.9	**139.1**	**6,075.0**	**6,577.1**	**6,675.8**	**6,731.1**	**6,781.4**	**6,458.8**
Shareholder's Equity								
Share capital	-	-	-	-	-	-	-	-
Contributed surplus	603.3	603.3	603.3	603.3	603.3	603.3	603.3	603.3
Accumulated deficit	(163.8)	(160.9)	(258.8)	(379.5)	(479.6)	(588.3)	(690.6)	(810.2)
Accumulated other comprehensive loss	-	-	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
	439.5	**442.4**	**343.5**	**222.8**	**122.7**	**14.0**	**(88.3)**	**(207.9)**
	602.9	**604.8**	**6,686.3**	**7,026.2**	**7,043.0**	**6,980.3**	**6,895.6**	**6,506.6**

Note - see Appendices B and C for TMC and CHHC Financial Statement. 2023 cash level is negative after assuming credit facilities are not available.

Schedule 2 - Proforma Consolidated Statements of Cashflow

$ millions (Dec 31)

	2017 Actual	2018 Plan	2018 Forecast	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Cash provided by (used in):								
Operating activities:								
Profit for the year	**67.9**	**39.6**	**22.0**	**(63.6)**	**(22.0)**	**(74.7)**	**(73.3)**	**(75.6)**
Adjustments for								
Depletion and depreciation	50.7	46.7	79.8	154.9	158.8	152.9	151.9	156.1
Income tax expense	28.4	19.4	31.1	33.4	34.5	25.1	31.8	32.7
Defined benefits paid in excess of expenses	(0.1)	(0.1)	0.1	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Interest income	(3.2)	(0.3)	(4.4)	(4.8)	(4.5)	(4.5)	(4.6)	(4.6)
Unwind of discount	2.9	3.2	6.1	11.2	11.4	11.5	11.7	11.9
Change in provision for site restoration	1.5	(2.4)	(2.8)	(1.7)	(1.7)	(1.5)	(1.0)	(3.2)
Deferred income taxes	-	-	(8.0)	(4.0)	(26.0)	(28.0)	5.0	(234.0)
Interest received	3.0	-	4.2	4.5	4.3	4.4	4.4	4.5
Provisions settled	(5.1)	(2.8)	(2.5)	(3.7)	(1.1)	-	-	-
Income taxes paid	(46.6)	(18.9)	(31.4)	(35.0)	(38.3)	(25.2)	(28.9)	(28.9)
	99.5	84.5	94.1	91.1	115.1	59.8	96.9	(141.2)
Change in non-cash working capital	9.1	(7.2)	(110.0)	(138.1)	220.7	8.0	(26.1)	101.0
	108.6	**77.3**	**(15.9)**	**(47.0)**	**335.8**	**67.8**	**70.8**	**(40.2)**
Financing activities:								
Dividends paid	(91.0)	(41.0)	(118.0)	(58.0)	(78.0)	(34.0)	(29.0)	(44.0)
Repayment of debt	-	-	(559.0)	-	-	-	-	-
Loan payable	-	-	4,916.0	481.0	99.0	58.0	24.0	(126.0)
	(91.0)	**(41.0)**	**4,239.0**	**423.0**	**21.0**	**24.0**	**(5.0)**	**(170.0)**
Investing:								
Purchase of property and equipment	(23.2)	(25.6)	(219.0)	(499.6)	(120.7)	(120.6)	(147.1)	(110.7)
Acquisition, net of cash acquired	-	-	(3,925.0)	-	-	-	-	-
Contributions to trusts	-	-	(8.0)	(16.0)	(16.0)	(17.0)	(17.0)	(27.0)
Withdrawal from CRF	-	-	5.0	-	5.0	-	-	5.0
Decrease in cash and cash equivalents held in escrow	-	-	5.7	(12.7)	-	-	-	-
Cash and cash equivalents held in abandonment & risk fund	(7.9)	(13.9)	(13.6)	(14.6)	(2.9)	(3.0)	(3.1)	(3.1)
Change in non-cash working capital	-	-	(3.8)	3.8	0.0	-	-	-
	(31.1)	**(39.5)**	**(4,158.7)**	**(539.2)**	**(134.6)**	**(140.6)**	**(167.2)**	**(135.9)**
Increase (decrease) in cash & cash equivalents	(13.5)	(3.2)	64.4	(163.2)	222.2	(48.7)	(101.4)	(346.1)
				-	-			
Cash and cash equivalents, beginning of year	219.9	204.1	206.5	270.9	107.7	329.9	281.2	179.8
Cash and cash equivalents, end of year	**206.5**	**201.0**	**270.9**	**107.7**	**329.9**	**281.2**	**179.8**	**(166.3)**

Schedule 3 - Proforma Consolidated Statements of Changes in Shareholder's Equity

$ millions (Dec 31)

	2017 Actual	2018 Plan	2018 Forecast	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Share Capital								
Balance, beginning and end of year	-	-	-	-	-	-	-	-
Contributed Surplus								
Balance, beginning and end of year	**603.3**	**603.3**	**603.3**	**603.3**	**603.3**	**603.3**	**603.3**	**603.3**
Retained Earnings (Accumulated deficit)								
Balance, beginning of year	(140.7)	(159.5)	(163.8)	(258.8)	(379.5)	(479.6)	(588.3)	(690.6)
Profit	67.9	39.6	23.0	(62.7)	(22.1)	(74.7)	(73.3)	(75.6)
Dividends paid	(91.0)	(41.0)	(118.0)	(58.0)	(78.0)	(34.0)	(29.0)	(44.0)
Balance, end of year	**(163.8)**	**(160.9)**	**(258.8)**	**(379.5)**	**(479.6)**	**(588.3)**	**(690.6)**	**(810.2)**
Accumulated other comprehensive income								
Balance, beginning of year	-	-	-	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Currency translation adjustment	-	-	(1.0)	-	-	-	-	-
Balance, end of year	**-**	**-**	**(1.0)**	**(1.0)**	**(1.0)**	**(1.0)**	**(1.0)**	**(1.0)**
Total Shareholder's equity	**439.5**	**442.4**	**343.5**	**222.8**	**122.7**	**14.0**	**(88.3)**	**(207.9)**

Schedule 4 - Proforma Consolidated Statements of Comprehensive Income

$ millions (Dec 31)

	2017 Actual	2018 Plan	2018 Forecast	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Revenue								
Net crude oil revenue	183.2	143.1	179.4	189.0	197.3	157.9	178.5	189.2
Transportation revenue	-	-	119.0	353.0	410.0	381.0	393.0	373.0
Lease revenue	-	-	19.0	56.0	56.0	54.0	49.0	49.0
Foreign exchange gain	2.2	-	-	-	-	-	-	-
Other income	-	-	1.0	2.0	1.0	1.0	1.0	1.0
Interest income	3.2	6.7	9.2	13.7	14.4	14.5	14.5	(165.4)
	188.6	149.8	327.6	614.7	678.8	608.3	636.1	446.7
Expenses								
Depletion and depreciation	50.7	46.7	79.8	154.9	158.8	152.9	151.9	156.1
Production and operating expenses	21.7	27.6	27.5	27.3	32.9	33.7	30.9	34.4
Pipeline operating costs	-	-	45.0	113.0	93.0	96.0	119.0	105.0
Professional fees	5.3	8.6	8.8	7.3	6.4	6.2	6.5	6.8
Foreign exchange loss (gain)	4.2	-	(0.2)	-	-	-	-	-
Salaries and benefits	4.9	3.5	16.9	69.9	66.9	69.0	72.1	74.2
Change in estimates of provision for site restoration	1.4	-	(0.1)	-	-	-	-	-
Other expenses	1.1	1.1	5.1	7.9	8.9	8.9	8.9	10.0
	89.3	87.5	182.8	380.3	367.0	366.7	389.3	386.5
Finance costs								
Interest expense, net of capitalized debt financing costs	-	-	81.5	241.4	256.0	259.7	261.6	80.2
Unwind of discount on decommissioning obligations	2.8	3.2	3.1	3.2	3.4	3.5	3.7	3.9
Unwind of discount on provision for site restoration	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1
	2.9	3.3	84.7	244.7	259.5	263.3	265.4	84.1
Profit before income taxes	**96.4**	**59.0**	**60.2**	**(10.3)**	**52.3**	**(21.7)**	**(18.6)**	**(23.9)**
Income taxes								
Current	31.1	22.0	40.6	56.1	78.3	53.3	51.9	47.9
Deferred	(2.6)	(2.6)	(3.4)	(3.7)	(3.9)	(0.2)	2.9	3.8
	28.4	19.4	37.1	52.4	74.5	53.1	54.8	51.7
Profit	**67.9**	**39.6**	**23.0**	**(62.7)**	**(22.1)**	**(74.7)**	**(73.3)**	**(75.6)**
Other Comprehensive income								
Change in fair value of available-for-sale financial assets	-	-	(1.0)	-	-	-	-	-
			(1.0)	**-**	**-**	**-**	**-**	**-**
Profit and comprehensive income	**67.9**	**39.6**	**22.0**	**(62.7)**	**(22.1)**	**(74.7)**	**(73.3)**	**(75.6)**

ANNEX TO CDEV 2019 – 2023 CORPORATE PLAN

Should the Governor in Council direct the National Energy Board to issue a certificate in respect of the Trans Mountain Expansion Project under paragraph 54(1)(a) of the *National Energy Board Act*, the businesses, activities, and investments described in this supplement will be deemed to apply to Trans Mountain Corporation and its subsidiaries.

The preceding Core Plan for CDEV prepared separately assumes that the TMEP OIC is not issued and there is no ramp up in construction spending in 2019 or afterwards other than to pay for minor desk exercises, non-construction payments to contractors developing construction plans and the payment of committed purchases of pipe and equipment previously ordered. Please refer to Appendix B – TMC Corporate Plan Supplement for details regarding TMC.

Additional Authorities Requested in this Annex:

1. Increase to the Construction Credit Facility from $1 billion to $4 billion and extending the facility's maturity from August 2020 (requested in Core Plan) to August 2023 and approval to enter leases up to $60 million.

2. Approval of the revised Capital Budget enclosed for TMEP for 2019 to 2023.

3. Approval for TMC to undertake all necessary permitting, land acquisition and construction activities to execute the construction of TMEP as per the Certificate of Public Convenience and Necessity ("CPCN") expected to be issued if and when an OIC approving TMEP might be issued.

4. Approval for CDEV and Canada TMP Finance Limited to undertake activities related to fulfillment of TMEP as necessary.

Key Objectives

If a TMEP OIC is issued:

- TMC will finalize its cost estimate and schedule.
- TMC will initiate all permitting, land acquisition, contracting, sub-contracting and related construction activities in compliance with the NEB-issued CPCN that would be issued by the NEB. The CPCN provides TMC with the authority to undertake the above activities.
- TMC will draw on its funding agreement with TMP Finance to finance construction and related activities.

TMP Finance will:

- Execute a revised Construction Facility credit agreement of $4 billion, maturing in August 2023.
- Undertake any other activities necessary to help TMC execute the TMEP project.

- Continue discussions with government to attain financing for the full TMEP project period.

Trans Mountain Corporation

Please see the attached Appendix B - ANNEX for detailed information on the objectives and strategies of TMC. The capital expenditure for TMEP included in the attached pro-forma financial schedules are for illustrative purposes as a detailed cost estimate for TMEP has not been developed by TMC. A development schedule will be finalized first, and based on this schedule, a full project cost estimate and budget can be developed.

The cash-based capital expenditures for TMEP in 2019 are expected to be $1.3 billion. In Q1 and Q2 2019 expenditures are focused on activities that either continue to keep the project in a state of readiness including desk activities such as permit acquisition, project planning and budget development. In Q3 and Q4 2019, costs include construction activity such earthwork and foundations for pump stations, as well as clearing and grading on several pipeline construction spreads, preparation for Burnaby Mountain tunneling, and nearly two dozen horizontal directional drills under watercourses. We have included a contingency of $800 million above the estimated 2019 capital expenditures of $1.4 billion. This also allows TMC to make some construction commitments that extend beyond December 2019.

TMP Finance Limited

The long-term financing plan of Canada TMP Finance Ltd. is still under development with the government. In this Annex it is assumed that all financing from the government is in the form of loans from the Canada Account.

Risks and Risk Mitigation Summary

Undertaking a project the size of TMEP involves making significant commitments to secure the resources required for construction. TMC may undertake construction commitments in excess of its 2019 borrowing plan that are aligned with its corporate plan. By undertaking TMEP, CDEV undertakes significant risks such as financial repayment risk of the loans it has received as well as the commercial and financial risks of the TMEP development.

Financial Section

The main impacts on the 2019 financial results of TMC proceeding with the TMEP project are:

1. Increased borrowing by TMP Finance of $2.3 billion.

2. Increased capital expenditures by TMC of $0.9 billion plus contingencies and resulting higher Work in Process property, plant and equipment (“PPE”).

Capital Budget

The TMC capital budget for 2019 totals $1.3 billion assuming the OIC for TMEP is obtained which is $0.9 billion higher than under the status quo assumption without approval. The largest component is for pipe materials of $0.4 billion, followed by $0.2 billion for work on the Westridge dock expansion. We note that a revised cost estimate is still under development and these figures are preliminary.

Borrowing Plan under Annex

Total borrowing in 2019:

Acquisition Loan Facility	$4.67 billion
Construction Loan Facility	$2.3 billion *
NEB Facility	$ nil ($500 million available to help satisfy the NEB's statutory financial requirements)

The maturity of all facilities extended to August 2023.
* The Construction Facility Limit will increase to $4 billion in 2020.

To enter leasing agreements of up to $60 million.

Annex Appendix A -3 CDEV Consolidated Pro-Forma Financial Statements 2017 - 2023

Schedule 1 - Proforma Consolidated Statements of Financial Position

$ millions (Dec 31)

	2017 Actual	2018 Plan	2018 Forecast	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Assets								
Currents assets:								
Cash and cash equivalents	206.5	201.0	219.9	218.9	219.1	316.9	251.2	186.6
Restricted cash	-	-	51.0	51.0	51.0	51.0	51.0	51.0
Accounts receivable	22.2	37.3	117.4	129.8	99.5	99.5	100.5	224.5
Income taxes recoverable	1.9	1.3	-	-	-	-	-	-
Inventory	4.3	2.5	4.3	4.3	4.3	4.3	4.3	4.3
Prepaid expenses	0.3	0.3	14.3	11.3	11.3	11.3	17.3	17.3
Investments held for future obligations	3.3	1.8	2.0	2.0	1.7	1.2	3.4	0.4
	238.4	**244.1**	**408.8**	**417.2**	**386.8**	**484.1**	**427.5**	**483.9**
Non current assets:								
Property and equipment	197.6	177.9	4,886.8	6,292.1	7,977.2	10,485.8	11,589.0	11,303.6
Goodwill	-	-	1,097.0	1,097.0	1,097.0	1,097.0	1,097.0	1,097.0
Abandonment and risk fund	123.0	136.9	136.7	151.3	154.2	157.3	160.3	163.4
Deferred amounts and other assets	-	-	62.0	158.0	230.0	164.0	125.0	101.0
Restricted investments	14.2	14.2	65.5	94.2	110.2	127.2	144.2	169.2
Deferred tax asset	16.1	16.6	19.5	23.2	27.1	27.3	24.4	20.6
Investments held for future obligations	13.6	15.2	10.0	10.3	5.8	6.5	4.5	2.6
	364.5	**360.8**	**6,277.5**	**7,826.1**	**9,601.5**	**12,064.9**	**13,144.4**	**12,857.4**
	602.9	**604.9**	**6,686.3**	**8,243.3**	**9,988.3**	**12,549.1**	**13,571.9**	**13,341.3**
Liabilities and Shareholder's Equity								
Current liabilities								
Accounts payable and accrued liabilities	16.2	21.6	139.5	302.8	252.4	325.5	129.6	295.7
Other current liabilities	-	-	125.0	80.0	73.0	73.0	72.0	1.0
Income tax payable	-	-	1.3	3.4	3.5	3.5	3.5	3.5
Current portion defined benefit obligation	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Current portion of site restoration	3.1	1.6	1.9	1.9	1.6	1.1	3.2	0.3
	19.4	**23.3**	**267.8**	**388.2**	**330.6**	**403.3**	**208.5**	**300.6**
Long term liabilities								
Loan payable			4,916.0	6,457.0	8,389.0	11,062.0	12,470.0	11,602.0
Deferred income taxes	-	-	613.0	610.0	584.0	556.0	560.0	542.0
Provision for decommissioning obligation	133.4	130.2	462.0	473.2	484.5	496.1	507.8	519.7
Defined benefit obligation	1.5	1.5	65.5	65.4	65.3	65.2	64.1	64.0
Provision for site restoration	9.0	7.4	7.5	5.8	4.4	3.4	0.3	-
Lease liability	-	-	-	0.7	0.6	0.4	0.3	0.1
Other deferred costs	-	-	11.0	26.0	42.0	58.0	75.0	101.0
	143.9	**139.1**	**6,075.0**	**7,638.1**	**9,569.8**	**12,241.1**	**13,677.4**	**12,828.8**
Shareholder's Equity								
Share capital	-	-	-	-	-	-	-	-
Contributed surplus	603.3	603.3	603.3	603.3	603.3	603.3	603.3	603.3
Accumulated deficit	(163.8)	(160.9)	(258.8)	(385.4)	(514.4)	(697.6)	(916.3)	(390.5)
Accumulated other comprehensive loss	-	-	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
	439.5	**442.4**	**343.5**	**216.9**	**87.9**	**(95.3)**	**(314.0)**	**211.8**
	602.9	**604.8**	**6,686.3**	**8,243.3**	**9,988.2**	**12,549.0**	**13,571.8**	**13,341.3**

Schedule 2 - Proforma Consolidated Statements of Cashflow

$ millions (Dec 31)

	2017 Actual	2018 Plan	2018 Forecast	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Cash provided by (used in):								
Operating activities:								
Profit for the year	**67.9**	**39.6**	**22.0**	**(68.5)**	**(50.9)**	**(149.2)**	**(189.8)**	**569.9**
Adjustments for								
Depletion and depreciation	50.7	46.7	79.8	154.9	158.8	152.9	151.9	396.1
Income tax expense	28.4	19.4	31.1	33.4	34.5	25.1	31.8	32.7
Defined benefits paid in excess of expenses	(0.1)	(0.1)	0.1	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Interest income	(3.2)	(0.3)	(4.4)	(4.8)	(4.5)	(4.5)	(4.6)	(4.6)
Unwind of discount	2.9	3.2	6.1	11.2	11.4	11.5	11.7	11.9
Change in provision for site restoration	1.5	(2.4)	(2.8)	(1.7)	(1.7)	(1.5)	(1.0)	(3.2)
Deferred income taxes	-	-	(8.0)	(4.0)	(26.0)	(28.0)	5.0	(18.0)
Interest received	3.0	-	4.2	4.5	4.3	4.4	4.4	4.5
Provisions settled	(5.1)	(2.8)	(2.5)	(3.7)	(1.1)	-	-	-
Income taxes paid	(46.6)	(18.9)	(31.4)	(35.0)	(38.3)	(25.2)	(28.9)	(28.9)
	99.5	84.5	94.1	86.2	86.2	(14.6)	(19.6)	960.3
Change in non-cash working capital	9.1	(7.2)	(110.0)	(138.1)	(2.3)	73.0	10.9	123.0
	108.6	**77.3**	**(15.9)**	**(51.9)**	**83.9**	**58.4**	**(8.7)**	**1,083.3**
Financing activities:								
Dividends paid	(91.0)	(41.0)	(118.0)	(58.0)	(78.0)	(34.0)	(29.0)	(44.0)
Repayment of debt	-	-	(559.0)	-	-	-	-	-
Loan payable	-	-	4,916.0	1,541.0	1,932.0	2,673.0	1,408.0	(868.0)
	(91.0)	**(41.0)**	**4,239.0**	**1,483.0**	**1,854.0**	**2,639.0**	**1,379.0**	**(912.0)**
Investing:								
Purchase of property and equipment	(23.2)	(25.6)	(219.0)	(1,392.6)	(1,923.7)	(2,579.6)	(1,416.1)	(210.7)
Acquisition, net of cash acquired	-	-	(3,925.0)	-	-	-	-	-
Contributions to trusts	-	-	(8.0)	(16.0)	(16.0)	(17.0)	(17.0)	(27.0)
Withdrawal from CRF	-	-	5.0	-	5.0	-	-	5.0
Decrease in cash and cash equivalents held in escrow	-	-	5.7	(12.7)	-	-	-	-
Cash and cash equivalents held in abandonment & risk fund	(7.9)	(13.9)	(13.6)	(14.6)	(2.9)	(3.0)	(3.1)	(3.1)
Change in non-cash working capital	-	-	(3.8)	3.8	0.0	-	-	-
	(31.1)	**(39.5)**	**(4,158.7)**	**(1,432.2)**	**(1,937.6)**	**(2,599.6)**	**(1,436.2)**	**(235.9)**
Increase (decrease) in cash & cash equivalents	(13.5)	(3.2)	64.4	(1.1)	0.3	97.8	(65.8)	(64.6)
				-	-			
Cash and cash equivalents, beginning of year	219.9	204.1	206.5	270.9	269.8	270.1	368.0	302.1
Cash and cash equivalents, end of year	**206.5**	**201.0**	**270.9**	**269.8**	**270.1**	**368.0**	**302.1**	**237.6**

Schedule 3 - Proforma Consolidated Statements of Changes in Shareholder's Equity

$ millions (Dec 31)

	2017 Actual	2018 Plan	2018 Forecast	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Share Capital								
Balance, beginning and end of year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Contributed Surplus								
Balance, beginning and end of year	**603.3**	**603.3**	**603.3**	**603.3**	**603.3**	**603.3**	**603.3**	**603.3**
Retained Earnings (Accumulated deficit)								
Balance, beginning of year	(140.7)	(159.5)	(163.8)	(258.8)	(385.4)	(514.4)	(697.6)	(916.3)
Profit	67.9	39.6	23.0	(68.6)	(51.0)	(149.2)	(189.8)	569.9
Dividends paid	(91.0)	(41.0)	(118.0)	(58.0)	(78.0)	(34.0)	(29.0)	(44.0)
Balance, end of year	**(163.8)**	**(160.9)**	**(258.8)**	**(385.4)**	**(514.4)**	**(697.6)**	**(916.3)**	**(390.5)**
Accumulated other comprehensive income								
Balance, beginning of year	-	-	-	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Currency translation adjustment	-	-	(1.0)	-	-	-	-	-
Balance, end of year	**-**	**-**	**(1.0)**	**(1.0)**	**(1.0)**	**(1.0)**	**(1.0)**	**(1.0)**
Total Shareholder's equity	**439.5**	**442.4**	**343.5**	**216.9**	**87.9**	**(95.3)**	**(314.0)**	**211.8**

Schedule 4 - Proforma Consolidated Statements of Comprehensive Income

$ millions (Dec 31)

	2017 Actual	2018 Plan	2018 Forecast	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Revenue								
Net crude oil revenue	183.2	143.1	179.4	189.0	197.3	157.9	178.5	189.2
Transportation revenue	-	-	119.0	353.0	410.0	381.0	393.0	1,832.0
Lease revenue	-	-	19.0	56.0	56.0	54.0	49.0	49.0
Foreign exchange gain	2.2	-	-	-	-	-	-	-
Other income	-	-	1.0	2.0	1.0	1.0	1.0	1.0
Interest income	3.2	6.7	9.2	34.7	78.4	137.5	189.5	6.6
	188.6	149.8	327.6	634.7	742.8	731.3	811.1	2,077.7
Expenses								
Depletion and depreciation	50.7	46.7	79.8	154.9	158.8	152.9	151.9	396.1
Production and operating expenses	21.7	27.6	27.5	27.3	32.9	33.7	30.9	34.4
Pipeline operating costs	-	-	45.0	113.0	93.0	96.0	119.0	260.0
Professional fees	5.3	8.6	8.8	7.3	6.4	6.2	6.5	6.8
Foreign exchange loss (gain)	4.2	-	(0.2)	-	-	-	-	-
Salaries and benefits	4.9	3.5	16.9	69.9	66.9	69.0	72.1	101.2
Change in estimates of provision for site restoration	1.4	-	(0.1)	-	-	-	-	-
Other expenses	1.1	1.1	5.1	7.9	8.9	8.9	8.9	29.0
	89.3	87.5	182.8	380.3	367.0	366.7	389.3	827.5
Finance costs								
Interest expense	-	-	81.5	267.3	348.9	457.1	553.0	565.7
Unwind of discount on decommissioning obligations	2.8	3.2	3.1	3.2	3.4	3.5	3.7	3.9
Unwind of discount on provision for site restoration	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1
	2.9	3.3	84.7	270.6	352.4	460.7	556.8	569.7
Profit before income taxes	**96.4**	**59.0**	**60.2**	**(16.2)**	**23.4**	**(96.1)**	**(135.0)**	**680.6**
Income taxes								
Current	31.1	22.0	40.6	56.1	78.3	53.3	51.9	106.9
Deferred	(2.6)	(2.6)	(3.4)	(3.7)	(3.9)	(0.2)	2.9	3.8
	28.4	19.4	37.1	52.4	74.5	53.1	54.8	110.7
Profit	**67.9**	**39.6**	**23.0**	**(68.6)**	**(51.0)**	**(149.2)**	**(189.8)**	**569.9**
Other Comprehensive income								
Change in fair value of available-for-sale financial assets	-	-	(1.0)	-	-	-	-	-
			(1.0)	**-**	**-**	**-**	**-**	**-**
				-				
Profit and comprehensive income	**67.9**	**39.6**	**22.0**	**(68.6)**	**(51.0)**	**(149.2)**	**(189.8)**	**569.9**

Appendix A-4

Mandate Letter

Minister of Finance Ministre des Finances

Ottawa. Canada K1A OG5

AUG 2 7 2018 2018FIN476328

Mr. Stephen Swaffield
Chair
Canada Development Investment Corporation
1240 Bay Street, Suite 302
Toronto, ON M5R 2A7

Dear Mr Swaffield:

The Government of Canada is committed to making investments that create good, well-paying jobs that help strengthen and grow the middle class, help get Canada's natural resources to world markets and deliver economic benefits for all Canadians now, and for years to come. As a country, we must be able to develop our resources safely, while also respecting the rights of Indigenous peoples, protecting our environment, and safeguarding our oceans.

The Trans Mountain Expansion Project is a project that *is* in Canada's national interest. It will create economic benefits for all Canadians by providing Canadian oil with unprecedented access to foreign markets, diversifying our exports, ensuring a fair price for our natural resources, and employing thousands of Canadians in its construction. On May 29, 2018, the then Minister of Natural Resources Jim Carr and I announced that the Government of Canada had reached an agreement to purchase the entities holding the Trans Mountain Expansion Project and related pipeline and terminal assets (the "Trans Mountain Assets") for $4.5 billion. The Government took this action to ensure the Expansion Project gets built and enters into operation.

When we announced the purchase agreement, we told Canadians that it represents a fair price for Canadians and that the Trans Mountain Assets are a sound investment opportunity. The Canada Development Investment Corporation (CDEV) has been charged with responsibility for the purchase, oversight and eventual sale to the private sector of the Trans Mountain Assets and will play a key role in protecting Canada's investment and Canadian taxpayers.

As a Crown corporation, CDEV is accountable to the Government and must comply with Part X of the *Financial Administration Act* and other applicable statutes. CDEV reports to Parliament through the Minister of Finance, including through the submission of an annual corporate plan, operating and capital budget. *Open and Accountable Government* (2015) recognizes my role, as the responsible Minister for CDEV, in providing guidance to the Board on the corporation's objects and in conveying to the Board the Government's expectations concerning the corporation's public policy objectives.

In that context, it is my pleasure to provide you with this letter of expectations for the attention of the Board, the management of CDEV and the management of relevant CDEV subsidiaries. This statement is intended to assist CDEV as it prepares for three stages: the initial transaction to acquire the entities holding the Trans Mountain Assets; ownership of the existing assets and the development of the Expansion Project; and future divestiture of the Trans Mountain Assets or entities.

Throughout these three stages it is expected that CDEV will manage the Trans Mountain Assets in a commercial manner, particularly to ensure that Canada realizes a positive financial return on its investment. It is my expectation that CDEV will establish a Board of Directors, with my consultation, to oversee the Trans Mountain subsidiary. Collectively, the Board will have a deep and varied set of professional skills and experience suitable to oversee ownership of a significant energy asset and the construction of a major infrastructure project of national importance. In making appointments to the Board, CDEV should take into consideration Canada's gender, linguistic, cultural and regional diversity.

Acquisition

In preparation for this transaction, the Minister of International Trade and I have authorized, through Ministerial Authorizations, Export Development Canada to make funds available to the CDEV through the Canada Account. In addition, the Governor in Council has passed several orders authorizing CDEV or its subsidiaries to acquire shares and/or assets of the Trans Mountain entities and also to divest those shares and/or assets in the future.

Prior to acquisition, the Government expects CDEV to ensure that its governance and oversight structure is in place, and it is fully prepared to take on ownership of the Trans Mountain entities and particularly to exercise oversight of the development of the Expansion Project. The Government expects CDEV's corporate governance practices for the Trans Mountain entities to be informed by best practices in both the public and private sectors and to prevent conflicts of interest.

Ownership

We told Canadians that the development of the Trans Mountain Expansion Project will proceed in a manner that protects the public interest. There are three primary elements of protecting the public interest during the period that CDEV owns the Trans Mountain Assets.

The first is to pursue development of the Expansion Project in a commercial manner in order to protect the value of the Government's investment. The second is to ensure full compliance with applicable laws and rules, particularly environmental protection and worker health and safety requirements. The third is to operate in a manner consistent with Canada's commitment to advance reconciliation with Indigenous peoples, as outlined in the *Principles respecting the Government of Canada's relationship with Indigenous peoples*. This includes honouring all existing benefit agreements negotiated with Indigenous communities in relation to this project, and continuing Trans Mountain's commitment to providing employment and workforce development opportunities to Indigenous individuals and communities.

In keeping with its oversight role, CDEV should monitor the performance of the Trans Mountain Assets and transparently report plans and results as part of its annual reports to Parliament.

Divestiture

It is not the intention of the Government of Canada to be a long-term owner of the Trans Mountain Assets. The Government is of the view that, save for the exceptional non-business risks currently faced by the Expansion Project, the Trans Mountain Assets are commercial assets that should be owned and operated by a party other than the Government of Canada. At the same time, the Government is prepared to own the Trans Mountain Assets until the completion of the Expansion Project and beyond if that is necessary to protect the Government's investment.

The Government expects that CDEV will maintain readiness on an ongoing basis to divest the Trans Mountain Assets, taking into account the optimal timing for divestiture relative to project risks. CDEV should also consider ways for Indigenous groups to participate in the divestiture on commercial terms. Given the foregoing, the Government expects CDEV to ensure that the Trans Mountain Assets are in a state of readiness to be divested.

The Government has entrusted CDEV to acquire, operate, expand, and eventually divest a major national energy project. The Board of CDEV has my full confidence that you will meet the highest standard for good governance and carry out your duty of care in the best interests of Canada. I would ask that you keep me informed of progress on this critical initiative on an ongoing basis.

Sincerely,

The Honourable William Francis Morneau, P.C., M.P.

The Canada Development Investment Corporation (CDEV) 2019-2023 Corporate Plan was approved by the Treasury Board in June 2019. The TMC Corporate Plan was included in this Plan. At the time of Treasury Board's consideration of the corporate plan, the Governor In Council had not yet issued order in council P.C. 2019-0820, which authorized the approval of the Trans Mountain Expansion Project ("TMEP"). As a result, CDEV submitted two sections of its Corporate Plan: a "Core Plan," which provided information and projections based on the assumption of a continuation of the status quo (no approval to proceed with the TMEP), and an "Annex," which outlined how the corporation would proceed in the event of approval. The following Summary of the 2019-2023 Corporate Plan of TMC was prepared in accordance with section 125 of the Financial Administration Act (FAA), in order to provide information on the business activities and decisions of Crown corporations. Summaries of both TMC's Core Plan and Annex (or Supplement) have been submitted in order to accurately reflect the corporate plan that was approved by the Treasury Board. Information that may be commercially detrimental to CDEV's or TMC's operations have not been included within this Summary, pursuant to section 153(1) of the FAA.

TRANS MOUNTAIN CORPORATION

A wholly owned subsidiary of

Canada Development Investment Corporation

2019 to 2023 CORPORATE PLAN SUMMARY

and
2019 Capital Budget Summary

Contents

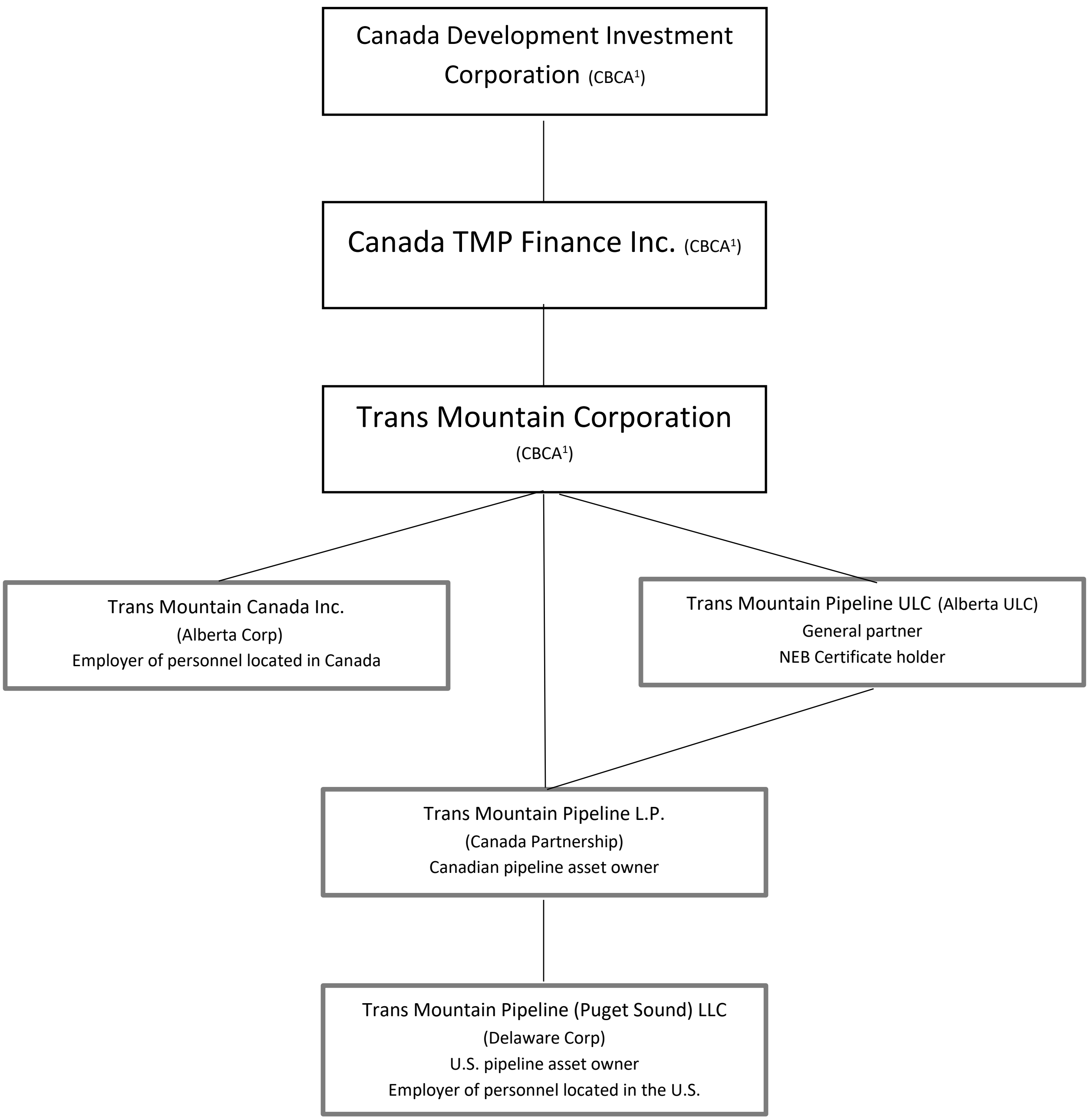
Corporate profile

Trans Mountain Corporation ("TMC") was created as a subsidiary of Canada TMP Finance Ltd. ("TMP Finance"). TMP Finance is a subsidiary of Canada Development Investment Corporation ("CDEV"). On August 31, 2018, in accordance with the Share and Unit Purchase Agreement ("SPA") between the Government of Canada and Kinder Morgan, TMC purchased four entities: Trans Mountain Pipeline Limited Partnership ("TMP LP") and its wholly owned subsidiary Trans Mountain Pipeline (Puget Sound) LLC ("Puget"), Trans Mountain Pipeline ULC ("TMP ULC"), and Trans Mountain Canada Inc. (formerly named Kinder Morgan Canada Inc.) ("TMCI"). Together these four entities are the "Trans Mountain Entities". These entities own and manage the Trans Mountain Pipeline System. The Trans Mountain Entities were purchased for cash consideration of $4.44 billion.

As part of the purchase of the Trans Mountain Entities, TMC also acquired certain rights, designs and construction contracts related to the expansion of the system known as the Trans Mountain Expansion Project ("TMEP").

The Purchase of the Trans Mountain Entities by TMC was financed with credit facilities from TMP Finance, who in turn entered into credit facilities drawn on the Canada Account.

The diagram below illustrates the TMC corporate structure.



1. Canada Business Corporations Act

Mandate

Trans Mountain Corporation's mandate is to own and operate the Trans Mountain Pipeline System and to complete the related expansion project in a timely and commercially viable manner.

TMC does not have a direct public policy role, other than to operate in compliance with applicable laws, rules and regulations and to ensure the business is managed in a commercial manner in accordance with environmental standards and expectations. TMC will complete the TMEP in alignment with the Government's energy policy and priority to provide international markets for Canadian producers.

TMC notes that there is no previous annual report for reference purposes since the operations of TMC were previously not a stand-alone entity but part of a larger Kinder Morgan organization.

In performing its mandate, TMC is committed to:

- Operating our assets safely to protect the public, our employees and the environment;
- Operating our assets in compliance with applicable legal requirements;
- Employing sustainable business practices;
- Conducting our business ethically, honestly, responsibly and with integrity;
- Cooperating with the communities we operate in, and building and sustaining productive relationships based on mutual respect and trust;
- Providing a respectful and rewarding work environment for our employees; and
- Working with Indigenous communities to manage impacts on traditional territories and provide economic opportunities where possible.

Mission: To safely and responsibly provide transportation services connecting Canadian energy supplies to world markets.

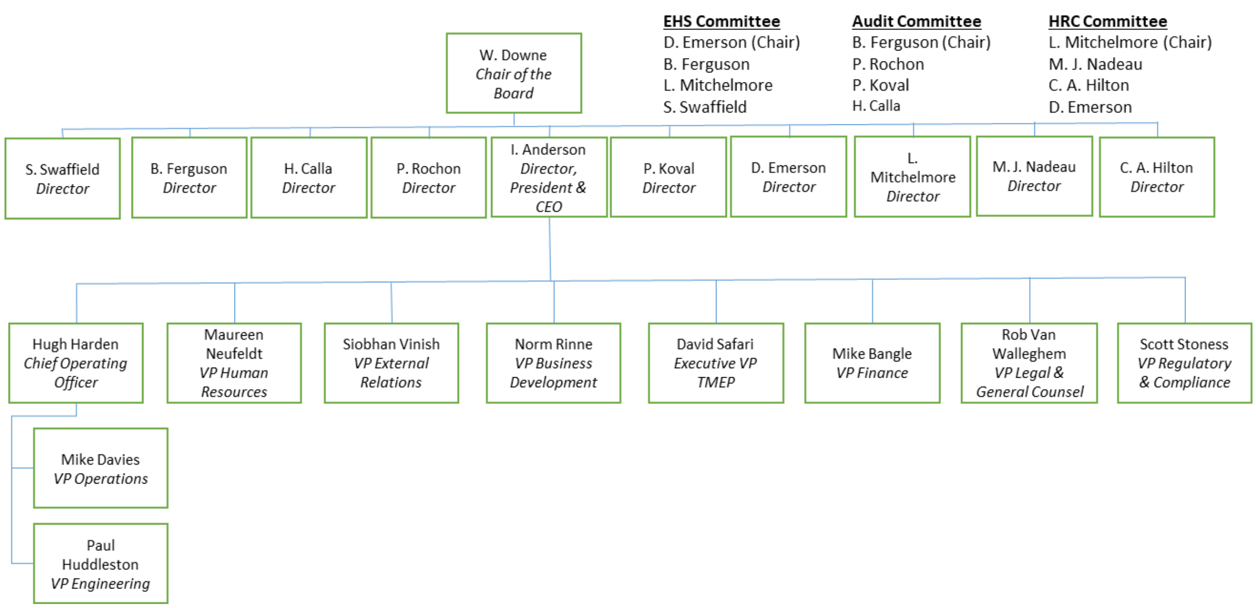
Vision: Bringing Canadian energy to the world.

Corporate Governance

TMC is managed by a Calgary-based team of experienced executives, led by the President & CEO, who in turn reports to the Board of Directors. The Board has broad authority for corporate governance and nominates several committees to oversee specialized areas. These include the HR and Compensation Committee, which monitors and approves executive compensation, the Audit Committee, which appoints the joint external auditors and has oversight over financial reporting and accounting matters, and the EHS Committee, which maintains oversight over environmental protection and health and safety matters.

Communication with CDEV is conducted through the Corporate Plan and Corporate Plan summary, annual and quarterly reporting, and ad hoc meetings as required. Senior management of CDEV work closely with the senior management of TMC on most strategic matters in support of the board of directors of TMC. CDEV in turn reports to Government through the Minister of Finance.

The composition of TMC's Board and Executive Management team is detailed as follows:



All TMC Board members were newly appointed in 2018, and, except for Ian Anderson, none were previously involved with the operations of the Trans Mountain Entities or the Kinder Morgan organization. Mr. Swaffield is also a member of the CDEV Board of Directors.

Business Overview

The Trans Mountain Pipeline System is comprised of the Trans Mountain Pipeline being the portion of the pipeline system located in Canada, and the Puget Sound Pipeline being the portion of the pipeline system located in the United States.

Trans Mountain Pipeline

TMP ULC is the general partner of TMP LP and holder of the Certificates of Public Convenience and Necessity issued by the National Energy Board ("NEB") for the operation of the Trans Mountain Pipeline. TMP LP owns the assets that comprise the Trans Mountain Pipeline. In operation since 1953, the Trans Mountain Pipeline ("TMPL") is approximately 1,150 kilometers long, beginning in Edmonton, Alberta and terminating in Burnaby, British Columbia. Twenty-three active electrically powered pump stations and four terminals located in Edmonton, Kamloops, Sumas and Burnaby, along with the Westridge Marine Terminal, facilitate movements on the system. The system includes tanks with a capacity of nearly 11 million barrels in total, mainly at Edmonton (8 million barrels) and Burnaby (1.7 million barrels). The remaining capacity is at Kamloops, Sumas, and the Westridge Marine Terminal. The approximately 8 million barrels at Edmonton is made up of 35 tanks, 20 of which (2.9 million barrels) are currently used to serve TMPL's pipeline transportation service, and 15 of which (5.1 million barrels) are leased to a third party. Under certain conditions, Trans Mountain has the ability to recall these tanks for use in its pipeline transportation service.

The nominal 300,000 bpd capacity of the pipeline has been determined based on a throughput mix of 20% heavy and 80% light commodities. Actual delivery capacity on the TMPL mainline is based on the type of commodities transported.

TMPL regularly ships multiple products, including refined petroleum, synthetic crude oil, light crude oil, and heavy crude oil, and is the only pipeline in North America that carries both refined products and crude oil together in the same line. This process, known as "batching," means that a series of products can follow one another through the pipeline in a "batch train." A typical batch train in the mainline is made up of a variety of materials being transported for different shippers. The transit time for a barrel between Edmonton and Burnaby is approximately 10 days.

As of today, TMPL remains the only pipeline that transports liquid petroleum from the Western Canadian Sedimentary Basin to the West Coast. It is also the only pipeline providing Canadian producers with direct access to world market pricing through a Canadian port.

TMPL is currently a common carrier pipeline that generates revenue through the collection of tolls for pipeline transportation service pursuant to a NEB approved Tariff. The Tariff rates charged are adjusted annually based on the determination of an annual revenue requirement and the application of an approved toll design. The parameters for the revenue requirement are negotiated with shippers and are laid out in a negotiated toll settlement agreement which has historically been based on a cost of service approach. The term for each toll settlement agreement has varied between one year and five years with the 2019 – 2021 Incentive Toll Settlement Agreement being a three-year term. Trans Mountain expects that it will continue to negotiate toll settlement agreements up to the commencement of service for the expanded pipeline system.

Puget Sound Pipeline

In operation since 1954, the Puget Sound Pipeline ("Puget") transports crude oil from the Canada-US border near the Sumas Terminal to Washington State refineries in Anacortes and Ferndale.

Puget is approximately 111 kilometers long, with one pump station and two tanks to facilitate movements on the pipeline system. The pipeline has total throughput capacity of approximately 240,000 bpd when transporting primarily light oil. The transit time for a barrel on Puget is approximately one day.

Puget is also a common carrier pipeline and is regulated by the Federal Energy Regulatory Commission ("FERC") for financial matters, and by the United Stated Department of Transportation ("USDOT") for the safety and integrity of its assets.

Trans Mountain Canada Inc.

Incorporated in 2002, TMCI employs the personnel that operate and maintain TMPL and provide certain support services and oversight to Puget. TMCI is headquartered in Calgary, Alberta.

Trans Mountain Expansion Project

The TMEP was proposed in response to customer and industry requests to provide increased capacity to transport crude oil to tidewater, for access to global markets.

The TMEP would constitute a twinning of the existing TMPL between Strathcona County (near Edmonton), Alberta and Burnaby, BC. It would create a pipeline system with nominal capacity of 890,000 barrels per day, a significant increase from the 300,000 barrel per day existing capacity.

Should the relevant regulatory approvals be received, the scope of the TMEP would include:

- Construction of 980 km of new 36" and 42" pipeline between Edmonton, AB and Burnaby, BC;
- Reactivation of 193 km of existing deactivated pipeline in 2 segments;
    - Hinton, AB to Hargreaves, BC (~150km);
    - Darfield to Black Pines, BC (~43km);
- 18 new tanks, recall of 2 tanks from merchant service; and
- 3 new tanker berths in Burnaby replacing the existing berth at the Westridge Marine Terminal.

On August 30, 2018, the Federal Court of Appeal ("FCA" or "Court") issued its Decision, the effect of which was to cancel the Order-In-Council which had approved a Certificate of Public Convenience and Necessity related to TMEP. The Court determined the Governor in Council must require the NEB to reconsider its recommendation and related conditions, within a timeframe specified by the Governor in Council. On Phase III consultation of Indigenous peoples, the Court determined that the Government of Canada must re-do its Phase III consultation, and that only after that consultation is completed and any accommodation made can the TMEP again be put before the Governor in Council for approval. As a result of and subsequent to the FCA Decision, TMEP construction activities were safely and responsibly shut down.

Trans Mountain Pipeline System

The configuration map provided below depicts the Trans Mountain Pipeline System after the completion of the TMEP.

Objectives and Plans

TMC's main objectives for the next 5 years include:

- Maintain safe and efficient operation of the Trans Mountain Pipeline System;
- Complete the separation from Kinder Morgan and establish TMC as a fully self-reliant organization in anticipation of a potential sale;
- If approved, complete the construction of TMEP in a safe, efficient and timely manner and place the completed assets into service;
- Investigate potential optimization and expansion opportunities for the Trans Mountain Pipeline System;
- Maintain an ethical, respectful reputation.

To achieve these objectives, TMC plans to:

- Maintain focus on safe operating procedures and continue to track and monitor performance on key environmental, health, and safety measures.
- Assess TMC's business requirements and available resources, identify gaps, and develop plans to address gaps within the Transition Service Agreement timeframe.
- Create and maintain the required organizational processes and controls to facilitate management of TMEP through construction and in-service should it be approved.
- Fully participate as required in the NEB reconsideration process and any additional consultation with stakeholders, where appropriate.
- Continue to develop detailed designs and construction plans and obtain applicable permits, to assist in construction readiness.
- Develop a final construction schedule and project cost estimate for TMEP to allow project management to monitor performance and execute against plan.
- Strictly adhere to a Code of Conduct that protects against unethical and inappropriate behaviors as an organization.

Risks

TMC is subject to risks on existing operations including but not limited to:

- Changes to laws or regulations
- Legal challenges to new or existing approvals and permits
- Attracting and retaining a suitably skilled workforce
- Demonstrations or protests that have operational impacts
- Reputational damage to TMC or its owner
- Competing pipeline proposals and operating cost escalation
- Major incident that impact the safety of the public, employees and the protection of the environment
- Environmental and natural hazard events that have operational impacts
- Foreign currency risk
- Information and data security
- Credit risk

TMC manages these risks through a combination of policies and procedures, operational monitoring and maintenance activities, insurance and other contractual arrangements, and consultation with internal and external experts.

Financial overview

As a pipeline crossing a provincial border, TMPL is subject to both economic and physical facility regulation by the NEB. To reflect the impact of this economic regulation on its TMPL business activities, TMC maintains its accounting records in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") as contained in the Financial Accounting Standards Board Accounting Standards Codification ("ASC") and incorporates the requirements of *Accounting Standards Codification Topic 980 – Regulated Operations ("ASC 980")*. As such, TMC recognizes certain revenues, expenses, regulatory assets and liabilities to reflect the economic effects of its regulator. Recognition of these items may differ from that otherwise expected under US GAAP applicable to non rate-regulated businesses. Of note, Allowance for Funds Used During Construction ("AFUDC") is an amount recognized by rate-regulated entities to reflect a return on the equity and debt components of capital invested in construction work in progress. AFUDC is calculated using regulator approved rates for debt and equity and capitalized to relevant construction projects with an offsetting amount recognized in earnings. Cash related to these amounts is recovered through future tolls once the relevant assets are fully constructed and put into service. TMC is taxable under a regulation of the *Income Tax Act*. Pro-forma financial statements are included in Appendix 1.

The pro-forma financial statements of TMC are adjusted to IFRS for the purpose of inclusion in the consolidated pro-forma financial statements of CDEV provided in its Corporate Plan Summary.

2018 Forecast

As part of the Share and Unit Purchase Agreement, a 2018 Work Plan was prepared to allow TMEP to continue to progress through to the close of the transaction. Over the period June-December 2018, the TMEP 2018 Work Plan anticipated spending on planning, construction, land, permitting and other costs with the bulk of TMEP spending focused on the lower mainland portion of the project. On August 30, 2018, at the time the of issuance of the FCA Decision, marine piling and foreshore work was underway at Westridge Marine Terminal as well as tree clearing along the pipeline right of way.

Subsequent to the release of the FCA decision and under Crown ownership for the final four months of 2018, TMC planned to progress work on the TMEP by safely and efficiently standing down construction activities where required, continuing permitting and design work where appropriate, and working to address the requirements raised in the FCA decision.

2019 Financial Plan and Capital Budget

In 2019, TMPL plans to transport approximately 294,000 bpd, with approximately 141,000 bpd or 48% moving on the Puget system into Washington State. Total revenues of $403 million are expected in 2019, with Adjusted EBITDA expected to total $184 million and Net Income expected to total $21 million.

On a cash basis, capital spending in 2019 is expected to total approximately $426 million, approximately $39 million of which is planned to address natural hazard mitigation and preserve system integrity.

Throughout 2019 the TMEP spend is at an assumed rate of approximately $30 million per month on the basis of the continued pursuit of the project. The remaining spend profile has not yet had the benefit of a full project cost re-estimate in accordance with a new project execution schedule. This is planned for completion in stages throughout 2019.

2020 through 2023

The operating assumptions of TMC are consistent through 2021 with few major variations expected.

Capital spending in the normal course of business (non-TMEP related) centers around risk mitigation and pipeline protection activities. The 2020 through 2023 forecasts were developed assuming similar activities continue through those periods.

Financing

TMC finances its operating expenses and maintenance capital spending from revenue generated by the Trans Mountain Pipeline System. TMEP expenditures as well as certain financing costs associated with the acquisition of the Trans Mountain Entities are financed by funding from its parent TMP Finance. Funding is provided as 55% debt at an interest rate of 5% with the remaining 45% provided as equity.

Appendix 1: Financial Statements

Trans Mountain Corporation
Proforma Consolidated Statements of Financial Position
December 31, 2018 to 2023
Cdn$ millions

	Continued Operations					
	2018 Forecast	**2019 Plan**	**2020 Plan**	**2021 Plan**	**2022 Plan**	**2023 Plan**
Assets						
Current Assets						
Cash and cash equivalents	44	(92)	128	79	(21)	(371)
Restricted cash	51	51	51	51	51	51
Accounts receivable	97	97	90	90	91	75
Other current assets	30	48	11	11	15	15
	222	**104**	**280**	**231**	**136**	**(230)**
Property, plant and equipment	4,633	5,028	4,949	4,869	4,791	4,714
Goodwill	969	969	969	969	969	969
Deferred amounts and other assets	62	158	6	4	3	2
Restricted investments	57	73	89	106	123	149
Total Assets	**5,943**	**6,332**	**6,293**	**6,180**	**6,023**	**5,604**
Liabilities and Equity						
Current Liabilities						
Accounts payable	126	125	159	150	115	242
Other current liabilities	125	80	73	73	72	1
	251	**205**	**232**	**223**	**187**	**243**
Loans from affiliates	2,703	2,974	3,042	3,112	3,185	3,185
Deferred income taxes	673	691	650	616	615	384
Regulatory liabilities	58	74	90	107	124	150
Retirement and post retirement benefits	64	64	64	64	63	63
Other deferred credits	3	2	2	1	1	1
Total Liabilities	**3,752**	**4,009**	**4,080**	**4,124**	**4,175**	**4,026**
Equity	2,191	2,322	2,213	2,056	1,848	1,579
Total Liabilities and Equity	**5,943**	**6,332**	**6,293**	**6,180**	**6,023**	**5,604**

Trans Mountain Corporation
Proforma Consolidated Statements of Equity
For the period from incorporation to December 31, 2018 and for the years ended December 31, 2019 to 2023
Cdn$ millions

	2018 Forecast	**2019 Plan**	**2020 Plan**	**2021 Plan**	**2022 Plan**	**2023 Plan**
Balance at beginning of period	-	2,191	2,322	2,213	2,056	1,848
Capital contributions	2,211	221	57	57	60	-
Dividends	(37)	(111)	(142)	(184)	(219)	(231)
Other comprehensive Income	(1)	-	-	-	-	-
Net income	18	21	(24)	(30)	(49)	(38)
Balance at end of period	**2,191**	**2,322**	**2,213**	**2,056**	**1,848**	**1,579**

Trans Mountain Corporation

Proforma Consolidated Statements of Income and Comprehensive Income

For the period from incorporation to December 31, 2018 and for the years ended December 31, 2019 to 2023

Cdn$ millions

	Continued Operations					
	2018 Stub Forecast	**2019 Plan**	**2020 Plan**	**2021 Plan**	**2022 Plan**	**2023 Plan**
Revenues						
Transportation revenue	124	345	344	352	364	373
Lease revenue	19	56	56	54	49	49
Other revenue	1	2	1	1	1	1
	144	**403**	**401**	**407**	**414**	**423**
Expenses						
Pipeline operating costs	45	113	93	96	119	105
Depreciation and amortization	37	109	114	116	115	116
Salaries and benefits	13	66	63	65	68	70
Taxes, other than income taxes	11	33	33	34	35	36
Administration	4	7	8	8	8	9
	110	**328**	**311**	**319**	**345**	**336**
Operating income	**34**	**75**	**90**	**88**	**69**	**87**
Equity AFUDC	23	76	1	1	1	1
Capitalized debt financing costs	15	(10)	1	(0)	(0)	-
Interest expense, gross	(47)	(113)	(124)	(130)	(136)	(140)
Tax recovery (expense)	(7)	(7)	8	11	17	14
Net income	**18**	**21**	**(24)**	**(30)**	**(49)**	**(38)**
Other comprehensive (loss) income						
Currency translation adjustment	(1)	-	-	-	-	-
Comprehensive income	**17**	**21**	**(24)**	**(30)**	**(49)**	**(38)**
Adjusted EBITDA	71	184	204	204	184	203

Trans Mountain Corporation
Proforma Consolidated Statements of Cash Flow
For the period from incorporation to December 31, 2018 and for the years ended December 31, 2019 to 2023
Cdn$ millions

	Continued Operations					
	2018 Stub Forecast	**2019 Plan**	**2020 Plan**	**2021 Plan**	**2022 Plan**	**2023 Plan**
Operating activities						
Net income (loss) for the year	18	21	(24)	(30)	(49)	(38)
Items not affecting cash						
Depreciation and amortization	37	109	114	116	115	116
Equity allowance for funds used during construction	(23)	(76)	(1)	(1)	(1)	(1)
Unrealized FX loss/(gain)	-	-	-	-	-	-
Deferred income taxes	4	17	(41)	(33)	(0)	(231)
Changes in non-cash working capital items	(129)	(146)	242	9	(25)	100
	(93)	**(75)**	**290**	**60**	**39**	**(54)**
Investing activities						
Acquisition, net of cash acquired	(3,925)	-	-	-	-	-
Capital expenditures	(197)	(426)	(38)	(35)	(36)	(38)
Contributions to trusts	(8)	(16)	(16)	(17)	(17)	(27)
	(4,130)	**(442)**	**(54)**	**(52)**	**(53)**	**(65)**
Financing activities						
Issuances of debt from affiliates	3,203	271	69	70	73	-
Repayments of debt	(1,059)	-	-	-	-	-
Capital contributions	2,211	221	57	57	60	-
Dividends paid	(37)	(111)	(142)	(184)	(219)	(231)
	4,318	**381**	**(16)**	**(56)**	**(86)**	**(231)**
Effects of FX translation on cash balances	-	-	-	-	-	-
Net increase (decrease) in Cash and Restricted cash	95	(136)	220	(48)	(100)	(350)
Cash and Restricted cash, beginning of period	-	95	(41)	179	130	30
Cash and Restricted cash, end of period	**95**	**(41)**	**179**	**130**	**30**	**(320)**
Cash, beginning of period	-	44	(92)	128	79	(21)
Restricted cash, beginning of period	-	51	51	51	51	51
Cash and Restricted cash, beginning of period	**-**	**95**	**(41)**	**179**	**130**	**30**
Cash, end of period	44	(92)	128	79	(21)	(371)
Restricted cash, end of period	51	51	51	51	51	51
Cash and Restricted cash, end of period	**95**	**(41)**	**179**	**130**	**30**	**(320)**

TRANS MOUNTAIN CORPORATION

A wholly owned subsidiary of

Canada Development Investment Corporation

2019 to 2023 CORPORATE PLAN SUMMARY

and 2019 Capital Budget

<u>ANNEX</u>

Document Scope

This Annex to the Trans Mountain Corporation 2019 to 2023 Corporate Plan Summary has been prepared to detail the effects of the Trans Mountain Expansion Project (“TMEP”), should it be approved, on the 2019 to 2023 financial projections for Trans Mountain Corporation (“TMC”). This document should be read in conjunction with the Trans Mountain Corporation 2019 to 2023 Corporate Plan Summary and is additive to the information contained in that document.

Should the Governor in Council direct the National Energy Board to issue a certificate in respect of the Trans Mountain Expansion Project under paragraph 54(1)(a) of the National Energy Board Act, the businesses, activities, and investments described in this Annex will be deemed to apply to Trans Mountain Corporation and its subsidiaries.

Financial Overview

The corporate plan has been presented as a “Continued Operations” component and an “Expansion Scenario” outlook as described in the Financial Exhibits provided in this Annex. This is in order to clearly distinguish between the expected results should the TMEP project fail to obtain the required regulatory approval in 2019 (“Continued Operations”), compared to if such approval was granted (“Expansion Scenario”) whereby the incremental items specific to TMEP would then be incurred as a result of approval being obtained.

As a result of the FCA decision and the resulting delay, TMC will develop a revised project cost estimate and construction schedule and therefore any discussion of total project costs in this Annex is preliminary and subject to change. If TMEP is approved, the revised project cost estimate and construction schedule would be provided by TMC as part of the 2020 Corporate Plan.

2019 Financial Plan and Capital Budget

Incorporated in the presentation of Continued Operations in the TMC 2019 to 2023 Corporate Plan Summary is an assumed spend rate on the TMEP of $30 million per month throughout 2019, on the basis of the continued pursuit of the project, but assuming that no OIC has been granted in 2019.

On TMEP, 2019 cash basis spending of approximately $1.3 billion is expected, based on continued planning and permitting work in Q1 and Q2. The 2019 plan Expansion Scenario assumes an Order in Council and related project approvals are received in time for construction ramp up in Q3, with significant materials purchases and construction work planned for Q3 and Q4. Conditional on receipt of relevant approvals, the 2019 plan includes beginning earthwork and foundations for pump stations in Alberta and B.C., as well as clearing and grading on several pipeline construction spreads, preparation for Burnaby Mountain tunneling, and nearly two dozen horizontal directional drills under watercourses.

2020 through 2023

For the 2020 through 2023 period, TMC’s objectives are to continue to safely and efficiently operate the existing TMPL system, and if approved, safely complete the construction of the TMEP assets and place them into service. The expansion scenario presented in the financial exhibits assumes construction continues for a three-year period with the commencement of service of TMEP in January 2023.

In 2023, there is a significant increase in revenue due in part to the increased capacity that the TMEP would contribute as well as the contacted rates reflecting the additional invested capital required to construct the expanded pipeline system.

The additional cash flow generated as a result of the TMEP being placed into service would primarily be used to service and pay down the debt balance that would result from financing the construction of the TMEP. See the statement of cash flow for greater detail.

Financing

If approved, 2019 TMEP capital expenditures are projected to be $1.3 billion (including the $30 million per month spend rate included under Continued Operations). Based on this TMC would be expected to borrow an incremental $851 million in 2019. The resulting debt levels are expected to increase to approximately $3.6 billion by year end 2019 if the required approvals for the TMEP are obtained. The Interest rate on the debt from TMP Finance is 5.00% resulting in estimated interest costs of $151 million.

Any potential future spending on TMEP is also expected to be funded through additional equity contributions (45%) and borrowings from TMP Finance Ltd. (55%).

Leases

If the TMEP is approved, TMC is expected to enter into leases and commercial agreements with annual payments totalling approximately $60 million in 2019. These are primarily workspace, vehicle, and equipment leases, and mutual benefit agreements.

Financial Exhibits

Trans Mountain Corporation
Proforma Consolidated Statements of Financial Position
December 31, 2018 to 2023
Cdn$ millions

	Expansion Scenario					
	2018 Forecast	**2019 Plan**	**2020 Plan**	**2021 Plan**	**2022 Plan**	**2023 Plan**
Assets						
Current Assets						
Cash and cash equivalents	44	69	66	165	102	(161)
Restricted cash	51	51	51	51	51	51
Accounts receivable	97	97	90	90	91	215
Other current assets	30	48	11	11	15	15
	222	**265**	**218**	**317**	**259**	**120**
Property, plant and equipment	4,633	6,142	8,001	10,749	11,955	11,618
Goodwill	969	969	969	969	969	969
Deferred amounts and other assets	62	158	230	163	125	99
Restricted investments	57	73	89	106	123	149
Total Assets	**5,943**	**7,607**	**9,507**	**12,304**	**13,431**	**12,955**
Liabilities and Equity						
Current Liabilities						
Accounts payable	126	286	244	317	121	287
Other current liabilities	125	80	73	73	72	1
	251	**366**	**317**	**390**	**193**	**288**
Loans from affiliates	2,703	3,554	4,614	6,082	6,853	5,978
Deferred income taxes	673	707	723	767	813	792
Regulatory liabilities	58	74	90	107	124	150
Retirement and post retirement benefits	64	64	64	64	63	63
Other deferred credits	3	2	2	1	1	1
Total Liabilities	**3,752**	**4,767**	**5,810**	**7,411**	**8,047**	**7,272**
Equity	2,191	2,840	3,697	4,893	5,384	5,683
Total Liabilities and Equity	**5,943**	**7,607**	**9,507**	**12,304**	**13,431**	**12,955**

Trans Mountain Corporation
Proforma Consolidated Statements of Equity
For the period from incorporation to December 31, 2018 and for the years ended December 31, 2019 to 2023
Cdn$ millions

	2018 Forecast	**2019 Plan**	**2020 Plan**	**2021 Plan**	**2022 Plan**	**2023 Plan**
Balance at beginning of period	-	2,191	2,840	3,697	4,893	5,384
Capital contributions	2,211	696	868	1,201	631	-
Dividends	(37)	(111)	(142)	(184)	(219)	(231)
Other comprehensive Income	(1)	-	-	-	-	-
Net income	18	64	131	179	79	530
Balance at end of period	**2,191**	**2,840**	**3,697**	**4,893**	**5,384**	**5,683**

Trans Mountain Corporation
Proforma Consolidated Statements of Income and Comprehensive Income
For the period from incorporation to December 31, 2018 and for the years ended December 31, 2019 to 2023
Cdn$ millions

	Expansion Scenario					
	2018 Stub Forecast	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Revenues						
Transportation revenue	124	345	344	352	364	1,832
Lease revenue	19	56	56	54	49	49
Other revenue	1	2	1	1	1	1
	144	**403**	**401**	**407**	**414**	**1,882**
Expenses						
Pipeline operating costs	45	113	93	96	119	260
Depreciation and amortization	37	109	114	116	115	376
Salaries and benefits	13	66	63	65	68	97
Taxes, other than income taxes	11	33	33	34	35	75
Administration	4	7	8	8	8	28
	110	**328**	**311**	**319**	**345**	**836**
Operating income	**34**	**75**	**90**	**88**	**69**	**1,046**
Equity AFUDC	23	100	174	255	219	1
Capitalized debt financing costs	15	63	112	163	140	-
Interest expense, gross	(47)	(151)	(196)	(261)	(319)	(321)
Tax recovery (expense)	(7)	(23)	(49)	(66)	(30)	(196)
Net income	**18**	**64**	**131**	**179**	**79**	**530**
Other comprehensive (loss) income						
Currency translation adjustment	(1)	-	-	-	-	-
Comprehensive income	**17**	**64**	**131**	**179**	**79**	**530**
Adjusted EBITDA	71	184	204	204	184	1,422

Trans Mountain Corporation
Proforma Consolidated Statements of Cash Flow
For the period from incorporation to December 31, 2018 and for the years ended December 31, 2019 to 2023
Cdn$ millions

	Expansion Scenario					
	2018 Stub Forecast	**2019 Plan**	**2020 Plan**	**2021 Plan**	**2022 Plan**	**2023 Plan**
Operating activities						
Net income (loss) for the year	18	64	131	179	79	530
Items not affecting cash						
Depreciation and amortization	37	109	114	116	115	376
Equity allowance for funds used during construction	(23)	(100)	(174)	(255)	(219)	(1)
Unrealized FX loss/(gain)	-	-	-	-	-	-
Deferred income taxes	4	33	16	44	47	(21)
Changes in non-cash working capital items	(129)	(146)	19	74	12	124
	(93)	**(40)**	**106**	**158**	**34**	**1,008**
Investing activities						
Acquisition, net of cash acquired	(3,925)	-	-	-	-	-
Capital expenditures	(197)	(1,355)	(1,880)	(2,527)	(1,263)	(138)
Contributions to trusts	(8)	(16)	(16)	(17)	(17)	(27)
	(4,130)	**(1,371)**	**(1,896)**	**(2,544)**	**(1,280)**	**(165)**
Financing activities						
Issuances of debt from affiliates	3,203	851	1,061	1,468	771	-
Repayments of debt	(1,059)	-	-	-	-	(875)
Capital contributions	2,211	696	868	1,201	631	-
Dividends paid	(37)	(111)	(142)	(184)	(219)	(231)
	4,318	**1,436**	**1,787**	**2,485**	**1,183**	**(1,106)**
Effects of FX translation on cash balances	-	-	-	-	-	-
Net increase (decrease) in Cash and Restricted cash	95	25	(3)	99	(63)	(263)
Cash and Restricted cash, beginning of period	-	95	120	117	216	153
Cash and Restricted cash, end of period	**95**	**120**	**117**	**216**	**153**	**(110)**
Cash, beginning of period	-	44	69	66	165	102
Restricted cash, beginning of period	-	51	51	51	51	51
Cash and Restricted cash, beginning of period	**-**	**95**	**120**	**117**	**216**	**153**
Cash, end of period	44	69	66	165	102	(161)
Restricted cash, end of period	51	51	51	51	51	51
Cash and Restricted cash, end of period	**95**	**120**	**117**	**216**	**153**	**(110)**

APPENDIX C

CHHC

CANADA HIBERNIA HOLDING CORPORATION

A wholly owned subsidiary of

Canada Development Investment Corporation

2019 CORPORATE PLAN SUMMARY

2019 – 2023

AND

Capital Budget Summary 2019

Table of Contents

1.0 Hibernia Project - Summary

Canada Hibernia Holding Corporation (CHHC), a wholly-owned subsidiary of Canada Development Investment Corporation (CDEV), was formed in March 1993 for holding, managing, administering and operating the Government of Canada's then 8.5% working interest in the Hibernia offshore oil project, located 315 km east of St. John's, Newfoundland and Labrador.

Hibernia continues to be a very successful venture. By the end of 2018, CHHC forecasts to have paid cumulative dividends of $2.2 billion[1], $273 million in federal Net Profits Interest (NPI) and $696 million in federal income tax. Dividend payments commenced in 2003 after CHHC had returned $431 million in appropriations to the Government of Canada for CHHC's share of the project's capital costs.

For 2018, CHHC is forecasting dividends of $108 million which is $60 million higher than the Plan amount of $48 million. The positive variance is due mainly to higher net crude oil revenue driven by higher oil prices and a weaker Canadian dollar (+$36 million), and a reduction in operating cash retained (+$20 million). CHHC reduced the company's minimum operating cash reserve from $100 million in 2017 to $80 million at year-end 2018 and plans to reduce the minimum balance to $60 million for the Plan years.

For the 2019 Plan, dividends are forecasted at $63 million which is $45 million lower than the 2018 forecast of $108 million, due to a $21 million increase in Hibernia capital expenditures, a $19 million increase in escrow and abandonment funding, and working capital changes.

CHHC's primary goal is to manage the shareholder's ownership in the Hibernia project assuring that the shareholder's interest is protected, its value is maximized, and all decision-making is conducted in a commercially prudent manner.

CHHC pursues this goal by active participation in all Hibernia committees which oversee the strategic direction of the project, by providing input on operational matters including safety and environmental protection, by managing the revenue stream, by ensuring adherence to all government regulations and contractual obligations, through diligent involvement in transporting and marketing activities for CHHC's share of oil production, and by setting aside funds to provide for the eventual abandonment of Hibernia.

CHHC is a single asset company deriving its cash flow solely from its Hibernia production operating assets and activities which include its share of Hibernia oil production, Hibernia facility use and processing fees, and operating contracts for local tanker transport and reserved capacity at the Newfoundland Transshipment Limited oil transshipment terminal.

While CHHC's initial share of funding was obtained through appropriations from the Government of Canada until the commencement of production in 1997, funding since 1998 has been generated from internal cash flow derived from CHHC's interests in Hibernia. CHHC is responsible for having sufficient cash available to fund its capital, operating and transportation

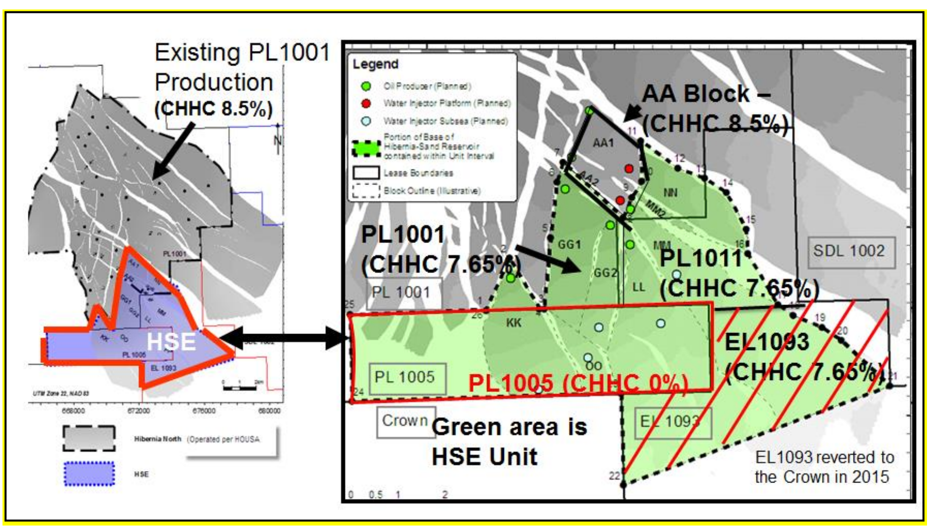
[1] All financial data is in Canadian dollars unless otherwise noted.

costs, royalties, NPI, income taxes, administrative costs and future abandonment costs without requiring additional government appropriations. CHHC is responsible for paying federal and provincial income taxes, royalties and the NPI on the same basis as private sector companies.

CHHC has an 8.5% working interest in the portion of the Hibernia field PL1001 production license area originally approved for development and shown in the gray color on the diagram on the left below within the dashed lines. CHHC also has an 8.5% working interest in the AA block shown in gray in the right-hand diagram below. The other owners in these PL1001 areas (Main Field) are ExxonMobil (33.125%), Chevron (26.875%), Suncor (20.0%), Murphy (6.5%) and Equinor (formerly Statoil) (5.0%). The Main Field owners are also the owners of Hibernia Management and Development Company Limited (the legal operator) and the Gravity Base Structure (GBS) platform and facilities in proportion to their Main Field ownership.

The unitization[2] of a portion of PL1001, PL1011 (originally exploration license EL1093) and PL1005 resulted in the formation of the Hibernia Southern Extension Unit (HSE Unit). The HSE Unit lands for the Hibernia sands formation and CHHC's working interest for each lease are shown by the green area on the right-hand diagram.

CHHC's initial HSE Unit working interest was 5.08482%, subsequently adjusted to 5.7265% on December 1, 2015 resulting from the First Interim Reset and more recently to 5.62665% on May 1, 2017, resulting from the Second Interim Reset. Although CHHC's Unit working interest changes, the CHHC working interest in each lease does not change. The HSE Unit Agreement (UA) specifies the process and timing for all adjustments to owners' working interests.



Note 1: The "Main Field" is the "Existing PL1001 Production" (CHHC 8.5%) area shown in gray on the left diagram above plus the "AA Block (CHHC 8.5%)" portion of the HSE area shown in gray on the diagram on the right.
Note 2: The "HSE Unit" area at the Hibernia sands level is shown in the above right-hand diagram in the green color.
Note 3: A portion of EL1093 was converted into PL1011. The remaining area expired as shown by the cross-hatch.

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[2] A common oilfield practice where owners reach a contractual agreement to share production, costs and investments on lands and assets with different ownership to enable co-coordinated development of a common reservoir(s) or pool(s)

The HSE Unit came about because of development drilling that demonstrated that the oil-water contact was much lower than first anticipated and extended the field limits into the PL1005 lease, which has different ownership than the rest of the field.

On February 16, 2010, Nalcor acquired a 10% working interest in defined Unit lands with proportionate contributions from all the Hibernia owners.

The project is operated by HMDC on behalf of the owners, with the management, administrative and technical staff provided under contract from ExxonMobil Corporation. The HSE Unit is operated in a similar manner. While the day-to-day operations of the field are managed by ExxonMobil, all owners play an active role in decision-making processes.

All activities undertaken to date and contemplated in this Corporate Plan Summary remain within the mandate of CHHC.

2.0 Review of 2018 Operations

Forecast results for 2018 are based on eight months of actual and four months of forecast results. Accordingly, actual full year results may differ from this forecast. Notably, the actual timing of cargo deliveries can have a substantial effect on the actual year end numbers.

For 2018, CHHC is forecasting dividends of $108 million which is $60 million higher than the Plan amount of $48 million. The positive variance is due mainly to higher net crude oil revenue (+$36 million) and a reduction in operating cash retained (+$20 million). CHHC reduced the company's minimum operating cash reserve from $100 million in 2017 to $80 million at year-end 2018 and plans to reduce the minimum balance to $60 million for the Plan years.

For 2018, CHHC is forecasting gross crude oil revenue of $278 million, net crude oil revenue of $179 million, and net income of $76 million (see Schedule II). CHHC's working interest production is estimated to average 8,200 bopd.

The oil price for 2018 is expected to average CAD $94 per barrel (bbl), vs. the planned amount of CAD $60 per bbl.

During 2018, CHHC forecasts to have paid to the Province of Newfoundland and Labrador an average effective royalty rate (expressed as total royalties as a percentage of total crude oil sales) of 27% (compared to 20% with 21% in the Plan). All of CHHC's royalty areas now pay a minimum 30% net royalty, plus certain additional royalties. The royalties are a 30% net royalty rate for the vast majority of the Hibernia Main Field, a 42.5% net royalty rate for the AA blocks portion of the Main Field, a sliding scale net royalty rate of 37.5% on the PL1001 portion of the HSE Unit. In addition, the HSE Unit-specific license area (external to the main PL1001) reached Net Royalty Payout in April 2018, meaning the royalty rate in this (albeit smaller) royalty area increased to a minimum 30% net royalty from a 5% gross royalty previously, and triggered a further 2.5% net royalty based on oil prices. In addition, CHHC pays a maximum 10% NPI to Canada on PL1001 production. The stated NPI rate is 10% of oil sales less eligible cost deductions, and the rate decreases in low oil price environments according to an oil indexing factor. The result is a forecasted effective NPI rate (expressed as total NPI as a percentage of gross oil revenue) of 7% in 2019 compared to 8% in the 2018 forecast.

The forecast for 2018 operating, administration and other expenses is not expected to vary significantly from Plan, with the exception of income tax expense which is 57% higher than Plan, driven by the 61% increase in forecast net income before income tax (again, due to higher net crude oil revenue).

CHHC's share of capital spending for 2018 is forecast to be $26 million, compared to $24 million in the Plan.

Hibernia has an excellent safety and environment performance, operates a safe workplace and complies with regulations. There have been no lost time incidents at Hibernia since 2013.

During 2018, there were minor spills, mostly involving non-polluting liquids. All were reported to the regulatory authorities and no clean-up was required.

3.0 Objectives for 2019

CHHC's major business objectives for 2019 are to deliver operating and financial performance in accordance with the forecasts, encourage optimal results for the HSE Unit and prepare for the First Redetermination of the Unit working interest, encourage the pursuit of long-term areas of growing reserves (such as the Ben Nevis-Avalon and Catalina reservoirs and enhanced oil recovery), monitor the crude marketing and chartering performance under the agreements, and encourage the profitable diversification of markets for sales of Hibernia crude.

4.0 Marketing and Transportation

CHHC typically sells cargos of Hibernia crude at the Dated Brent benchmark oil price, in USD, plus or minus a price differential that is reflective of current market conditions.

CHHC continues to jointly market its oil with Suncor and others. CHHC participated in enhancing Hibernia project synergy with other Grand Banks fields including continued improvements in the Basin Wide Transportation and Transshipment System. In 2018, CHHC finalized agreements to allow for a more effective joint approach to transporting crude from the platform to market – combination lifting – under a Combination Lifting and Redelivery Agreement.

5.0 Risks

This Corporate Plan has the normal variability associated with crude oil pricing, foreign exchange rates, capital expenditures, operating expenses and reservoir performance.

Key financial risks include volatility in oil prices; volatility in the USD/CAD exchange rate; credit risk from counterparties to CHHC's oil sales and cash and short-term investments; and sufficiency of abandonment funding.

Key non-financial risks include operational and technical risks associated with an offshore oil operation (including drilling complexities and production risks, inaccurate estimates of reserves, harsh weather, etc.); safety and environmental risks, including pollution; regulatory risks; I.T./cybersecurity risks; and certain risks unique to a single asset company.

Although the future long-term major drilling programs will continue to have a significant component of drilling from the platform rigs, the complexity factors are increasing for platform drilled wells.

CHHC has elected not to engage in hedging to protect against crude price volatility given its strong financial condition. CHHC follows the world market situation closely. The current marketing arrangement with Suncor and the sharing of revenues from multiple cargoes reduces the exposure to fluctuating prices over the year.

6.0 Financial Section

CHHC's Working Interest share of production is estimated to average 8,580 bopd in 2019, which is 5% higher than the 2018 forecast average of 8,200 bopd. The increase in 2019 production is due mainly to less downtime (2018 results include a complete production shutdown for approximately 37 days in September-October for the triennial platform turnaround). On a CHHC net basis, HSE Unit production is forecast to comprise 35% of total Working Interest production in 2019, which is relatively unchanged from 2018.

CHHC's sales volumes are estimated to total 3.13 million barrels in 2019, which is 6% higher than the 2018 forecast of 2.97 million barrels. The increase in sales volumes is explained by the +5% variance in CHHC's share of daily average production volumes coupled with cargo sale timing differences.

The oil price assumption for 2019 is a Canadian realized price of $89 per bbl compared to $94 per bbl forecasted in 2018.

Gross crude oil revenue for 2019 is projected to total $279 million, relatively unchanged from the $278 million in 2018. The 6% increase in sales volumes and 5% decrease in realized oil price combine to produce a negligible change in gross oil revenue year-over-year in 2019 vs. 2018.

The Plan assumes an average effective royalty rate (expressed as total royalties as a percentage of gross oil revenue) of 25% in 2019 compared to 27% in the 2018 forecast. The decrease in 2019 is due to a significant increase in projected capital expenditures in 2019, the majority of which will be deductible from gross oil revenue for royalty purposes.

Net income is expected to increase to $81 million in 2019 from $76 million forecast in 2018.

Planned capital expenditures for 2019 are $45 million, a significant $21 million or 86% increase over the 2018 forecast is due to an increase in facility spending on the West Hub subsea development and increased drilling expenditures due to the drilling of the NW Wedge appraisal drill using a more costly mobile offshore drilling unit. HSE Unit spending is minimal in 2019.

For the 2019 Plan, dividends are forecasted at $63 million which is $45 million lower than 2018 due to a $21 million increase in Hibernia capital expenditures, a $19 million increase in escrow and abandonment funding and changes in working capital.

CHHC's cash flows are sensitive to fluctuations in crude oil prices, exchange rates and production volumes.

A US $5 per bbl change in oil price results in a change of approximately $9 million in net cash flow and resulting dividends in 2019 and a 10,000 bopd change (about an 8% change) in gross Hibernia oil production would result in a $12 million change in CHHC's net cash flow.

7.0 Organization

Since its inception in 1993, CHHC has been staffed by a modest number of experienced energy industry professionals. At year-end 2018, the staff is forecast to consist of 8 full and part-time employee positions (6.7 full-time equivalent or FTE) and 1 part-time contractor. In 2019, CHHC anticipates adding one employee (0.5 FTE) reporting to the Controller, however other adjustments bring the anticipated year-end 2019 forecast to 9 employees (6.9 FTE) and 1 part-time contractor.

8.0 Pro forma Financial Statements

CHHC prepares its financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, with effect from January 1, 2010.

Attached to this Plan are Schedules I, II and III.

Canada Hibernia Holding Corporation — Schedule I

Proforma Statements of Financial Position

December 31, 2017 To 2023

Cdn$ millions

	2017 Actual	2018 Plan	2018 Forecast	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Assets								
Current assets:								
Cash and short term investments	102.75	100.10	80.75	60.46	60.46	60.92	60.25	60.64
Accounts receivable	22.11	37.31	20.43	32.82	9.49	9.49	9.49	9.49
Prepaid expenses	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Inventory	4.25	2.45	4.25	4.25	4.25	4.25	4.25	4.25
Total current assets	**129.36**	**140.11**	**105.68**	**97.78**	**74.45**	**74.91**	**74.24**	**74.63**
Property and equipment:								
Hibernia project facilities and wells at cost	512.66	537.65	529.72	578.08	633.93	690.48	772.59	845.32
Right-of-use lease assets	-	-	-	0.83	0.83	0.83	0.83	0.83
Less accumulated depletion and depreciation	(315.11)	(359.77)	(357.94)	(402.80)	(446.60)	(482.54)	(518.44)	(557.53)
Net property and equipment	**197.55**	**177.88**	**171.78**	**176.11**	**188.16**	**208.77**	**254.98**	**288.62**
Other assets:								
Deferred tax asset	16.10	16.55	19.51	23.21	27.08	27.29	24.40	20.56
Cash held in escrow	14.23	14.23	8.50	21.17	21.17	21.17	21.17	21.17
Abandonment and risk fund	123.05	136.87	136.66	151.30	154.24	157.25	160.31	163.43
Total other assets	**153.38**	**167.65**	**164.67**	**195.68**	**202.49**	**205.71**	**205.88**	**205.16**
	480.29	**485.64**	**442.13**	**469.57**	**465.10**	**489.39**	**535.10**	**568.41**
Liabilities and Shareholder's Equity								
Current liabilities:								
Accounts payable and accrued liabilities	16.00	21.62	13.46	16.77	9.31	9.31	9.31	9.31
Income taxes payable	(1.86)	(1.33)	1.30	3.43	3.45	3.51	3.51	3.52
Total current liabilities	**14.14**	**20.29**	**14.76**	**20.20**	**12.76**	**12.82**	**12.82**	**12.83**
Other liabilities:								
Lease liabilities	-	-	-	0.67	0.55	0.41	0.27	0.13
Deferred tax liability	-	-	-	-	-	-	-	-
Decommissioning liability	133.40	130.16	126.97	130.17	133.53	137.06	140.77	144.67
Total other liabilities	**133.40**	**130.16**	**126.97**	**130.84**	**134.08**	**137.47**	**141.04**	**144.80**
Shareholder's equity:								
Retained earnings	332.75	335.19	300.40	318.53	318.26	339.10	381.24	410.78
Total shareholder's equity	**332.75**	**335.19**	**300.40**	**318.53**	**318.26**	**339.10**	**381.24**	**410.78**
	480.29	**485.64**	**442.13**	**469.57**	**465.10**	**489.39**	**535.10**	**568.41**

Canada Hibernia Holding Corporation **Schedule II**

Proforma Statements Of Income And Retained Earnings

Years Ended December 31, 2017 To 2023

Cdn$ millions

	2017 Actual	2018 Plan	2018 Forecast	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Revenue								
Gross crude oil revenue	253.55	193.92	277.54	278.54	271.86	229.33	235.42	263.31
Marketing fees	(0.49)	(0.41)	(0.42)	(0.42)	(0.42)	(0.38)	(0.39)	(0.42)
Royalty	(54.73)	(38.79)	(75.54)	(69.65)	(56.70)	(57.33)	(44.73)	(57.93)
Net profits interest	(15.16)	(11.63)	(22.18)	(19.50)	(17.40)	(13.76)	(11.77)	(15.80)
Net crude oil revenue	183.17	143.09	179.40	188.97	197.34	157.86	178.53	189.16
Interest income	1.97	4.42	4.20	4.52	4.29	4.36	4.41	4.47
Net facility use and processing fee income	3.18	2.29	2.75	2.68	2.50	1.90	1.90	1.52
Total revenue	**188.32**	**149.80**	**186.35**	**196.17**	**204.13**	**164.12**	**184.84**	**195.15**
Expenses								
Field operating	17.90	22.91	24.15	23.41	28.83	28.78	26.08	29.13
Transportation	6.96	6.98	6.05	6.58	6.57	6.77	6.76	6.82
Administration	5.07	3.73	3.67	3.60	3.38	3.21	3.50	3.94
Depletion and depreciation	50.66	46.70	42.83	44.86	43.80	35.94	35.90	39.09
Accretion	2.81	3.16	3.05	3.20	3.36	3.53	3.71	3.90
Other	1.98	-	(0.19)	-	-	-	-	-
Total expenses	**85.38**	**83.48**	**79.56**	**81.65**	**85.94**	**78.23**	**75.95**	**82.88**
Net income before tax	**102.94**	**66.32**	**106.79**	**114.52**	**118.19**	**85.89**	**108.89**	**112.27**
Income taxes								
Deferred income tax	(2.64)	(2.57)	(3.41)	(3.70)	(3.87)	(0.21)	2.89	3.84
Current income tax	31.06	22.00	34.55	37.09	38.33	25.26	28.86	28.89
Total income taxes	28.42	19.43	31.14	33.39	34.46	25.05	31.75	32.73
Net income	**74.52**	**46.89**	**75.65**	**81.13**	**83.73**	**60.84**	**77.14**	**79.54**
Retained earnings:								
Beginning of year	351.23	336.30	332.75	300.40	318.53	318.26	339.10	381.24
Dividends	(93.00)	(48.00)	(108.00)	(63.00)	(84.00)	(40.00)	(35.00)	(50.00)
End of year	**332.75**	**335.19**	**300.40**	**318.53**	**318.26**	**339.10**	**381.24**	**410.78**

Canada Hibernia Holding Corporation

Schedule III

Proforma Statements Of Cash Flow

Years Ended December 31, 2017 To 2023

Cdn$ millions

	2017 Actual	2018 Plan	2018 Forecast	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Operating activities:								
Net income for year	74.52	46.89	75.65	81.13	83.73	60.84	77.14	79.54
Depletion and depreciation	50.66	46.70	42.83	44.86	43.80	35.94	35.90	39.09
Accretion	2.81	3.16	3.05	3.20	3.36	3.53	3.71	3.90
Interest income	(1.97)	(4.42)	(4.20)	(4.52)	(4.29)	(4.36)	(4.41)	(4.47)
Income tax expense	28.42	19.43	31.14	33.39	34.46	25.05	31.75	32.73
Abandonment activities	(2.65)	(2.76)	(2.50)	(3.72)	(1.11)	-	-	-
Income taxes paid	(46.59)	(18.87)	(31.39)	(34.96)	(38.31)	(25.20)	(28.86)	(28.88)
Changes in non-cash working capital	9.30	(7.19)	2.94	(12.88)	15.87	-	-	-
Cash from operating activites	**114.50**	**82.94**	**117.52**	**106.50**	**137.51**	**95.80**	**115.23**	**121.91**
Investing activities:								
Hibernia project facilities and wells	(24.23)	(25.56)	(24.04)	(44.64)	(54.74)	(56.55)	(82.11)	(72.73)
Interest received	1.97	4.42	4.20	4.52	4.29	4.36	4.41	4.47
Cash held in escrow	-	-	5.73	(12.67)	-	-	-	-
Abandonment and risk fund	(12.77)	(13.92)	(13.61)	(14.64)	(2.94)	(3.01)	(3.06)	(3.12)
Changes in non-cash working capital	1.05	-	(3.80)	3.80	-	-	-	-
Cash used in investing activities	**(33.98)**	**(35.06)**	**(31.52)**	**(63.63)**	**(53.39)**	**(55.20)**	**(80.76)**	**(71.38)**
Financing activities:								
Payment of lease liabilities	-	-	-	(0.16)	(0.12)	(0.14)	(0.14)	(0.14)
Dividends paid to CDEV	(93.00)	(48.00)	(108.00)	(63.00)	(84.00)	(40.00)	(35.00)	(50.00)
Cash used in financing activities	**(93.00)**	**(48.00)**	**(108.00)**	**(63.16)**	**(84.12)**	**(40.14)**	**(35.14)**	**(50.14)**
Change in cash	**(12.48)**	**(0.12)**	**(22.00)**	**(20.29)**	**-**	**0.46**	**(0.67)**	**0.39**
Cash, beginning of year	**115.23**	**100.22**	**102.75**	**80.75**	**60.46**	**60.46**	**60.92**	**60.25**
Cash, end of year	**102.75**	**100.10**	**80.75**	**60.46**	**60.46**	**60.92**	**60.25**	**60.64**