CDEV

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

CANADA DEVELOPMENT INVESTMENT CORPORATION

2021 to 2025
CORPORATE PLAN SUMMARY

and

2021 CAPITAL BUDGET SUMMARY

December 2020

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 four wholly-owned subsidiaries: Canada Hibernia Holding Corporation ("CHHC"), Canada Eldor Inc. ("CEI"), Canada Enterprise Emergency Funding Corporation ("CEEFC") and Canada 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

In 2020 CDEV received a mandate to set up a new subsidiary, CEEFC, to implement the Government's Large Employer Emergency Funding Facility ("LEEFF"). CDEV management was very active in assisting the Government in developing the LEEFF. CDEV appointed a Board of Directors for CEEFC and assisted in hiring a President and Chief Executive Officer. CDEV has and continues to assist CEEFC in building up its lending capabilities, policies and administration.

Pursuant to direction from the Minister of Finance, since 2019, CDEV is responsible for receiving payments related to the Net Profits Interest and Incidental Net Profits Interest agreements (collectively, "NPI") from the owners of the Hibernia offshore oil project, and all its related obligations. In the Plan period we will continue to manage the NPI proceeds and audit functions.

Since August of 2018, CDEV, through its subsidiary TMP Finance, has owned and financed TMC and its Trans Mountain Expansion Project ("TMEP"). In 2020 TMC is expected to generate $184 million in EBITDA based on its USGAAP accounting framework. In 2020 construction costs on the TMEP are forecast at $3.0 billion excluding financing costs. The in-service date for the expansion remains December 2022 and the approved and budgeted cost of the expansion including financing costs remains $12.6 billion as approved in June 2019 by the TMC Board.

CHHC owns a working interest in the Hibernia offshore oil production platform. CHHC continues to generate profits with forecast 2020 sales volumes of 3.15 million barrels. This projection is down from the revised 2020 plan developed in May of 2020 of 3.25 million barrels. The May 2020 revision was prepared due to the decrease in world crude oil prices experienced since March 2020. Forecast net income for 2020 is $22 million, compared to 2019 net income of $46 million due to the drop in oil prices.

CEI continues to pay for costs relating to the mine site decommissioning and retiree benefits.

CDEV held its annual public meeting on November 17, 2020 via the internet, fulfilling requirements under the FAA.

Our main focus in 2021 through 2025 will be to oversee the management of TMC, the construction of the TMEP and preparing the entity for divestiture. As well we will support CEEFC in its implementation of the LEEFF loan program.

The major risks faced by CDEV relate to the uncertainty of the timing and total cost of the TMEP project. Attaining permits and land as well as dealing with geotechnical and weather events will have an impact on the timing and pace of construction of the project as well as construction challenges in a competitive market for trades in BC and Alberta. TMC has made significant progress regarding attaining required permits in BC. The operating risks of TMC are significant but are being managed by an experienced management team with risk-focused systems and processes.

The major risk related to CEEFC includes macro-economic risks related to its loan portfolio focused on borrowers facing financial challenges related to the COVID-19 pandemic.

Capital Budget

CDEV's total capital budget for 2021 is $4.2 billion as described in the cash flow statement (Schedule 2) consists of $4.2 billion in TMC capital expenditures excluding financing costs plus $11 million for CHCC expenditures.

The cost estimate for the TMEP project remains $12.6 billion, including financing costs, as approved by the TMC Board.

2.0 MANDATE AND BUSINESS OVERVIEW

Mandate

CDEV's Articles of Incorporation give it a broad mandate. We were incorporated to provide a commercial vehicle for Government investments 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.

In November 2007, the Minister of Finance wrote to the Chair of the Board and indicated that the future operations of CDEV "should reflect a future focused on the ongoing management of its current holdings in a commercial manner, providing assistance to the Government in new policy directions suited to CDEV's capabilities, while maintaining the capacity to divest CDEV's existing holdings, and any other Government interests assigned to it for divestiture, upon the direction of the Minister of Finance". CDEV continues to operate under this mandate.

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. The Corporation and its subsidiaries are managed with a commercial focus within the policy constraints or directives given to it from the Government. In the past we have managed sales processes of Government assets and assisted the Government in the analysis of federal assets as requested.

Canada TMP Finance Ltd.

TMP Finance is the owner and financing entity for TMC. It is expected that TMP Finance will receive funds from the Government to fund the cash requirements of TMC. The funding currently is expected to be 100% debt from the Canada Account.

As per a Funding Agreement between TMP Finance and TMC, 55% of funds advanced to TMC are loans, and 45% equity. Loans payable by TMC to TMP Finance bear an interest rate of 5.0%. This structure is in alignment with the tolling regime agreed to by the Canada Energy Regulator ("CER"), and the shippers of the Trans Mountain Pipeline. It is expected that TMP Finance will need to borrow funds to pay some of its interest costs on top of borrowings to fund TMC's capital expenditures on TMEP.

Trans Mountain Corporation

See Appendix B for more details of TMC and its plan for the next five years. TMC owns Trans Mountain Pipeline Limited Partnership (the operator of the Trans Mountain Pipeline), Trans Mountain Pipeline ULC (the regulated entity and general partner of the pipeline), Trans Mountain Canada Inc. (the employer and service entity) and Trans Mountain Puget Inc. (which owns the US branch of the system) as shown in the Appendix A-1 organization chart. In 2019, TMC received regulatory approval to re-commence construction of the TMEP project. Construction activity in 2020 focused on facilities work, onshore and offshore work at the Westridge marine terminal and at the Burnaby terminal. Pipeline construction progressed on spreads near Edmonton and in other spreads in preparation for continued activity later in Q4 2020 and in 2021 when the bulk of construction activity will occur. The TMEP cost estimate remains $12.6 billion including financing costs, and an in-service date of December 2022 with full completion in mid-2023.

Net Profits Interest

In August 2019, the Government transferred Canada's responsibility pursuant to the Hibernia Development Project Net Profits Interest agreement (NPI) and Hibernia Development Project Incidental Net Profits Interest agreement (INPI) (jointly, the "NPI") from the Minister of Natural Resources to CDEV via an executed Memorandum of Understanding ("MOU"). The NPI allows the Government, and now CDEV, to be paid approximately 10% of all profits from the production of oil from the main Hibernia field (i.e., the NPI) as well as 10% of fees from Hibernia's incidental activities (i.e., the INPI), such as the Hibernia South Extension. Net profit is defined as specific revenues less certain operating expenses and cash capital expenditures incurred by owners, less royalty payments. To fulfill its responsibilities under the agreement, CDEV will hire individuals and/or professional firms to audit the NPI submissions by the Hibernia owners. The NPI receipts are recorded on a cash basis as Net Profits Reserve which is a component of Shareholder's Equity. When dividends are paid from NPI receipts these will be recorded as a dividend from Net Profits Reserve.

CHHC

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 commercially 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 technical and economic reserve evaluation reports (See Appendix C).

Sales Mandates and Asset Reviews

There are currently no sales mandates or asset reviews underway by CDEV.

CEI

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 during the current license period for the properties, ending in 2023.

Canada Enterprise Emergency Funding Corporation

Canada Enterprise Emergency Funding Corporation was established in May 2020 to assist in the recovery of businesses and industries of Canada from the economic impact of the COVID-19 emergency, by administering the Large Enterprise Emergency Financing Facility.

CEEFC's mandate is to provide financing to large Canadian firms that are otherwise unable to secure incremental financing in financial markets due to the heightened credit risk environment. CEEFC makes loans to borrowers based on the terms and conditions detailed in the term sheet provided by the Minister of Finance. As at December 2020, CEEFC has issued two loans for $320 million with $110 million drawn. (See Appendix D for CEEFC's Corporate Plan Summary.) We note that given the requirements under IFRS, CEEFC financial results are not consolidated into CDEV and hence the attached financial schedules do not include CEEFC.

3.0 CORPORATE GOVERNANCE AND OPERATING ENVIRONMENT

CDEV is managed by a team based in Toronto, Ontario. Until his retirement, on September 30 and after fourteen years in the position, CDEV was led by an Executive Vice President (EVP). A process is underway to have a President and CEO appointed by an Order in Council (OIC). In the interim, CDEV's management reports to the Chair of the Board. Management works closely with consultants, legal counsel, the Board and management of its subsidiaries to ensure the effective functioning of the Corporation and its subsidiaries.

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, appointed March 27, 2019 and six 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.

COVID-19

COVID-19 has had an impact on CDEV's subsidiaries which are described in the respective corporate plans appended. CDEV's operations have not been materially affected. The CDEV offices were closed in the initial outbreak and continued to be staffed at much reduced levels through 2020. All employees have been provided computers and access to work remotely. Operational performance has not been impacted.

4.0 CORPORATE PERFORMANCE

4.1 Assessment of 2020 Results

Our actual performance in 2020 as compared to the objectives outlined in our 2020-2024 Corporate Plan is as follows:

2020 Objectives	2020 Results
Oversee, monitor and provide strategic support of TMC	Continued strong working relationship with TMC management; participated in strategic planning and review sessions and assisted TMC with conversion to a Crown corporation. Engaged contractors to work with TMEP management team.
TMP Finance to provide financing to TMC	TMP Finance negotiated increased loan facilities with Export Development Canada and funding agreement with TMC to provide financing for TMEP.
Manage working interest in Hibernia through CHHC; keep asset ready for potential divestiture and maximize value where possible	Financial results were well below original plan due to significant drop in world crude oil prices. Invested $10 million in abandonment fund in 2020.
Operate CHHC efficiently and to maximize value, given limited 8.5% ownership leverage	CHHC's share of production is forecast at 9.1k bpd which is higher than the original 2020 plan production of 8.5k bpd and the revised 2020 plan figure in May 2020 of 8.9k bpd. However, the average oil price was only US $38 compared to US $62 in the original plan and US $30 in the May 2020 update. The 2020 forecast net income is only $22 million compared to the 2019 actual of $46 million.
Manage assigned sales processes of Government assets	CDEV did not have any sales processes to manage in 2020.
Remain operationally efficient yet flexible to meet requirements from the Department of Finance	Our ability to assist the Department of Finance was evidenced with CDEV's support in setting up the LEEFF program and the creation of the new CEEFC subsidiary.
Management of Canada CEI and its liabilities	CEI continues to oversee Cameco's management of the site restoration activities and budget estimates. Transfer of 20 properties in 2020 to the Institutional Control program of the Government of Saskatchewan.

Manage responsibilities related to the assignment of the NPI to CDEV	Managed the receipt of NPI payments from Hibernia owners; managed the audit function responsibilities related to the receipt of the NPI agreement;.

Trans Mountain Corporation

From the time TMC was acquired, through to the end of 2020, TMC will have spent $4.2 billion (excluding carrying costs) on the project. In 2020, efforts were focused on construction activity at the Edmonton Terminal, Burnaby Terminal and Westridge Marine Terminal and Spreads 1 (Edmonton area) and 2 (Stony Plain, AB to Hinton, AB) of the pipeline installation.

The outstanding loans with Canada Account at December 31, 2020 are forecast at $4.7 billion for the Acquisition Facility and $ 4.3 billion on the Construction Facility (see Schedule 2).

5.0 CDEV - OBJECTIVES AND STRATEGIES FOR THE PERIOD 2021 TO 2025

Our main objectives are to manage the interests the Government assigns to us in a commercial manner. These are the main areas of focus for 2021 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 2021 are:
  - Continue to operate the existing Trans Mountain Pipeline System and Puget systems safely and efficiently.
  - To build the Trans Mountain Expansion Project in a safe, environmentally sound manner on a commercially viable basis.
- For TMP Finance to provide financing to TMC for its operating and financing requirements. The attached financial projections assume that 100% of the financing of TMEP will be in the form of loans from the Canada Account to TMP Finance.
- Maintain readiness to divest of TMC taking into account the optimal timing for divestiture relative to project risks. This will include the hiring of financial advisors to provide structuring and strategic advice regarding the divestiture of TMC. Also, to consider ways for Indigenous groups to participate in the divestiture on commercial terms.
- Assist CEEFC with the implementation of the LEEFF by seconded CDEV employees on CEEFC related work and building out CEEFC's administrative functions.
- 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 any responsibilities related to the assignment of the NPI to CDEV including any audit functions and receipt of any NPI proceeds from Hibernia owners.
- Manage our operations to maintain our ability to perform all tasks allocated to us in an efficient manner. This involves keeping employees and management trained and engaged in relevant issues including the provision of appropriate IT infrastructure to allow for working from home, maintaining contacts with potential advisors, and maintaining suitable levels of cash to fund contingencies and new projects.
- Assist in the review of government assets as requested by the Minister of Finance and remain available and prepared to address the needs of the Government for any future endeavour that is suitable given our capabilities and expertise.

5.1 Trans Mountain Corporation

Please see the attached Appendix B for detailed information on the objectives and strategies of TMC. 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 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 CER and its forecast volume throughput.

TMEP

TMC will continue to develop the TMEP in a commercially viable manner respecting environmental, health and safety standards, and best practices. The current construction schedule for TMEP plans for peak construction activity in 2021. Project construction will be complete in phases throughout 2021 and 2022 with commissioning and testing planned for late 2022. The current project plan is to have TMEP in service by December 2022. The final few tanks and final expanded dock would be complete by mid-2023.

The cost estimate for the TMEP including financing costs remains $12.6 billion, which includes a project contingency of $0.5 billion.

5.2 Canada TMP Finance Ltd.

TMP Finance will continue to access debt financing from the Canada Account administered by EDC. TMP Finance will fund TMC in a ratio of 55% debt/45% equity. Given that, at present, 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 a cash flow deficiency. If TMP Finance continues to be 100% debt financed, it will be required to draw on its Construction facility to fund some of the interest expenses on the Acquisition and Construction facilities. A portion of the interest costs will be capitalized during construction which will reduce the accounting loss of TMP and CDEV.

The borrowing approval from the Minister of Finance on the Construction facility is $5.1 billion increasing to $6.1 billion on January 1, 2021 available to March 31, 2021.

5.3 Canada Hibernia Holding Corporation

Please see the attached Appendix C for detailed information on the objectives and strategies of CHHC. Planned CHHC 2021 sales volume is 3.1 million bbl compared to the 2020 forecast of 3.15. Crude oil prices are expected to increase in 2021 to US$45/bbl compared to the 2020 forecast of US $38/bbl.

Dividends from CHHC in the plan period are expected to range from $29 to $60 million per year. Since CHHC is a single asset company, it retains funds for decommissioning obligations for the Hibernia project. At the end of 2020 CHHC has set aside approximately $102 million in the CRF plus $61 million in other financial assets for abandonment and other purposes. CHHC plans to invest $10 million per year into the abandonment fund over the plan period.

In the CHHC 2021 Plan, net income is $26 million, slightly higher than the 2020 forecast net income of $22 million. Dividends from CHHC are expected to be $47 million in 2021 compared to $74 million forecast in 2020. The decrease in 2021 dividends from 2020 is due to the higher 2020 dividend of surplus cash that had been retained during the period of low oil prices. The current expectation for future capital expenditures is also lower given the cessation in new well drilling for the next few years.

5.4 Net Profits Interest

The transfer of the Net Profits Interest to CDEV allows CDEV to receive a payment equal to 10% of net profit from the Hibernia owners. In the plan period we have estimated the receipts based on the payments forecast by CHHC and applying a factor based on its proportion of the field production.

To satisfy CDEV's obligations under the NPI, CDEV has hired an audit firm to review NPI submissions by the owners and to finalize NPI determinations.

5.5 Canada Eldor Inc.

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 dormant 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. The 2021 projected costs are $2.0 million and $8.4 million for the entire plan period 2021 to 2025. Of these costs, $1.1 million is for Canada Nuclear Safety Commission (CNSC) fees. CEI has $13.5 million in assets to pay for these expected costs. Payments to Cameco for defined benefits to former employees average approximately $100 thousand per year. CEI will withdraw $5 million from the CRF in 2021.

Status of Overall Project and Outstanding Issues

The CNSC approved a license renewal for the Beaverlodge 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") program of the Government of Saskatchewan.

5.6 Canada Enterprise Emergency Funding Corporation

Canada Enterprise Emergency Funding Corporation ("CEEFC") was incorporated in May of 2020 to implement the Government's Large Employer Emergency Financing Facility. CEEFC is a wholly-owned subsidiary of Canada Development Investment Corporation ("CDEV"), a federal Crown corporation. CDEV reports to Parliament through the Minister of Finance.

As 2020 was CEEFC's first partial year of operations it has no historical financial results. Subsequent to the LEEFF launch in late May 2020, CEEFC has received loan applications from borrowers, conducted due diligence and analysis on several loan applications.
In the fall of 2020, CEEFC granted its first two loans, one for $200 million and a second for $120 million. Funded loan draws totaled $110 million at December 31, 2020.

5.7 Review of Government Assets and Sales Roles

Review of Government Assets

We remain available and prepared to commence reviews of Crown corporations or other assets as and when requested by the Government. Our primary functions include advising the Department of Finance, preparing well-defined statements of work in conjunction with the Department of Finance, conducting a thorough and fair advisor selection process, and producing insightful reports to the Government.

The Ridley Terminals Inc. sale closed in December 2019. CDEV received $350 million in cash on behalf of the Government for the 90% of the shares of RTI sold to the commercial buyer.

5.7 Risks and risk mitigation summary

We and our subsidiaries are subject to a number of risks. Those risks related to TMC, CHHC and CEEFC are detailed in their respective Corporate Plans (see Appendixes B, C and D). The main risks for CDEV (non-consolidated) are reputational in nature.

Over the past year TMC has had strong co-operation with the BC government to expedite permit issuance and there is an expectation that all key permits will be in place by February 2021 to allow for uninterrupted construction in 2021. This has reduced the risks due to permit issuance.

The risk of cost escalation continues to be significant due to unforeseen weather events, technical challenges, and geological challenges that can impact the schedule within tight seasonal construction windows. As well, the risk of cost escalation due to actual productivity experience by contractors is significant.

A substantial amount of credit risk is associated with the LEEFF program based on the terms and eligibility criteria established for purposes of the directive issued to CEEFC. CEEFC has a low risk tolerance regarding other factors that it can control or impact. CEEFC has a high tolerance of macro-economic risks and for potential financial losses within the terms of the LEEFF program, however it will monitor the activities of its loan portfolio to limit any losses of loans issued.

CEI is subject to 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 2020

Without including the financial results of CEEFC, consolidated net loss is forecast for 2020 at $39 million which is comprised of CHHC's income of $22 million, TMC's operating income of $116 million (net of IFRS adjustments and before interest and income taxes) less TMP's loss of $62 million (after incurring net interest costs and after capitalizing some interest), less costs to operate CDEV, detailed in Schedule 4. Dividends paid (please see Schedules 2 or 3 below) are forecast in 2020 at $74 million from the NPI Reserve and $89 million from shareholders' deficit, compared to 2019 dividends of $12 million and $51 million respectively.

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 we post 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

Condensed operations and cash flow of CDEV (2020 – 2025) not including CEEFC:

$ Million (per IFRS)	**2020 F**	**2021 P**	**2022 P**	**2023 P**	**2024 P**	**2025 P**
CHHC Oil Sales (Million bbl)	3.15	3.10	2.44	2.27	2.77	2.99
Price per bbl (C$)	*51*	*59*	*64*	*69*	*72*	*75*
Net Crude Revenue	121	130	116	119	143	159
CHHC Operating Cash Flow	94	73	87	70	89	100
CHHC Capital Investments	16	11	19	28	26	27
Abandonment funding	10	10	10	10	10	10
CHHC Dividends to CDEV	74	47	55	29	49	60
NPI Receipts (incl CHHC)	80	110	87	85	117	158
TMP Finance (net loss) before capitalized interest	(318)	(412)	(577)	199	240	192
TMC Operating Cash Flow before changes in Working Capital items *	100	88	54	1087	1138	1064
TMC Continued Op. Capital Expenditure	71	70	46	49	40	42
TMEP Cash Capital Expenditures	2957	3923	1518	67	-	-

* 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.

CHHC earnings and NPI Receipt Projections

CHHC earnings and NPI receipts influence dividends to the Government and are driven by Hibernia's oil production, crude oil prices and capital expenditures which neither CHHC nor CDEV have any direct control over. Hibernia production is lower in 2022 and 2023 due to the ceasing of new well drilling in 2020. 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 2020, TMP Finance executed an amendment to the Construction Loan Facility to increase the maximum available outstanding to $11.6 billion,

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 $4 million annually throughout the planning period which is similar to earlier years but difficult to predict. The increased costs for the development of CEEFC have been charged to CEEFC.

2) Professional fees incurred by CDEV, TMP Finance and CEI are expected to be approximately $5 million in 2021 and beyond, related to the TMC advisors and NPI audit work by professional firms.

3) Foreign Exchange Rate – CAD$ 1.31 per USD for CDEV and CHHC. TMC has used an exchange rate of 1.35.

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) Site restoration costs in the plan period total $6.9 million.

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 3yr 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 (55% of funding) earn interest at 5.0% and the remaining equity contributions are interest free. The commitment fee on the CER facility is 0.30%. Other commitments fees on the Construction Facility are 0.065% and are charged for undrawn amounts of approved loan facility limits.

Trans Mountain Corporation

8) The existing pipeline is expected to generate over $180 million in EBITDA (under US GAAP) until the expansion project comes into service. Once in service, EBITDA jumps significantly due to higher tolls and volumes on the entire system. 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 prepares its financial information under IFRS. Therefore it converts TMC's financial information into IFRS for consolidation. We present the income statement components in both USGAAP and IFRS below with the adjusting entries.

TMC $MM	2021	2022	2023	2024	2024
EBITDA – USGAAP	182	183	1,486	1,519	1,420
Collection of funds to be used in construction (Firm 50)	34	2	0	0	0
EBITDA - IFRS	216	185	1,486	1,519	1,420

Canada Enterprise Emergency Funding Corporation

10) As noted above CEEFC financial results have not been consolidated into CDEV. The financial projections for CEEFC are included in Appendix D.

6.4 Capital Budget

CEEFC, TMP Finance and CEI are not involved in capital intensive activities and do not require any capital funding of equipment or other acquisitions for the 2021 fiscal year.

The total capital budget for 2021 to be approved by the Treasury Board, including capitalized interest, is $4.2 billion.

Summary of Capital Expenditures (per Schedule 2 – Statement of Cash Flow)

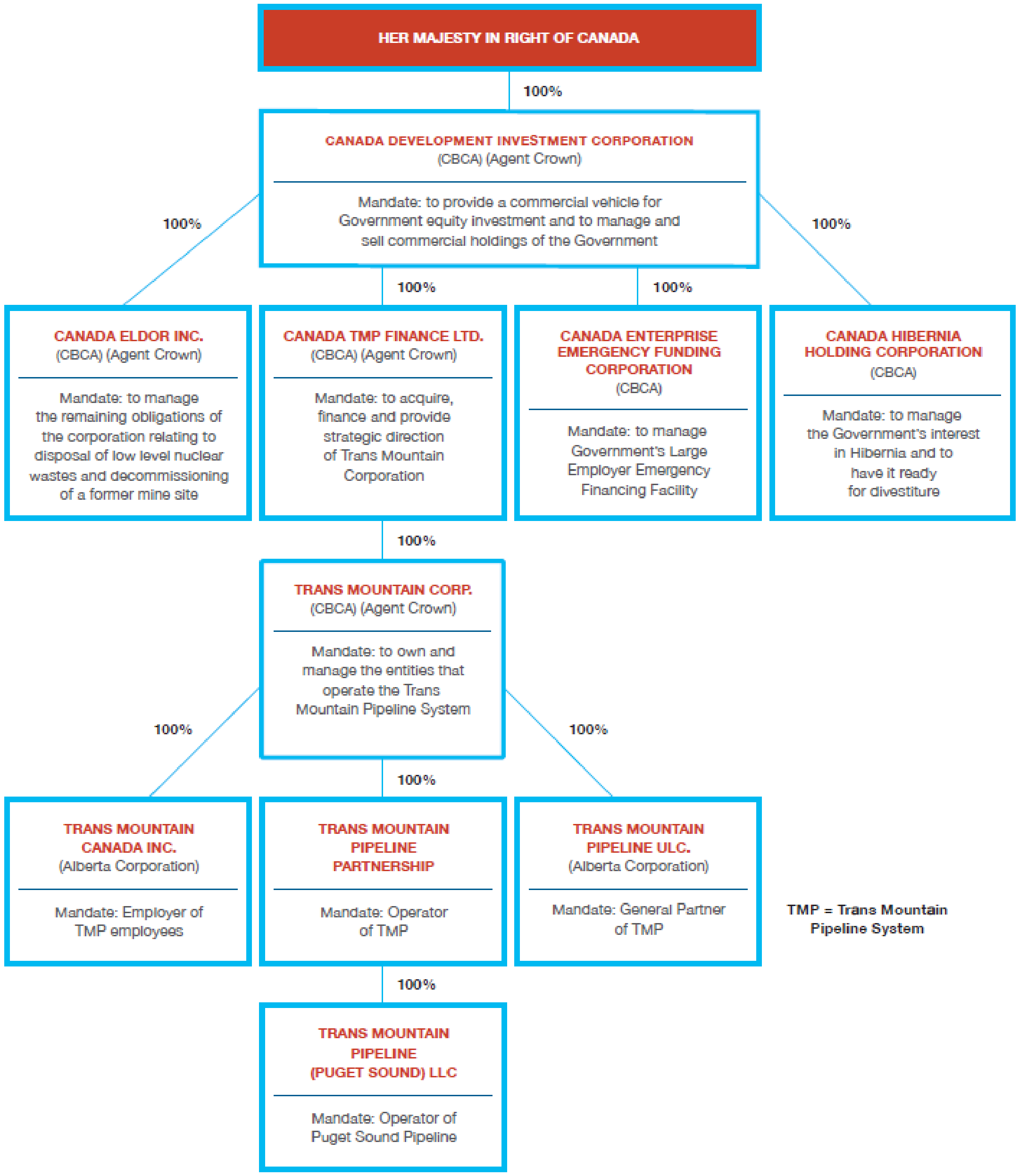
$ million	2021	2022	2023	2024	2025
TMC – TMEP	3,923	1,518	67		
TMC - Interest	210	226	0		
TMC - maintenance	70	46	49	40	42
CHHC	11	19	28	26	27
CDEV Office and ancillary leases	1				
CEEFC (not consolidated in attached schedules)	0	0	0	0	0
CDEV consolidated with CEEFC	4,215	1,809	144	66	69

6.5 Operating budget

Please see Appendices B, C and D for details of the operating budgets of TMC, CHHC and CEEFC respectively.

Appendix A-1 – Organization Chart and Board of Directors

CANADA DEVELOPMENT INVESTMENT CORPORATION



Effective communication with the Government and the public is conducted through the Corporate Plan and Corporate Plan Summary, the Annual Report, the interim quarterly reports, the corporate website, and an annual public meeting. As well, meetings are held as required with the Minister of Finance and officials of the Government of Canada.

Board of Directors

Stephen Swaffield, MBA (2) Chair of CDEV President CarbEx Consulting Inc. Whistler, British Columbia	
Darlene Halwas, CFA, ICD.D (1) (3) Director Calgary, Alberta	**Mary Ritchie, FCPA FCA (1) (2)** CEO Richford Holdings Ltd. Edmonton, Alberta
Carole Malo, BCom, CFA, (1) (2) (3) Director, Humber River Hospital, York University Toronto, Ontario	**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	**Robert Wener, MBA, FCPA, FCA (1) (2)** President Wener Advisory Group Ltd. Ottawa, Ontario

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

CDEV Officers: **Stephen Swaffield**
Chair

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 2019 – 2025

Schedule 1 - Proforma Consolidated Statements of Financial Position

$ millions (Dec 31)

	2019 Actual	2020 Plan	2020 Forecast	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Assets								
Currents assets:								
Cash and cash equivalents	587.1	626.7	350.8	465.2	284.7	261.1	326.4	326.7
Restricted cash	-	-	2.5	2.5	2.5	2.5	2.5	2.5
Trade and other receivables	119.3	47.0	55.8	66.1	41.6	170.3	174.9	165.5
Other current assets	27.3	21.3	21.5	21.5	22.7	19.9	19.7	19.5
	733.7	695.0	430.7	555.2	351.4	453.8	523.4	514.1
Non current assets:								
Property, plant and equipment (note 1)	6,144.35	9,105.1	9,277.9	13,335.1	14,996.8	14,695.9	14,312.6	13,917.7
Goodwill	1,015.8	1,015.8	1,015.8	1,015.8	1,015.8	1,015.8	1,015.8	1,015.8
Investments held for future obligations	159.7	173.3	172.9	178.6	188.1	196.6	207.7	218.7
Restricted cash	71.5	73.5	69.0	70.8	70.8	70.8	70.8	70.8
Restricted investments	70.9	85.6	86.8	101.4	116.4	143.0	170.2	198.0
Other assets	95.7	128.3	180.0	213.9	245.1	121.2	96.8	72.3
	7,558.0	10,581.6	10,802.5	14,915.7	16,633.1	16,243.3	15,873.8	15,493.2
	8,291.7	**11,276.7**	**11,233.2**	**15,470.9**	**16,984.5**	**16,697.2**	**16,397.2**	**16,007.3**
Liabilities and Shareholder's Equity								
Current liabilities								
Trade and other payables	332.6	315.7	560.0	731.2	578.4	66.2	63.1	57.5
Income tax payable	-	(1.6)	(4.3)	(4.3)	(4.2)	-	-	-
Other current liabilities	221.7	211.2	138.7	67.0	68.2	14.5	14.3	14.1
	554.2	525.3	694.4	794.0	642.4	80.8	77.4	71.7
Non-current liabilities								
Loans payable	6,055.0	9,142.7	9,000.0	13,213.0	15,011.0	14,882.6	14,185.6	13,481.6
Deferred income taxes	507.5	504.2	504.9	498.8	484.4	648.1	782.9	887.1
Provision for decommissioning obligation	609.9	623.4	623.9	632.8	641.9	651.1	660.6	670.3
Provision for site restoration	6.4	5.8	5.0	3.3	0.3	-	-	-
Defined benefit obligation	88.7	88.6	88.7	88.6	88.0	87.9	87.7	87.3
Other non-current liabilities (note 1)	163.4	177.5	122.1	133.4	144.9	172.9	196.5	220.7
	7,430.9	10,542.2	10,344.5	14,569.8	16,370.4	16,442.6	15,913.4	15,347.1
Shareholder's equity								
Share capital	-	-	-	-	-	-	-	-
Preferred shares	-	-	-	-	-	-	-	-
Contributed surplus	603.3	603.3	603.3	603.3	603.3	603.3	603.3	603.3
Net Profits Interest reserve	0.8	0.8	1.5	1.5	1.5	1.5	1.5	1.5
Accumulated deficit	(287.0)	(384.3)	(400.0)	(487.2)	(622.6)	(420.4)	(187.7)	(5.7)
Accumulated other comprehensive income	(10.6)	(10.6)	(10.6)	(10.6)	(10.6)	(10.6)	(10.6)	(10.6)
	306.6	209.2	194.2	107.0	(28.4)	173.8	406.4	588.5
	8,291.7	**11,276.7**	**11,233.2**	**15,470.9**	**16,984.5**	**16,697.2**	**16,397.2**	**16,007.3**

Note 1 - Right to use assets are included in PP& E; lease liabilities are included in other non-current liabilities

Note 2 - see Appendices B and C for TMC and CHHC Financial Statement.

Schedule 2 - Proforma Consolidated Statements of Cashflow

$ millions (Dec 31)

	2019 Actual	2020 Plan	2020 Forecast	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Cash provided by (used in):								
Operating activities:								
Net income (loss)	**33.9**	**(90.3)**	**(39.0)**	**(45.2)**	**(80.4)**	**225.2**	**275.6**	**236.1**
Adjustments for:								
Depletion and depreciation	160.6	164.8	156.6	157.5	148.2	452.9	459.6	462.8
Income tax expense	(8.4)	11.3	16.9	21.7	16.5	18.9	23.0	27.5
Interest income	(11.8)	(2.8)	(0.1)	(0.9)	(0.9)	(1.0)	(1.1)	(1.2)
Unwind of discount on provisions	12.9	9.8	8.7	8.9	9.1	9.3	9.5	9.7
Net change in defined benefits	2.3	(0.1)	0.1	(0.1)	(0.1)	0.0	0.0	0.0
Lease interest expense	2.0	-	-	-	-	-	-	-
Unrealized foreign exchange gain (loss)	(0.1)	-	-	-	-	-	-	-
Change in provision	1.2	(2.5)	(3.0)	(1.9)	(1.8)	(3.0)	(0.3)	-
Deferred income taxes	-	(3.3)	(2.6)	(6.0)	(14.5)	163.8	134.8	104.2
Interest on CRF (abandonment)	-	-	(2.5)	-	-	-	-	-
Interest received	11.6	2.6	-	1.2	1.1	1.2	1.3	1.3
Provisions settled	(3.7)	(1.4)	(1.4)	-	(1.2)	(3.2)	(1.8)	(2.6)
Income taxes paid	(27.4)	(8.7)	(17.0)	(21.7)	(18.5)	(18.9)	(23.0)	(27.5)
	173.1	79.3	116.7	113.5	57.6	845.2	877.5	810.4
Change in non-cash working capital	0.4	31.7	77.0	70.3	(144.3)	(536.0)	36.1	59.2
	173.5	**110.9**	**193.6**	**183.8**	**(86.7)**	**309.2**	**913.6**	**869.6**
Financing activities:								
Proceeds from loan issuance	1,265.0	3,087.7	2,945.0	4,213.0	1,798.0	-	-	-
NPI Received	12.8	63.0	89.7	110.0	87.1	85.2	117.2	157.8
Repayment of debt	(500.0)	-	-	-	-	(128.4)	(697.0)	(704.0)
Payment of lease liabilities	(19.1)	(3.9)	(3.9)	(3.8)	(3.8)	(3.8)	(3.8)	(3.8)
Dividends paid	(63.0)	(70.0)	(163.0)	(152.0)	(142.1)	(108.2)	(160.2)	(211.8)
	695.7	**3,076.7**	**2,867.8**	**4,167.2**	**1,739.2**	**(155.2)**	**(743.8)**	**(761.8)**
Investing activities:								
Working capital settlement re acquisition	37.0	-	-	-	-	-	-	-
Withdrawal from CRF	5.0	-	-	5.0	-	5.0	-	-
Purchase of property, plant and equipment	(1,115.0)	(3,119.9)	(3,273.2)	(4,214.7)	(1,808.7)	(143.9)	(66.5)	(68.8)
Intangible implementation costs	(10.1)		-	-	-	-	-	-
Sale (purchase) of short term investments	-	(2.0)	-	(1.8)	-	-	-	-
Purchase of restricted investment	(14.0)	(14.7)	(15.9)	(14.7)	(15.0)	(26.6)	(27.2)	(27.8)
Purchase of investments held for future obligation	(14.4)	(11.6)	(11.6)	(10.6)	(10.7)	(10.8)	(10.8)	(10.9)
Change in restricted cash	485.8	-	-	-	-	-	-	-
Change in non-cash working capital	-	0.1	3.0	0.1	0.0	-	-	-
	(625.5)	**(3,148.1)**	**(3,297.6)**	**(4,236.7)**	**(1,834.3)**	**(176.2)**	**(104.5)**	**(107.5)**
Effects of FX translation on cash	(1.4)		-					
Increase (decrease) in cash & cash equivalents	242.3	39.6	(236.3)	114.3	(181.9)	(22.2)	65.3	0.3
Cash and cash equivalents, beginning of year	344.9	587.1	587.1	350.9	465.2	283.3	261.1	326.4
Cash and cash equivalents, end of year	**587.1**	**626.7**	**350.9**	**465.2**	**283.3**	**261.1**	**326.4**	**326.7**

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

$ millions (Dec 31)

	2019 Actual	2020 Plan	2020 Forecast	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 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
NPI Reserve								
Balance, beginning of year	-	0.8	0.8	1.5	1.5	1.5	1.5	1.5
NPI receipts	12.8	63.0	89.7	110.0	87.1	85.2	117.2	157.8
Dividends paid	(12.0)	(63.0)	(89.0)	(110.0)	(87.1)	(85.2)	(117.2)	(157.8)
Balance, end of year	0.8	0.8	1.5	1.5	1.5	1.5	1.5	1.5
Accumulated deficit								
Balance, beginning of year	(269.9)	(287.0)	(287.0)	(400.0)	(487.2)	(622.6)	(420.4)	(187.7)
Net income (loss)	33.9	(90.3)	(39.0)	(45.2)	(80.4)	225.2	275.6	236.1
Dividends paid	(51.0)	(7.0)	(74.0)	(42.0)	(55.0)	(23.0)	(43.0)	(54.0)
Balance, end of year	(287.0)	(384.3)	(400.0)	(487.2)	(622.6)	(420.4)	(187.7)	(5.7)
Accumulated other comprehensive income								
Balance, beginning of year	10.8	(10.6)	(10.6)	(10.6)	(10.6)	(10.6)	(10.6)	(10.6)
Other comprehensive income	(21.4)	-	-	-	-	-	-	-
Balance, end of year	(10.6)	(10.6)	(10.6)	(10.6)	(10.6)	(10.6)	(10.6)	(10.6)
Total shareholder's equity	**306.6**	**209.2**	**194.2**	**107.0**	**(28.4)**	**173.8**	**406.4**	**588.5**

Schedule 4 - Proforma Consolidated Statements of Comprehensive Income

$ millions (Dec 31)

	2019 Actual	2020 Plan	2020 Forecast	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Revenue:								
Transportation revenue	413.2	395.5	392.9	398.2	371.0	1,916.7	1,978.7	1,863.5
Net crude oil revenue	172.8	99.1	125.9	129.7	116.5	118.7	143.5	158.7
Lease revenue	60.1	64.1	63.8	63.5	62.8	58.7	52.0	54.7
Other revenue	16.8	4.1	4.3	3.1	2.6	2.6	2.6	2.5
	662.9	562.9	586.8	594.6	553.0	2,096.5	2,176.7	2,079.3
Expenses:								
Depletion and depreciation	160.6	164.8	156.6	157.5	148.2	452.9	459.6	462.8
Pipeline operating expenses	152.3	126.6	128.9	130.0	129.0	289.5	305.0	283.7
Crude oil operating, transportation and marketin	27.4	24.1	27.2	26.1	27.1	23.9	27.3	26.1
Salaries and benefits	71.6	77.9	75.9	77.8	79.7	109.9	114.1	118.5
Professional fees	12.4	33.6	5.7	5.2	4.9	5.2	4.9	5.6
Other expenses	8.6	3.6	4.3	8.8	9.1	19.9	20.5	20.6
	433.0	430.6	398.6	405.5	398.0	901.4	931.3	917.4
Finance expenses:								
Interest expense	203.35	174.6	173.7	175.4	188.7	702.8	683.3	650.4
Interest income	(11.8)	(4.9)	(2.8)	(2.0)	(1.9)	(2.0)	(2.1)	(2.3)
Unwind of discounts	12.9	9.9	8.8	8.9	9.1	9.3	9.5	9.7
	204.4	179.6	179.7	182.3	195.8	710.0	690.7	657.8
Net income (loss) before income taxes	**25.5**	**(47.3)**	**8.6**	**6.8**	**(40.9)**	**485.1**	**554.7**	**504.1**
Income taxes:								
Current	25.4	46.4	50.2	58.1	53.9	96.2	102.6	109.5
Deferred	(33.8)	(3.3)	(2.6)	(6.0)	(14.5)	163.8	176.5	158.5
	(8.4)	43.0	47.6	52.1	39.5	259.9	279.1	268.0
Net income (loss)	**33.9**	**(90.3)**	**(39.0)**	**(45.2)**	**(80.4)**	**225.2**	**275.6**	**236.1**
Other comprehensive income (loss):								
Currency translation adjustment	(14.77)	-	-	-	-	-	-	-
Remeasurement of defined benefit obligations	(6.58)	-	-					
Total other comprehensive income	**(21.4)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
				-				
Comprehensive income (loss)	**12.6**	**(90.3)**	**(39.0)**	**(45.2)**	**(80.4)**	**225.2**	**275.6**	**236.1**

The Canada Development Investment Corporation (CDEV) 2021 - 2025 Corporate Plan was approved by the Treasury Board. The TMC Corporate Plan was included in this Plan. The following Summary of the 2021 - 2025 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 TMC Plan 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.

APPENDIX B

TRANS MOUNTAIN CORPORATION

A wholly owned subsidiary of

Canada Development Investment Corporation

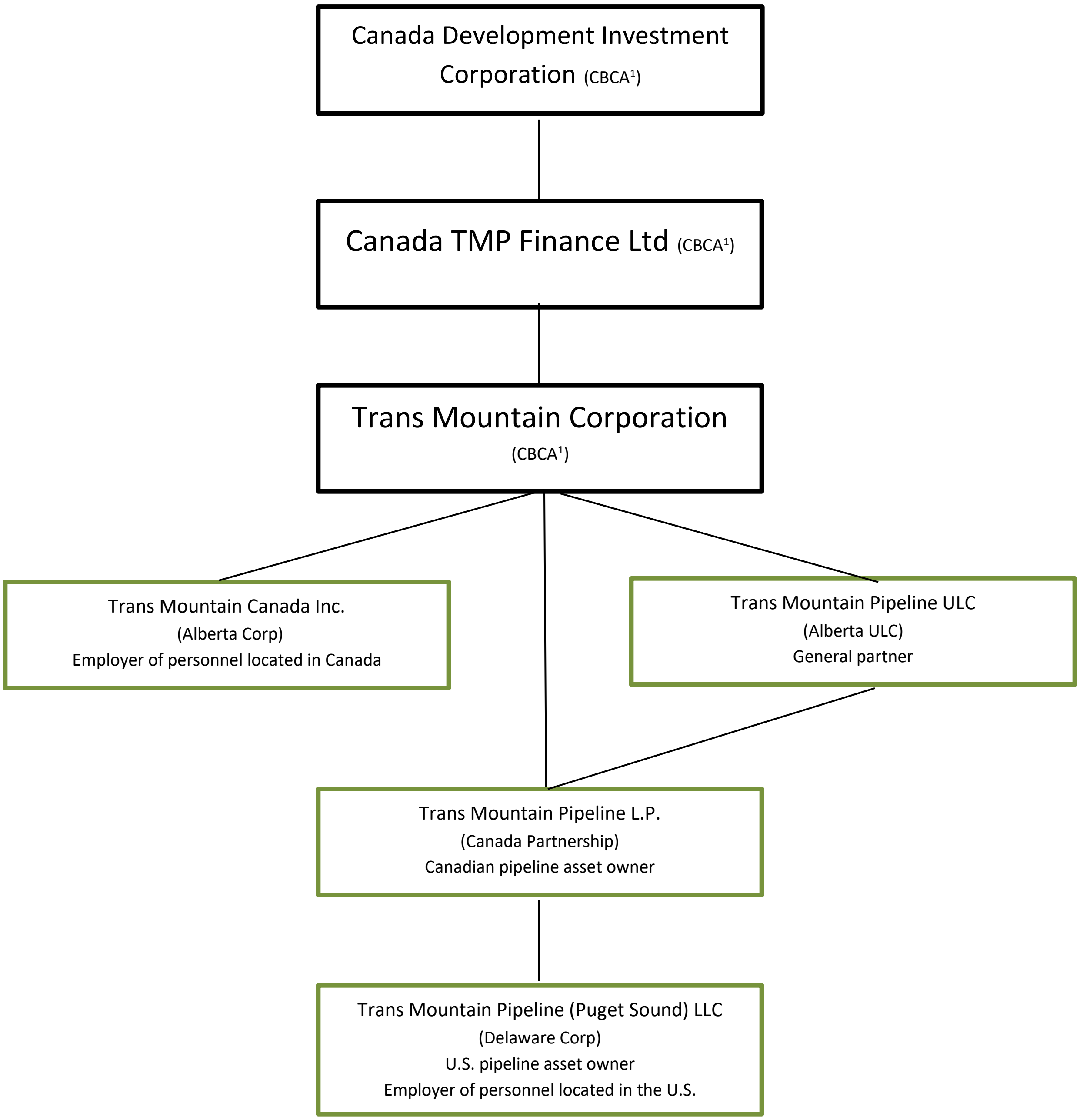
2021 to 2025 CORPORATE PLAN SUMMARY

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. ("TMCI"). Together these four entities are the "Trans Mountain Entities". These entities own and manage the Trans Mountain Pipeline System. 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 diagram below illustrates the TMC corporate structure.



1. Canada Business Corporations Act

Mandate

Trans Mountain Corporation's current mandate is to own and operate the Trans Mountain Pipeline System and to complete the pipeline 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.

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.

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 and CEO, who reports to the Board of Directors. The Board has broad authority for corporate governance, strategy, and nominates several committees to oversee specific specialized areas. These include the Human Resources, Compensation, Nominating and Governance 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; the Environmental, Health and Safety Committee; which maintains oversight over environmental protection and health and safety matters; and the Expansion Project Oversight Committee which has oversight over the TMEP. In 2020, a special committee of the Board was established to oversee TMC's response to the COVID 19 pandemic.

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 Parliament through the Minister of Finance.

The current composition of TMC's Board of Directors and Executive Management team is detailed in Appendix 1.

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 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 total capacity of nearly 11 million barrels, 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 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 is 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.

TMPL is 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 a common carrier pipeline that generates revenue through the collection of tolls for pipeline transportation service pursuant to a Canada Energy Regulator ("CER") 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 existing 2019 – 2021 Incentive Toll Settlement Agreement being a three-year term. Trans Mountain expects that it will continue to negotiate toll settlement agreements until 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 is completing a twinning of the existing pipeline between Strathcona County (near Edmonton), Alberta and Burnaby, BC. TMEP, once complete, will 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. The scope of TMEP includes:

- Approximately 860 km of new 36-inch pipeline, 120 km of new 42-inch pipeline, and 193 km of reactivated 24-inch pipeline, and 3 new 30-inch, 3.6 km parallel delivery lines from the Burnaby Terminal to the Westridge Marine Terminal.
- Construction of 12 new pump stations.
- Installation of 72 new mainline block valves to complement existing mainline block valves. These valves work to limit the volume of and consequences associated with pipeline leaks or ruptures.
- Construction of 19 new tanks in Burnaby (14), Sumas (1) and Edmonton (4). Demolition of one tank in Burnaby and recall of two tanks in Edmonton from merchant service to regulated service.
- Construction of three new berths at the Westridge Marine Terminal in Burnaby, as well as a utility dock for tugs and emergency response equipment, followed by the deactivation and demolition of the existing berth. Post-expansion, it is anticipated that the Westridge Marine Terminal would be capable of serving up to 34 Aframax class vessels per month.
- Approximately 73 per cent of the route would use the existing right-of-way, 16 per cent will follow other linear infrastructure such as telecommunications, electric transmission lines or highways, and 11 per cent will be new right-of-way.
- Once in service, the predominantly 24-inch “line 1” would carry refined products, synthetic crude oils, and light crude oils, with the capability for heavy crude oils, and the predominantly 36-inch “line 2” would carry heavier crude, with the capability for transporting light crude oils.

On August 22, 2019 construction restarted on the TMEP. Construction contractors were mobilized and construction work resumed along the route, including at the Burnaby Terminal, the Westridge Marine Terminal and in Alberta.

On February 4, 2020, the Federal Court of Appeal dismissed challenges to the Federal Government’s approval of the TMEP.

On February 7, 2020, TMC announced a revised cost estimate for the TMEP of $12.6 billion with service expected to start by the end of 2022. TMC's projected Adjusted EBITDA is expected to be at least $1.5 billion in the first full year of TMEP's operation and expected to grow annually. These projections are underpinned by long-term (15 and 20 year) contractual commitments for 80% of the system's 890,000 barrels a day of capacity.

On July 2, 2020, the Supreme Court of Canada dismissed all applications for leave to appeal the Federal Court of Appeal's February 4, 2020 dismissal of challenges to the Federal Government's approval of the TMEP.

Significant progress in the construction of the TMEP was made during 2020, despite various challenges including COVID-19. Construction is underway across most of the pipeline route, at facilities and in the Lower Mainland with work continuing both onshore and in the water at Westridge Marine and Burnaby terminals. Construction has continued at Trans Mountain's facilities, pipelines and terminals in accordance with all health and safety protocols outlined by Health Canada as a result of COVID-19. The Company has taken significant measures to ensure the safety of employees, contractors and communities by implementing strict measures for personal protective equipment, hygiene, temperature testing, physical distancing, worker housing, transportation, training and management oversight.

TMEP Contract Service Toll Structure

Under TMEP there is a fundamental shift in the revenue model and toll design for transportation services on the expanded pipeline system whereby the first year toll is established based on the requirements set out in the Transportation Service Agreements (TSA) with contracted shippers. The TSAs set out each shippers' commitment based on the transportation service requirements agreed to which include the monthly volume commitment, the delivery destination and the crude type (light or heavy).

TMEP Tolls

The toll is made up of two components, the fixed component and the variable component. The fixed component of the toll is the ship or pay amount that a contracted shipper must pay based on their respective monthly volume commitment. The variable component of the toll is comprised of costs, such as power, that are collected from shippers based on use of the pipeline. The power costs are recovered in the variable component of the toll whereas all other operating costs are captured in the fixed component of the toll. Approximately 80% of the 890,000 barrel per day capacity has been contracted with shippers with 93% for a 20- year period. Most shippers have investment grade or near investment grade credit ratings. Shippers receive discounts when they commit to the 20-year contract period (10% toll discount) and/or larger volumes (7.5% toll discount).

The fixed toll component will be adjusted at the TMEP's in service based on changes in certain uncapped costs (i.e. passed on to the shipper) at a rate of $0.07/$100M. The uncapped cost categories includes:

1) Land and right of way acquisition costs for spread 7 (Lower Mainland BC);
2) Acquisition of pipe material;
3) Pipeline construction of Spread 5B (mountainous terrain);
4) Pipeline construction of Spread 7 (lower mainland) including the tunnel through Burnaby mountain;
5) Indigenous accommodation costs payable up to and including the in-service date; and
6) Community investment agreements.

The remaining project costs fall in the capped cost category and these costs are recovered through the base toll agreed to in 2017. The fixed component of the tolls that are set for the first year of transportation service on the expanded system are escalated annually by 2.5% over the terms of the contracts without any link to broad economic inflation measures..

As part of the commercial negotiations for the Project it was agreed that 50% of the spot revenue generated by volumes transported in excess of 85% of pipeline capacity would be shared with shippers. The shippers sharing amount will be returned to shippers as a credit to the variable component of the toll. In addition, Trans Mountain also negotiated an agreement with the Province of British Columbia that Trans Mountain will share a minimum of $0.5 billion to a maximum of $1.0 billion, depending on spot volume, over 20 years with the Province. The sharing mechanism is part of the terms of the shipper contracts and the contract with BC both of which were executed well before the acquisition by the Government of Canada.

The variable component of the toll includes flow through cost items which will be reconciled annually. The costs to be passed through in the variable toll include:

- Power costs;
- Pipeline abandonment costs;
- Shipper share of spot revenue, if applicable;
- Indigenous accommodations cost payable after the commencement of service;
- Greenhouse gas emission – TMEP construction related offsets; and
- Other costs as allowed in the contract.

Performance Goals and Objectives

TMC's performance goals for the next 5 years include:

- Maintain safe, compliant and commercially viable operation of the Trans Mountain Pipeline System;
- Complete the construction of TMEP in a safe, compliant and commercially viable manner and place the completed assets into service;
- Investigate potential optimization and expansion opportunities for the Trans Mountain Pipeline System;
- Establish and execute a business readiness plan for the orderly transition and integration of the expansion assets into the ongoing operation of the Trans Mountain Pipeline System;
- Maintain an ethical, respectful reputation and comply with relevant requirements of a Crown Corporation.
- Maintain a diverse, racially open and accessible workplace.

Risks

TMC is subject to risks which could result in additional costs, impacts to operations, delays in construction execution and/or reputational damage including but not limited to:

- Changes in market conditions, commodity prices, the political environment, widespread epidemics or pandemics, and economic conditions in Canada and globally;
- Major incident that impacts the safety of the public, employees and the protection of the environment resulting from construction execution, operations or third party damage;
- Natural hazards and environmental events that have impacts on construction execution and/or operations;
- Demonstrations or protests that result in impacts to construction execution and/or operations;
- Timely receipt of permits and access to lands that results in impacts to construction execution;
- Regulatory and legal decisions and outcomes, and potential changes in laws and regulations that result in impacts to construction execution and/or operations;
- Inadequate controls for contractor oversight that result in impacts to construction execution and/or operations;
- Inadequate controls that result in violations of law, fraud or increased cost;
- Attracting and retaining a suitably skilled workforce;
- Performance and credit risk of our counterparties;
- Cyber security and/or confidentiality breach that results in impacts to operations or reputational damage.

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.

TMC enacted a voluntary Project-wide safety stand down effective December 18, 2020. The safety stand-down provided an opportunity for TMC to engage with its contractors, their staff and TMC's employees. TMC remains diligently focused on the safety of its workforce. TMC dedicate this time to ensure all safety management systems are in place, including COVID-19 protocols, to ensure everyone returns to work safely.

TMC maintains a corporate insurance program to ensure that potential costs arising from incidents associated with the administration and the operation of the business and physical assets are recoverable. The insurance program provides coverage for property damage, business interruption and various types of liability. The TMEP is separately insured.

The CER requires TMPL to maintain $1 billion of financial resources. TMPL complies with this requirement by maintaining general liability insurance coverage of at least CA$500 million and a CA$500 million line of credit from TMP Finance.

Financial overview

TMC prepares its financial statements in accordance with United States Generally Accepted Accounting Principles ("US GAAP") 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 rate regulation. Recognition of these items may differ from that otherwise expected under US GAAP applicable to non-regulated businesses. TMC is taxable under a regulation of the Income Tax Act.

We note that in the CDEV Plan all financial results are converted to IFRS which is the framework under which CDEV reports to the government. In the CDEV plan, the TMC financial figures have been converted to IFRS.

2020 Forecast

TMPL expects to transport approximately 307,000 bpd, with approximately 187,000 bpd moving on the Puget system into Washington State. Puget movements are influenced by the prevailing heavy vs light pricing spread. Generally, the wider the spread, (i.e. the cheaper the heavy barrel), the greater pressure there is for dock capacity and the less space available for Puget light barrels.

Total TMC operating income before depreciation (EBITDA) is forecast at approximately $184 million, approximately $6 million lower than the 2020 budget due mainly to the impact of lower capital recovery on TMPL resulting from changes in depreciation rates and approximately $150 million of assets being fully depreciated at the end of 2019.

Non-TMEP capital spending is forecast at approximately $71 million which includes amounts associated with the Digital Transformation project as well as the System Optimization Project which was completed in June of 2020.

On TMEP, 2020 spending is forecast at $3.2 billion, including AFUDC of $0.3 billion, based on construction activities at Westridge Marine Terminal, Burnaby Terminal, Edmonton Terminal, pump stations and on pipeline spreads in Alberta and BC.

2021 Annual Plan

In 2021, the TMPL system is expected to move approximately 315,000 bpd, with approximately 192,000 bpd moving on the Puget system into Washington State.

Total TMC operating income before depreciation (EBITDA) is expected to total approximately $182 million, approximately $2 million lower than the 2020 forecast due mainly to higher throughput on Puget being offset by an increase in Trans Mountain personnel costs and administration costs related to business readiness activities.

Non-TMEP capital spending in 2021 is expected to total approximately $70 million, approximately $29 million of which is planned to address natural hazard mitigation and preserve system integrity. Approximately $13 million is planned on capital projects that enhance system reliability, such as electrical and valve upgrades, and other facility and equipment upgrades. Approximately $14 million is planned for IT infrastructure and applications. The remaining $14 million relates to compliance requirements, growth and connectivity opportunities, and safety, security, and emergency response related projects.

On TMEP, 2021 spending of approximately $4.4 billion, including AFUDC of $0.4 billion is expected to support the following main activities:

- Continued application and approval process supported by TMEP internal team
- Spread 1: construction completed in 2020, leave to open in 2021
- Spread 2: ongoing pipeline installation including 6 HDDs
- Spread 3 & 4A: ongoing pipeline installation including 4 HDDs
- Spread 4B: completion of pipeline installation including 2 HDDs, and hydrotest
- Spread 5A: continued ROW clearing and pipeline installation including 3 HDDs and hydrotest
- Spread 5B: complete ROW clearing, ongoing pipeline installation
- Spread 6: complete ROW clearing and pipeline installation
- Reactivation: complete construction work and hydrotest
- Edmonton Terminal and Pump Station: ongoing construction Edmonton Terminal and BC pump stations, completion and leave to open of Alberta pump stations
- Spread 7: ongoing ROW clearing and pipeline installation including 4 HDDs
- Burnaby Mountain Tunnel: completion of tunneling and start of pipe installation
- Sumas Terminal: ongoing construction
- Burnaby Terminal: ongoing construction
- Westridge Marine Terminal: ongoing foreshore, on shore and berth construction

2022 through 2025

The operating assumptions of TMC are steady through 2022 with few major variations expected. TMC expects the TMEP will be in-service by December 31, 2022 at a total cost of $12.6 billion. When TMEP is complete, transportation revenue will increase as a result of pipeline capacity increasing to 890,000 barrels/day and a new toll structure related to new Transportation Services Agreements that have been negotiated with shippers in connection with the TMEP. Trans Mountain estimates throughput of 870,000 bpd in 2023 and 2024 as previously constrained supply gains access to world markets via the expanded pipeline system. In 2025, Trans Mountain expects a third-party expansion may occur and has estimated throughput of 758,000 bpd. TMC estimates EBITDA of $1.5 billion in the first full year of operation of the expanded pipeline system.

TMC continues to look for opportunities to leverage, optimize and expand which may include enhancements to Puget system deliverability, leveraging our pipeline system rights-of-way and communication systems, and construction related greenhouse gas offsetting efforts, however, the financial impact of these opportunities are not reflected in this corporate plan.

Appendix 1: Corporate Governance

As at September 16, 2020, the composition of the TMC Board of Directors and Committees is as follows:

Board of Directors
William Downe (Chair)
Ian Anderson (President & CEO)
Harold Calla
David Emerson
Brian Ferguson
Carol Anne Hilton
Patricia Koval
H. Stanley Marshall
Marie-José Nadeau
Paul Rochon
Michael Sabia (effective December 18, 2020)
Sandra Stash
Stephen Swaffield

Expansion Project Oversight Committee (EPO)
Stanley Marshall (Chair)
Brian Ferguson
Carol Anne Hilton
Sandra Stash
Stephen Swaffield

Environmental, Health and Safety (EHS)
David Emerson (Chair)
Brian Ferguson
Sandra Stash
Stephen Swaffield

Audit Committee
Brian Ferguson (Chair)
Harold Calla
Patricia Koval
Paul Rochon
Michael Sabia (effective December 18, 2020)

COVID-19 Committee (COVD-19)
Marie-José Nadeau (Chair)
Ian Anderson
David Emerson
Carol Anne Hilton
Stanley Marshall
Sandra Stash

Human Resources, Compensation, Nominating and Governance (HRCNG)
Marie-José Nadeau (Chair)
David Emerson
Carol Anne Hilton
Patricia Koval

The Chairman of the Board, W. Downe, is an ex Officio on each of the committees.

The composition of the TMC Executive Management team is as follows:

Ian Anderson	President & CEO
Mark Maki	Chief Financial Officer
David Safari	Executive Vice President TMEP
Michael Davies	Vice President Operations
Paul Huddleston	Vice President Engineering and Technical Services
Heather Mark	Vice President Finance
Maureen Neufeldt	Vice President People and Technology Resources
Norm Rinne	Vice President Business Development
Scott Stoness	Vice President Regulatory and Compliance
Rob Van Walleghem	Vice President Legal Services and General Counsel
Siobhan Vinish	Vice President Public Affairs

Appendix 2: Financial Statements

Trans Mountain Corporation
Proforma Consolidated Statements of Financial Position
December 31, 2020 to 2025
Cdn$ thousands

	2020 Forecast	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Assets						
Current Assets						
Cash and cash equivalents	200,935	313,439	141,806	116,485	181,498	182,903
Accounts receivable	35,342	35,774	36,061	164,717	169,332	159,958
Other current assets	19,511	19,511	19,511	19,511	19,511	19,511
	255,788	**368,724**	**197,377**	**300,713**	**370,340**	**362,371**
Property, plant and equipment	8,969,931	13,302,666	15,369,218	15,101,011	14,759,098	14,417,697
Right-of-use asset	67,659	67,659	67,659	67,659	67,659	67,659
Regulatory assets	65,204	99,079	130,315	105,873	81,431	56,989
Goodwill	888,098	888,098	888,098	888,098	888,098	888,098
Restricted investments	86,792	101,448	116,446	143,016	170,205	198,027
Restricted cash	63,015	63,015	63,015	63,015	63,015	63,015
Deferred amounts and other assets	120,619	120,619	120,619	21,129	21,129	21,129
Total Assets	**10,517,106**	**15,011,309**	**16,952,748**	**16,690,515**	**16,420,975**	**16,074,986**
Liabilities and Equity						
Current Liabilities						
Accounts payable	544,236	712,960	568,331	60,143	49,528	48,557
Regulatory liabilities	122,500	51,000	51,000	-	-	-
Other current liabilities	23,180	23,180	23,180	23,180	23,180	23,180
	689,916	**787,140**	**642,511**	**83,323**	**72,708**	**71,737**
Loans from parent	4,786,100	7,074,100	8,047,600	7,834,245	7,334,245	6,834,245
Deferred income taxes	626,904	681,156	755,069	927,841	1,071,616	1,184,591
Regulatory liabilities	89,998	104,654	119,652	146,222	173,411	201,233
Pension and post-employment benefits	87,297	87,297	87,297	87,297	87,297	87,297
Lease liability	51,955	51,955	51,955	51,955	51,955	51,955
Other deferred credits	12,748	12,748	12,748	12,748	12,748	12,748
Total Liabilities	**6,344,918**	**8,799,050**	**9,716,832**	**9,143,631**	**8,803,980**	**8,443,806**
Equity	4,172,188	6,212,259	7,235,916	7,546,883	7,616,995	7,631,180
Total Liabilities and Equity	**10,517,106**	**15,011,309**	**16,952,748**	**16,690,515**	**16,420,975**	**16,074,986**

Trans Mountain Corporation
Proforma Consolidated Statements of Income and Comprehensive Income
For the years ended December 31, 2020 to 2025
Cdn$ thousands

	2020 Forecast	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Revenues						
Transportation revenue	358,597	363,986	368,608	1,916,652	1,978,698	1,863,488
Lease revenue	63,795	63,537	62,844	58,654	51,955	54,679
Other revenue	1,709	1,768	1,276	1,301	1,326	1,327
	424,101	**429,291**	**432,729**	**1,976,606**	**2,031,979**	**1,919,494**
Expenses						
Pipeline operating costs	128,891	129,999	128,979	289,513	305,014	283,709
Depreciation and amortization	97,216	99,135	100,294	383,624	382,385	383,062
Salaries and benefits	71,872	73,585	75,425	105,558	109,702	114,009
Taxes, other than income taxes	33,313	36,368	37,459	77,271	79,589	81,977
Administration	5,709	7,586	7,758	18,536	19,092	19,664
	337,001	**346,673**	**349,915**	**874,502**	**895,782**	**882,421**
Operating income	**87,100**	**82,618**	**82,814**	**1,102,105**	**1,136,197**	**1,037,074**
Equity AFUDC	177,255	277,880	381,669	-	-	-
Interest expense, net of capitalized	(88,635)	(138,190)	(163,413)	(398,347)	(380,583)	(355,583)
Other, net	(1,630)	15	-	-	-	-
Foreign exchange (loss) gain	(1,512)	-	-	-	-	-
Tax recovery (expense)	(42,019)	(54,252)	(73,913)	(172,772)	(185,503)	(167,306)
Net income	**130,559**	**168,071**	**227,157**	**530,985**	**570,111**	**514,185**
Other comprehensive (loss) income						
Currency translation adjustment	-	-	-	-	-	-
Comprehensive income	130,559	168,071	227,157	530,985	570,111	514,185
Adjusted EBITDA	184,316	181,753	183,108	1,485,729	1,518,582	1,420,136

Trans Mountain Corporation
Proforma Consolidated Statements of Cash Flow
For the years ended December 31, 2020 to 2025
Cdn$ thousands

	2020 Forecast	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Operating activities						
Net income (loss) for the year	130,559	168,071	227,157	530,985	570,111	514,185
Items not affecting cash						
Depreciation and amortization	97,216	99,135	100,294	383,624	382,385	383,062
Equity allowance for funds used during construction	(177,255)	(277,880)	(381,669)	-	-	-
Deferred income taxes	42,019	54,252	73,913	172,772	143,775	112,975
Changes in non-cash working capital items	65,901	77,573	(161,153)	(537,343)	36,402	60,666
	158,440	121,151	(141,459)	550,038	1,132,673	1,070,888
Investing activities						
Capital expenditures	(3,145,523)	(4,153,990)	(1,785,177)	(115,417)	(40,472)	(41,661)
Purchase Restricted Investments	(15,881)	(14,657)	(14,998)	(26,570)	(27,189)	(27,822)
	(3,161,404)	(4,168,646)	(1,800,175)	(141,987)	(67,661)	(69,483)
Financing activities						
Issuance (repayment) of loans from parent	1,529,000	2,288,000	973,500	(213,355)	(500,000)	(500,000)
Capital contributions	1,251,000	1,872,000	796,500	29,983	-	-
Dividends	-	-	-	(250,000)	(500,000)	(500,000)
	2,780,000	4,160,000	1,770,000	(433,372)	(1,000,000)	(1,000,000)
Effects of FX translation on cash balances	-	-	-	-	-	-
Net increase (decrease) in Cash and Restricted cash	(222,964)	112,504	(171,633)	(25,321)	65,012	1,405
Cash and Restricted cash, beginning of period	486,914	263,950	376,454	204,821	179,500	244,513
Cash and Restricted cash, end of period	263,950	376,454	204,821	179,500	244,513	245,918
Cash, beginning of period	423,899	200,935	313,439	141,806	116,485	181,498
Restricted cash, beginning of period	63,015	63,015	63,015	63,015	63,015	63,015
Cash and Restricted cash, beginning of period	486,914	263,950	376,454	204,821	179,500	244,513
Cash, end of period	200,935	313,439	141,806	116,485	181,498	182,903
Restricted cash, end of period	63,015	63,015	63,015	63,015	63,015	63,015
Cash and Restricted cash, end of period	263,950	376,454	204,821	179,500	244,513	245,918

Appendix 3: Borrowing Plan

At present TMC has a funding agreement with Canada TMP Finance Ltd. Funding provided under this agreement is treated as 55% debt funding and 45% equity funding. Debt incurs an interest rate of 5%.

TMC borrowed $2.5 billion to finance the acquisition of the Trans Mountain entities.

For 2021 it is expected that cash generated by operations will meet operational requirements and fund the non-TMEP capital program. $4.1 billion of funding for TMEP will be financed through draws on the funding agreements including draw funds to pay its semi-annual interest payments. This Plan assumes an amendment to the funding agreement will be negotiated to increase the borrowing limits as necessary.

Trans Mountain Corporation
Proforma Supporting Schedules
Debt Funding Plan
December 31, 2019 to 2024

	2020 Forecast	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Equity contribution	1,251,000	1,872,000	796,500	29,983	-	-
Debt Funding						
Construction Facility						
Opening balance	750,750	2,279,750	4,567,750	5,541,250	5,327,895	4,827,895
Draw (Repayment)	1,529,000	2,288,000	973,500	(213,355)	(500,000)	(500,000)
Closing balance	2,279,750	4,567,750	5,541,250	5,327,895	4,827,895	4,327,895
Acquisition Facility						
Opening balance	2,506,350	2,506,350	2,506,350	2,506,350	2,506,350	2,506,350
Draw (repayment)	-	-	-	-	-	-
Closing balance	2,506,350	2,506,350	2,506,350	2,506,350	2,506,350	2,506,350

An undrawn $500 million facility exists to satisfy financial requirements of the CER. A commitment fee of 0.30% is paid on the facility for undrawn amounts. It is not expected that this new facility will have any draws in the normal course of business.

Leases

TMC has committed to leases that will continue through 2021. TMC may enter new leases in 2021 with annual payments up to approximately $29 million including $5 million for temporary work space to receive, store and work on materials and equipment along the planned construction route; $20 million for office space and $4 million for vehicles required to support the growing workforce. The financial commitments of rental/lease agreements in respect of TMEP are included in the borrowing requirements for TMEP.

Year:	**2020**	**2021**	**2021 (at Dec 31)**	**2022 (at Dec 31)**	**2023 (at Dec 31)**	**2024 (at Dec 31)**	**2025 (at Dec 31)**
	Forecast	**Plan**	**Projected**	**Projected**	**Projected**	**Projected**	**Projected**
Right-of-use asset class: Land (Workspace, warehouse, laydown space, pumping stations)							
Space to receive, store, and work on materials and equipment along the planned construction route							
Total liability ($ million)	9,955,623	5,144,000	3,594,000	682,000	-	-	-
Expected number of years remaining	3	**3**	**1.44**	**0.54**	**-**	**-**	**-**
Right-of-use asset class: Buildings (Office space)							
Office space - Various Locations							
Total liability ($ million)	4,642,811	19,586,000	17,550,000	14,218,000	10,886,000	8,850,000	7,295,000
Expected number of years remaining	4.42	**10**	**5.79**	**4.79**	**3.79**	**3.04**	**2.5**
Right-of-use asset class: Vehicles (Fleet Lease)							
Vehicles leased in Canada and the USA							
Total liability ($ million)	2,185,686	4,327,000	3,797,000	2,932,000	2,067,000	1,202,000	337,000
Expected number of years remaining	5	**5**	**4.37**	**3.37**	**2.37**	**1.37**	**0.37**

Commercial Agreements

TMC has committed to commercial agreements and may enter new commercial agreements in respect of community investments for TMEP. These community investment agreements financially commit TMC to provide funds to municipal and Indigenous communities which may have payment terms greater than one year.

APPENDIX C

CHHC

CANADA HIBERNIA HOLDING CORPORATION

A wholly owned subsidiary of

Canada Development Investment Corporation

CORPORATE PLAN SUMMARY of the 2021 Corporate Plan

FOR THE YEARS 2021 – 2025

January 28, 2021

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1.0 Hibernia Project - Summary

Canada Hibernia Holding Corporation (CHHC) is a wholly owned subsidiary of Canada Development Investment Corporation (CDEV) and was formed in March 1993 for the purpose of holding, managing, administering, and operating the Government of Canada's then 8.5% working interest (WI) 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 2020, CHHC forecasts to have paid cumulative dividends of $2.32 billion[1], $298 million in federal Net Profits Interest (NPI) and $720 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.

In Q1 2020, crude oil prices dropped dramatically as a result of reduced demand related to the Covid-19 pandemic. Consequently, capital expenditure spending was materially reduced through cancellations and deferrals. A program to achieve short-term and long-term operating cost reductions was implemented. Spending was not and will not be reduced on important safety, environmental protection, and asset integrity projects.

For 2020, CHHC is forecasting dividends of $74 million which is $67 million higher than the Plan[2] amount of $7 million. The Plan dividends, as updated in May 2020, were expected to be minimal because of the uncertainty of demand from CHHC's customers, the ability to produce from the platform and to maintain financial flexibility during more uncertain economic conditions. The now higher forecasted dividends for 2020 reflect improved and more stable oil prices, and significantly reduced capital expenditures.

CHHC's working interest share of average Hibernia 2020 forecast production is 9,123 barrels of oil per day (bopd). This is 3% better than the 8,891 bopd estimated in the 2020 Plan due to better field performance.

For the 2021 Plan, dividends are forecasted at $47 million which is $27 million lower than the 2020 forecast of $74 million. The reduction in 2021 is due mainly to working capital changes, as 2020 results benefited from a large balance of receivable collections carried over from 2019 crude oil sales.

As a single asset company, CHHC's initial share of funding was obtained through appropriations from the Government of Canada until the commencement of production in November 1997. However, funding since then 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 costs, royalties, NPI, income taxes, administrative costs, and future abandonment costs without requiring additional government appropriations. CHHC is responsible

[1] All financial data is in Canadian dollars unless otherwise noted.
[2] The Plan for year 2020 was amended in May 2020 in response to Covid-19 economic conditions and low oil prices.

for paying federal and provincial income taxes, royalties and the NPI on the same basis as private sector companies.

CHHC's primary goal is to manage the shareholder's ownership (described below) in the Hibernia project. CHHC ensures that protection of the health and safety of workers and the protection of the environment are paramount in all Hibernia decisions, the operations are in regulatory compliance, 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 through active participation in all committees overseeing the project's strategic direction; by providing input on operational matters including safety and environmental protection and managing the revenue stream; by ensuring adherence to all government regulations and contractual obligations; through diligent involvement in and oversight of transportation and marketing activities for CHHC's share of oil production; by maintaining sufficient working capital to avoid the need for government funding; and by setting aside funds to provide for the eventual abandonment of Hibernia.

A secondary goal is to keep the asset in a ready state for evaluation and sale should Canada elect to divest of the asset.

CHHC has different working interests (WI) in different areas of the Hibernia field. The Hibernia field is divided into licence areas and some licence areas have been unitized[3]. On an overall basis, CHHC has an 8.5% WI in the Hibernia Main Field and a current 5.63% WI in the Hibernia Southern Extension Unit (HSE Unit). CHHC's WI in the HSE Unit is subject to adjustment (along with all other HSE Unit participants) according to the HSE Unit Agreement. CHHC has an 8.5% WI in the portion of the Hibernia field PL1001 production licence (PL) area originally approved for development and shown in the gray color on the left in the diagram below within the dashed lines. CHHC also has an 8.5% WI 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 (5.0%). The Main Field owners are also the owners of Hibernia Management and Development Company Ltd. (HMDC) and the Gravity Base Structure (GBS) platform and facilities in proportion to their Main Field ownership.

The unitization of a portion of PL1001, PL1011 (originally 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 WI for each lease are shown by the green area on the right-hand side of the diagram below.

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

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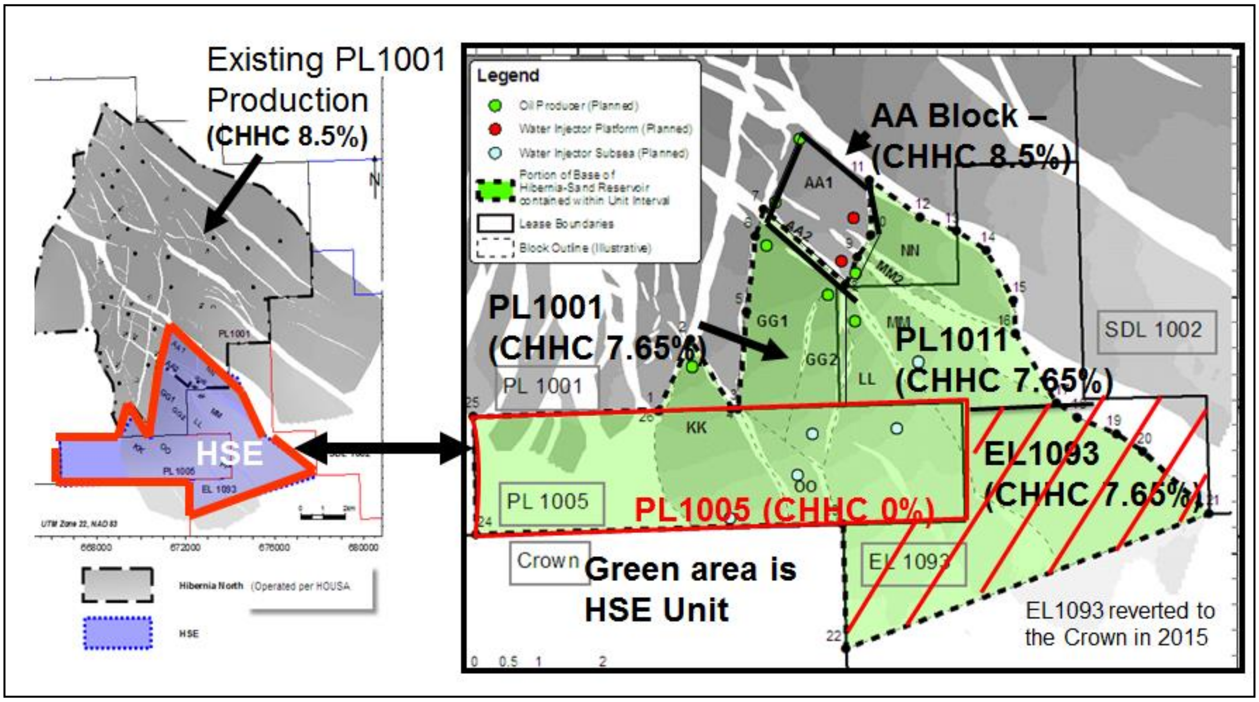
[3] Unitization is a common oilfield practice where owners reach a contractual agreement to share production, costs and investments on lands and assets with different ownership to enable co-coordinated development of a common reservoir(s) or pool(s)



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 crosshatch.

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.

Negotiations on fiscal, provincial benefit and equity terms with the Province concluded on February 16, 2010, resulting in Nalcor acquiring 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 remain within the mandate of CHHC.

2.0 Review of 2020 Operations

Dividend payments in 2020 are forecasted at $74 million. By contrast, the 2020 Plan estimated no further dividends beyond a $7 million dividend payment made in March 2020, amid uncertainties at that time related to oil price volatility and Covid-19.

For 2020, CHHC is forecasting crude oil sales of $162 million, net crude oil revenue of $121 million, and net income of $22 million (see Schedule II). Crude oil sales of $162 million are 21% higher than $134 million in the Plan. The increase is explained by CHHC's average realized oil price being 24% higher at $51 CAD ($41 US) per bbl compared to $41 CAD ($30 US) per bbl in the Plan. CHHC's average daily production volumes exceeded Plan by 3%. Dated Brent prices rebounded more quickly than anticipated following Covid-19 lockdowns and the Saudi Arabia/Russia oil price war.

For 2020, combined royalty and NPI expenses of $41 million are forecast to be 18% higher than $35 million estimated in the Plan, due to the 21% increase in crude oil sales partially offset by a greater than expected reduction in royalty and NPI payments due to low oil prices.

While CHHC's contractual net royalty rates range from 30% to 50% (levied on revenue net of cost deductions) depending on WTI oil prices and the royalty area, the majority of CHHC's net revenue bears the 30% net royalty rate. A "net royalty" means the royalty rate is multiplied by "net transfer revenue", which is essentially crude oil sales less eligible cost deductions. The contractual NPI rate is 10% and likewise levied on net revenue (crude oil sales less eligible cost deductions) from the main PL1001 licence area, although it reduces in low oil price environments (generally when Dated Brent falls below US $60 per bbl) according to an oil indexing factor.

Total 2020 operating and administrative expenses of $87 million are consistent with Plan.

CHHC continues to have confidence in HMDC's discharge of Safety, Security, Health and Environmental (SSH&E) responsibilities and in their people, processes, and equipment. In 2020, there was one lost time incident at Hibernia. This is the first lost time incident at Hibernia since 2013.

During 2020, there was one significant oil discharge on July 19, when Hibernia production was shut-in following a produced water upset which occurred during the flow back of a newly drilled well. There were no reports of impacted wildlife. Although this was an unfortunate event, HMDC responded very well and minimized the impact.

3.0 Objectives for 2021

CHHC's major business objectives for 2021 are to deliver operating and financial performance in accordance with the Corporate Plan, participate in the First Redetermination of the Unit working interest to gain the correct outcome, support the operator in optimizing value from the facility and in future resource development in areas including the BNA and Catalina formations, monitor risks and oversee decisions associated with marketing and transportation of CHHC's crude and monitoring credit and marine transportation risks (including mitigating strategies) and ensuring adequate tanker capacity.

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 use Suncor as its marketing agent and participates in the Suncor Marketing Group (SMG).

The Basin Wide Transportation and Transshipment System (BWTTS) provides both cost savings and efficiencies for all BWTTS participants, including CHHC. Under this system, the BWTTS participants (comprising of 9 producer companies operating 3[4] producing fields offshore East Coast Canada in 2020) share in the use of shuttle tankers to transport oil to the Newfoundland Transshipment Ltd. (NTL) terminal.

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; volatility in interest rates; 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, and harsh weather); safety and environmental risks, including pollution; marine transportation risks; regulatory risks; IT/cybersecurity risks; availability of insurance related to the aforementioned risks; and loss of key personnel.

CHHC has accepted the risk of oil price volatility by participating in multiple (20+) cargo sales annually through its joint marketing agreement with Suncor which provides natural mitigation and by maintaining appropriate cash reserves. CHHC monitors oil price volatility.

6.0 Financial Section

CHHC's sales volumes are estimated to total 3.10 million barrels in 2021, which is 2% lower than the 2020 forecast of 3.15 million barrels. The decrease in sales volumes is explained by the 7% decrease in CHHC's share of daily average production volumes partially offset by cargo sale timing differences.

CHHC's WI share of production is estimated to average 8,494 bopd in 2021, which is 7% lower than the 2020 forecast average of 9,123 bopd. On a CHHC net basis, HSE Unit production is forecast to comprise 28% of total WI production in 2021 (down from 32% in 2020).

CHHC's average realized oil price in U.S. dollars is forecast to improve by 18% (15% in Canadian dollars) in 2021 to US $45 per bbl compared to US $38 per bbl in 2020.

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[4] Production from the Terra Nova field was suspended in December 2019 and the field did not produce in 2020. Previously it was a 4th producing field.

The 2% decline in sales volumes and 15% increase in realized Canadian oil price combine to produce a 13% increase in crude oil sales year-over-year in 2021 ($183 million) vs. 2020 ($162 million).

The 2021 Plan assumes an average combined effective royalty and NPI rate (expressed as total royalty and NPI expense as a percentage of crude oil sales) of 29% in 2021 compared to 25% in the 2020 forecast. The increase in 2021 is attributable to lower deductible costs from revenue in royalty and NPI calculations, particularly a 32% decrease in capital costs.

There are no significant variances in 2021 Plan expenses from 2020 forecast expenses, with total expenses forecasted at $85 million in 2021 compared to $87 million in 2020. Planned capital expenditures for 2021 have a $5 million or 32% decrease in 2021 ($11 million) planned capital expenditures over the 2020 forecast ($16 million) is due to the drilling rig shutdown at Hibernia, where no wells will be drilled in 2021.

Dividends are forecasted at $47 million in 2021 which is $27 million lower than $74 million forecast for 2020. The decrease is due mainly to working capital changes, as 2020 included a large balance of receivable collections from 2019 crude oil sales, causing a $28 million decrease in cash from working capital changes. These factors more than offset the decrease in capital expenditures and higher revenue which would have otherwise resulted in higher 2021 dividends.

7.0 Organization

Since its inception in 1993, CHHC has been staffed by a modest number of experienced energy industry professionals. At year-end 2020, the staff is forecast to consist of 8 full and part-time employee positions (6.5 full-time equivalent or FTE) and 1 part-time contractor. In 2021, CHHC anticipates adding one employee (0.5 FTE) reporting to the Controller, bringing the anticipated year-end 2021 forecast to 9 employees (7.0 FTE) and 1 part-time contractor.

8.0 International Financial Reporting Standards

CHHC prepares its financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), 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, 2019 To 2025
Cdn$ millions

	2019 Actual	2020 Plan	2020 Forecast	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Assets								
Current assets:								
Cash and short term investments	68.70	118.63	60.87	60.74	60.67	60.19	60.80	60.24
Accounts receivable	56.21	11.43	20.44	30.36	5.55	5.55	5.55	5.55
Prepaid expenses	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Inventory	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58
Total current assets	**125.79**	**130.94**	**82.19**	**91.98**	**67.10**	**66.62**	**67.23**	**66.67**
Property and equipment:								
Hibernia project facilities and wells at cost	582.62	602.12	601.40	612.19	632.53	664.13	691.98	721.74
Right-of-use lease assets	20.66	17.07	17.00	13.48	9.96	11.44	7.92	4.40
Less accumulated depletion and depreciation	(402.30)	(455.03)	(453.03)	(502.97)	(542.26)	(578.78)	(623.33)	(671.55)
Net property and equipment	**200.98**	**164.16**	**165.37**	**122.70**	**100.23**	**96.79**	**76.57**	**54.59**
Other assets:								
Deferred tax asset	-	-	-	-	-	-	-	-
Cash held in escrow	8.50	10.50	8.50	10.30	10.30	10.30	10.30	10.30
Abandonment and risk fund	151.07	162.63	162.62	173.22	183.89	194.64	205.46	216.36
Total other assets	**159.57**	**173.13**	**171.12**	**183.52**	**194.19**	**204.94**	**215.76**	**226.66**
	486.34	**468.23**	**418.68**	**398.20**	**361.52**	**368.35**	**359.56**	**347.92**
Liabilities and Shareholder's Equity								
Current liabilities:								
Accounts payable and accrued liabilities	26.33	8.23	11.29	13.87	6.68	6.68	6.68	6.68
Income taxes payable	(4.17)	(1.61)	(4.27)	(4.25)	(4.24)	(4.23)	(4.23)	(4.22)
Total current liabilities	**22.16**	**6.62**	**7.02**	**9.62**	**2.44**	**2.45**	**2.45**	**2.46**
Other liabilities:								
Lease liabilities	20.79	16.85	17.35	13.92	10.42	11.87	8.27	4.67
Deferred tax liability	-	-	-	-	-	-	-	-
Decommissioning liability	147.81	150.51	151.00	152.66	154.40	156.23	158.15	160.17
Total other liabilities	**168.60**	**167.36**	**168.35**	**166.58**	**164.82**	**168.10**	**166.42**	**164.84**
Shareholder's equity:								
Retained earnings	295.58	294.25	243.31	222.00	194.26	197.80	190.69	180.62
Total shareholder's equity	**295.58**	**294.25**	**243.31**	**222.00**	**194.26**	**197.80**	**190.69**	**180.62**
	486.34	**468.23**	**418.68**	**398.20**	**361.52**	**368.35**	**359.56**	**347.92**

Canada Hibernia Holding Corporation **Schedule II**
Proforma Statements Of Income And Retained Earnings
Years Ended December 31, 2019 To 2025
Cdn$ millions

	2019 Actual	2020 Plan	2020 Forecast	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Revenue								
Crude oil sales	246.05	133.88	161.52	182.70	156.56	157.40	199.29	223.49
Royalty	(61.33)	(28.76)	(34.34)	(43.83)	(32.88)	(31.48)	(45.84)	(51.40)
Net profits interest	(17.15)	(6.02)	(6.59)	(9.15)	(7.20)	(7.24)	(9.96)	(13.41)
Net crude oil revenue	167.57	99.10	120.59	129.72	116.48	118.68	143.49	158.68
Interest income	4.82	2.58	2.96	1.22	1.11	1.19	1.26	1.34
Net facility use and processing fee income	1.81	2.32	1.80	1.35	1.35	1.26	1.26	1.17
Total revenue	**174.20**	**104.00**	**125.35**	**132.29**	**118.94**	**121.13**	**146.01**	**161.19**
Expenses								
Field operating	22.90	18.28	21.16	20.09	22.28	19.47	21.86	20.29
Transportation and marketing	4.54	5.84	5.99	6.05	4.79	4.46	5.41	5.84
Administration	3.13	3.47	3.25	3.25	3.27	3.65	3.66	3.66
Depletion and depreciation	49.79	56.32	54.39	53.46	42.81	40.04	48.07	51.74
Accretion	2.69	2.70	1.58	1.66	1.74	1.83	1.92	2.02
Interest expense	0.55	0.47	0.46	0.37	0.30	0.25	0.20	0.20
Other	1.04	-	(0.10)	-	-	-	-	-
Total expenses	**84.64**	**87.08**	**86.73**	**84.88**	**75.19**	**69.70**	**81.12**	**83.75**
Net income before tax	**89.56**	**16.92**	**38.62**	**47.41**	**43.75**	**51.43**	**64.89**	**77.44**
Income taxes								
Deferred income tax	17.74	-	-	-	-	-	-	-
Current income tax	26.18	11.25	16.89	21.72	16.49	18.89	23.00	27.51
Total income taxes	43.92	11.25	16.89	21.72	16.49	18.89	23.00	27.51
Net income	**45.64**	**5.67**	**21.73**	**25.69**	**27.26**	**32.54**	**41.89**	**49.93**
Retained earnings:								
Beginning of year	300.94	295.58	295.58	243.31	222.00	194.26	197.80	190.69
Dividends	(51.00)	(7.00)	(74.00)	(47.00)	(55.00)	(29.00)	(49.00)	(60.00)
End of year	**295.58**	**294.25**	**243.31**	**222.00**	**194.26**	**197.80**	**190.69**	**180.62**

Canada Hibernia Holding Corporation **Schedule III**
Proforma Statements Of Cash Flow
Years Ended December 31, 2019 To 2025
Cdn$ millions

	2019 Actual	2020 Plan	2020 Forecast	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Operating activities:								
Net income for the year	45.64	5.67	21.73	25.69	27.26	32.54	41.89	49.93
Depletion and depreciation	49.79	56.32	54.39	53.46	42.81	40.04	48.07	51.74
Accretion	2.69	2.70	1.58	1.66	1.74	1.83	1.92	2.02
Interest (net)	(4.42)	(2.58)	(2.50)	(0.85)	(0.81)	(0.94)	(1.06)	(1.14)
Income tax expense	43.92	11.25	16.89	21.72	16.49	18.89	23.00	27.51
Abandonment activities	(2.08)	(1.37)	(1.40)	-	(1.22)	(3.15)	(1.83)	(2.62)
Income taxes paid	(26.86)	(8.69)	(16.99)	(21.70)	(16.48)	(18.88)	(23.00)	(27.50)
Changes in non-cash working capital	(21.89)	26.68	20.73	(7.34)	17.62	-	-	-
Cash from operating activites	**86.79**	**89.98**	**94.43**	**72.64**	**87.41**	**70.33**	**88.99**	**99.94**
Investing activities:								
Hibernia project facilities and wells	(34.16)	(18.13)	(15.77)	(10.79)	(19.12)	(28.45)	(26.02)	(27.14)
Interest received	4.82	2.58	2.96	1.22	1.11	1.19	1.26	1.34
Cash held in escrow	-	(2.00)	-	(1.80)	-	-	-	-
Abandonment and risk fund	(14.35)	(11.56)	(11.55)	(10.60)	(10.67)	(10.75)	(10.82)	(10.90)
Changes in non-cash working capital	(0.14)	-	-	-	-	-	-	-
Cash used in investing activities	**(43.83)**	**(29.11)**	**(24.36)**	**(21.97)**	**(28.68)**	**(38.01)**	**(35.58)**	**(36.70)**
Financing activities:								
Payment of lease liabilities	(4.27)	(3.94)	(3.90)	(3.80)	(3.80)	(3.80)	(3.80)	(3.80)
Dividends paid to CDEV	(51.00)	(7.00)	(74.00)	(47.00)	(55.00)	(29.00)	(49.00)	(60.00)
Cash used in financing activities	**(55.27)**	**(10.94)**	**(77.90)**	**(50.80)**	**(58.80)**	**(32.80)**	**(52.80)**	**(63.80)**
Change in cash	**(12.31)**	**49.93**	**(7.83)**	**(0.13)**	**(0.07)**	**(0.48)**	**0.61**	**(0.56)**
Cash, beginning of year	**81.01**	**68.70**	**68.70**	**60.87**	**60.74**	**60.67**	**60.19**	**60.80**
Cash, end of year	**68.70**	**118.63**	**60.87**	**60.74**	**60.67**	**60.19**	**60.80**	**60.24**

APPENDIX D

Canada Enterprise Emergency Funding Corporation

La Corporation de financement d'urgence d'entreprises du Canada

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION

A subsidiary of

CANADA DEVELOPMENT INVESTMENT CORPORATION

2021 to 2025
CORPORATE PLAN SUMMARY

and
2021 CAPITAL BUDGET SUMMARY

December 2020

CEEFC CORPORATE PLAN SUMMARY
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1.0 EXECUTIVE SUMMARY AND CORPORATE PROFILE

Canada Enterprise Emergency Funding Corporation ("CEEFC") was incorporated in May of 2020 to implement the Government's Large Employer Emergency Financing Facility. CEEFC is a wholly-owned subsidiary of Canada Development Investment Corporation ("CDEV"), a federal Crown corporation. CDEV reports to Parliament through the Minister of Finance.

At the time of writing the 2020 Plan, CEEFC was still building up its capabilities and processes and had yet to interact with potential LEEFF borrowers. However, subsequent to the LEEFF launch in late May 2020, CEEFC has received loan applications from borrowers, conducted due diligence and analysis on several loan applications and made its first loans.

The financial projections for CEEFC have not been included due to the sensitivity of negotiations with borrowers and potential borrowers with respect to loan loss expectations. As well, the expected size of the loan programme is very difficult to estimate with any degree of accuracy.

In the fall of 2020, CEEFC signed agreements for its first two loans, one for $200 million and a second for $120 million. Funded loan draws totaled $110 million at the end of December.

2.0 MANDATE AND BUSINESS OVERVIEW

Mandate

Canada Enterprise Emergency Funding Corporation ("CEEFC") is a federal non-agent Crown corporation, incorporated in May 2020 and wholly owned by Canada Development Investment Corporation ("CDEV"), a parent Crown corporation. CEEFC is responsible for administering the Large Employer Emergency Financing Facility ("LEEFF"). The objective of LEEFF is to help protect Canadian jobs, help Canadian businesses weather the current economic downturn, and avoid bankruptcies of otherwise viable firms where possible. Pursuant to a Directive issued to CEEFC on May 10, 2020, LEEFF loans are made in accordance with terms and conditions approved by the Minister of Finance.

The CEEFC Board and management team's focus is to evaluate all loan applications in accordance with the LEEFF program terms and conditions approved by the Minister of Finance. Approval of loans is based on an assessment of the eligibility of the applicant, the cash needs of the applicant over the next 12-month period to carry on operations as a going concern, and a review of the applicant's existing debt and capital structure to properly structure the LEEFF loan and obtain appropriate forbearances and waivers from other lenders. The mandate letter and term sheet received from the Minister clearly lay out the terms that must be satisfied in approving a loan.

Business Overview

CEEFC is responsible for receiving applications, assessing the requests against the eligibility criteria and terms approved by the Minister of Finance, and entering into and funding transactions in accordance with such terms. Where a potential borrower is unable to meet certain term sheet requirements and deviations from the term sheet are therefore deemed to be necessary, the Minister's approval is required. Assessments and processing of applications by CEEFC may be done with the assistance of qualified advisory firms engaged by CEEFC.

CEEFC executed a Funding Agreement with Her Majesty in Right of Canada as represented by the Minister of Finance that outlines how CEEFC is capitalized. CEEFC is funded through the issuance of preferred shares to the Government.

The Term Sheet for the LEEFF program includes the following high-level terms:

- Minimum $60 million loan size;
- 20% of the loan amounts to share security with existing secured lenders;
- For all loan advances, 80% will be unsecured, and 20% will be on a shared security basis similar to the existing secured loan facilities of the borrower;
- Loans available for drawdown over the course of one year from loan agreement execution;

- Restrictions on the use of proceeds, in particular restrictions on the repayment of other debt, dividends and share re-purchases;
- Warrants will be received from publicly traded borrowers, with a warrant face value of 7.5% of the total loans if repaid within one year, and a further 7.5% if not repaid within first year;
- Loan fees will be received from private companies commensurate to the value of warrants for public company borrowers;
- For the unsecured loans, an interest rate of 5% in the first year, 8% in the second year and increasing 2% per year thereafter; borrower can PIK the interest for the first two years (borrower pays interest in kind by adding interest to the loan balance or "Paid In Kind")
- For the secured loan, economic and repayment terms consistent with the existing secured loan facilities; and
- A 5-year maturity of the unsecured portion.

3.0 CORPORATE GOVERNANCE AND OPERATING ENVIRONMENT

CEEFC has a board of directors that is responsible for the overall governance of the corporation and hiring of the President and CEO who is responsible for the corporation's operations. Given current loan volumes, CEEFC relies on independent contractors and seconded CDEV employees to help manage the loan program and operations of CEEFC.

A Memorandum of Understanding (MOU) was developed between CDEV and CEEFC which outlines the responsibilities of each party to help ensure that CEEFC is able to provide the appropriate level of governance and reporting to allow CDEV to meet its obligations as a parent Crown corporation. A Services Agreement was agreed between CDEV and CEEFC outlining the services that CDEV would provide to CEEFC to help it implement and execute the LEEFF program.

COVID -19

CEEFC was set up to implement LEEFF and therefore its strategic direction is impacted by COVID-19. Its operations have been developed on a primarily remote office environment basis. If COVID-19 causes increased economic hardship on Canadian corporations, the financial results of CEEFC will be impacted significantly through higher loan volumes and related loan losses. However, COVID-19 is not expected to have a direct impact on CEEFC's operations beyond the demand for LEEFF loans.

4.0 CORPORATE PERFORMANCE

Assessment of 2020 Results

Our actual performance in 2020 as compared to the objectives outlined in our 2020-2024 Corporate Plan is as follows:

2020 Objectives	2020 Results
Organise CEEFC operations	CEEFC was ready to receive LEEFF enquiries on May 26, 2020 after assisting the government in development of the program. A Board of Directors was appointed, and a President and CEO was appointed. CEEFC has approved corporate policies to ensure appropriate governance of its operations. The CEEFC website launched and the CDEV website was updated with CEEFC details. CEEFC developed a loan approval process. Policies and procedures for operations, loan issuance and monitoring were developed. CDEV employees provided services to CEEFC and CDEV charged CEEFC a management fee for those services and CDEV was reimbursed for paying certain CEEFC related invoices.
Process applications	Between May and early December, CEEFC received and dealt with 55 inquiries from potential borrowers; and received 17 formal loan applications.
Approve and issue loans	As at December 31, 2020, CEEFC has approved two loan commitments totalling $320 million; and has advanced $110 million to borrowers
Monitor and properly record loans and related assets	As at December 31, 2020 CEEFC funded two loans. Monitoring of the loans is proceeding.
Develop systems to manage and report on loan portfolio	CEEFC retained external advisors to develop appropriate accounting policies; and developed loan monitoring procedures.

5.0 CEEFC - OBJECTIVES AND STRATEGIES FOR THE PERIOD 2021 TO 2025

CEEFC's main objective is to manage the LEEFF program on behalf of the Government. These are the main areas of focus for the rest of 2020 and 2021 onward:

- Manage enquiries from potential program applicants
- Manage all aspects of the LEEFF loan program including due diligence of loan applications and overseeing the work of financial and legal advisors
- Execute agreements and fund approved loans
- Evaluate any subsequent loan advance requests from borrowers
- Consider requests for consents or amendments from LEEFF borrowers and execute where appropriate
- Prepare the company to handle restructuring needs of borrowers should that become necessary
- Quarterly and regular evaluation and monitoring of all borrowers and loans
- Complete the operational set-up of CEEFC, relative to the size of the loan portfolio.

Risks and risk mitigation

A substantial amount of credit risk is associated with the LEEFF program based on the terms and eligibility criteria established for purposes of the directive issued to CEEFC. CEEFC has a low risk tolerance regarding other factors that it can control or impact. CEEFC has a high tolerance of macro-economic risks and for potential financial losses within the terms of the LEEFF program, however it will monitor the activities of its loan portfolio to limit any losses of loans issued.

6.0 FINANCIAL SECTION

Financial Overview for 2020

Given the sensitive and confidential nature of the financial projections for 2020 and the plan period, these have not been included. CEEFC will publish stand alone financial statements for 2020 after tabling of its annual report. It will publish quarterly financial statements starting in Q1 2021.

Financial and other reporting

CEEFC's parent CDEV undertook an analysis to determine if CDEV controlled CEEFC under IFRS 10 criteria for accounting purposes. The conclusion is that it does not. CEEFC then determined that it will prepare its financial statements under the Public Sector Accounting Standards (PSAS). CEEFC publishes the loans it has approved on its website.

Capital Budget

CEEFC is not a capital intensive business. Currently it has no plans for major capital investments or commitments, other than loan commitments.

Planned results for 2021

Expected Outcomes	Performance Indicators or targets
Manage applicant enquiries	All enquiries are responded to in timely manner
Evaluate subsequent advance requests	Managed within loan terms
Monitor all loans	Ensure quarterly reporting and regular evaluation of all loans is up to date