



CANADA DEVELOPMENT INVESTMENT CORPORATION

2022 to 2026

CORPORATE PLAN SUMMARY

and

2022 CAPITAL BUDGET SUMMARY

FEBRUARY 2022

**CDEV CORPORATE PLAN SUMMARY
TABLE OF CONTENTS**

1.0	EXECUTIVE SUMMARY AND CORPORATE PROFILE	3
2.0	MANDATE AND BUSINESS OVERVIEW	5
3.0	CORPORATE GOVERNANCE AND OPERATING ENVIRONMENT	8
4.0	CORPORATE PERFORMANCE	9
5.0	CDEV - OBJECTIVES AND STRATEGIES FOR THE PERIOD 2022 TO 2026.....	11
6.0	FINANCIAL SECTION.....	17
	APPENDIX A-1 – ORGANIZATION CHART AND BOARD OF DIRECTORS	22
	APPENDIX A-2 – CDEV CONSOLIDATED PRO-FORMA FINANCIAL STATEMENTS 2022 – 2026	24
	APPENDIX B – TMC 2022 TO 2026 CORPORATE PLAN SUMMARY	
	APPENDIX C – CHHC 2022 TO 2026 CORPORATE PLAN SUMMARY	
	APPENDIX D – CEEFC 2022 TO 2026 CORPORATE PLAN SUMMARY	

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. 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 it 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

Since mid-2020, CDEV's newest subsidiary, CEEFC, has managed the Government's Large Employer Emergency Financing Facility ("LEEFF"). CDEV appointed a Board of Directors for CEEFC and its President and Chief Executive Officer is a CDEV officer.

Since 2019, CDEV has been 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. We will work to ensure we provide appropriate information to help the government satisfy its agreements with the province of Newfoundland and Labrador.

Since 2018, CDEV, through its subsidiary TMP Finance, has owned and financed TMC and its Trans Mountain Expansion Project. In 2021, TMC is expected to generate \$183 million in EBITDA based on its USGAAP accounting framework. In 2021, construction costs on the TMEP project are forecast at \$5.2 billion excluding financing costs.

CHHC owns a working interest in the Hibernia offshore oil production platform. CHHC continues to generate profits with forecast 2021 sales volumes of 2.97 million barrels. Forecast net income for 2021 is \$65 million, compared to 2021 net income of \$26 million.

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

Our main focus in 2022 through 2026 will be to oversee the management of TMC, the construction of the TMEP and preparing the entity for divestiture including the identification of opportunities for Indigenous economic participation. We will continue to work closely with the Government and TMC to identify alternate sources of financing for the TMEP project.

The major risks faced by CDEV relate to the uncertainty of the timing and total cost of the TMEP project.

CEEFC's primary risks includes macro-economic risks related to its loan portfolio focused on borrowers facing financial challenges.

Capital Budget

CDEV's total capital budget for 2022 is \$6.1 billion made up of \$5.3 billion in cash TMC capital expenditures, \$0.7 billion in capitalized interest related to TMEP plus \$37 million for CHHC expenditures.

This plan assumes that all TMEP construction and financing costs are funded through loans from the Canada Account administered by Export Development Canada ("EDC") until TMC is able to acquire financing from financial institutions or debt capital markets. CDEV submitted a plan amendment for 2021 requesting an increase in its 2021 capital budget and related funding request. The capital budget described in the Amendment is the same as in this plan. CDEV is investigating opportunities to attract other sources of capital to TMC as an alternative to borrowing from the Canada Account.

2.0 MANDATE AND BUSINESS OVERVIEW

Mandate

CDEV's Articles of Incorporation give us 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 until such time that TMC is able to acquire financing from financial institutions or debt capital markets.

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.

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.

CDEV will continue to work with the government to advance the next steps of Indigenous economic participation in Trans Mountain.

NPI receipts from Hibernia Project Owners

In August 2019, the Government transferred Canada's responsibility pursuant to the Hibernia Development Project NPI and Hibernia Development Project INPI from the Minister of Natural Resources to CDEV via an executed Memorandum of Understanding ("MOU"). The MOU can be cancelled by either party with twelve months' notice (or by the Government without notice) but the financial statements attached assume ownership through the plan period. 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.

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. CEI's goal is to transfer the remaining properties to the Institutional Control ("IC") programme of the Government of Saskatchewan. The current license period for the properties ends in 2023. It is anticipated that the 2-year license extension will be required and sought in 2023 given delays in transferring some properties.

CEEFC

CEEFC 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 LEEFF. CEEFC's mandate is to provide financing to large Canadian firms that are otherwise unable to secure incremental financing in the financial markets due to the heightened credit risk environment. CEEFC currently has a commitment from the government to fund up to \$10 billion in financing to approved borrowers (See Appendix D for CEEFC's Corporate Plan).

In early 2021, CEEFC received instructions to administer airline voucher refund facilities to Canada's largest airline carriers with the stated objective of ensuring Canadians get refunds for travel cancelled owing to the COVID-19 pandemic. As at September 2021, CEEFC has entered into financing transactions with seven borrowers. Of these, CEEFC made six LEEFF liquidity loans, four voucher loans, and one "large airline" loan, with total commitments of \$7.4 billion. A total of \$2.5 billion was drawn on these loans and \$0.4 billion was repaid. CEEFC negotiated loan facilities with Air Canada for \$3.975 billion which were cancelled by the borrower in November without being drawn upon. As part of this transaction, CEEFC purchased \$0.5 billion in Air Canada shares which CEEFC continues to hold.

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. The CEEFC financial projections are provided in Appendix D – CEEFC Corporate Plan.

3.0 CORPORATE GOVERNANCE AND OPERATING ENVIRONMENT

CDEV is managed by a team based in Toronto, Ontario. A process is almost complete to have a President and CEO appointed by the Governor in Council (GIC). 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. CDEV currently has six full time employees excluding the soon-to-be-appointed CEO. It also retains several contractors, primarily to help oversee the development of TMC's TMEP project and to assist CEEFC.

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. See Appendix A-1 for the Corporation's organization chart and current listing of CDEV's directors and officers as well as committees of the CDEV Board and each subsidiary. There is a process underway to appoint new directors.

4.0 CORPORATE PERFORMANCE

4.1 Assessment of 2021 Results

Our actual performance in 2021 as compared to the objectives outlined in our 2021-2025 Corporate Plan is as follows:

2021 Objectives	2021 Results
Oversee, monitor and provide strategic support of TMC	Continued strong working relationship with TMC management; participated in strategic planning and review sessions including the development of the new project cost estimate. TMC EBITDA in 2021 forecast at \$183 million compared to 2021 plan of \$182 million.
TMP Finance to provide financing to TMC	TMP Finance negotiated increased loan facilities with Export Development Canada and funding agreement with TMC to provide new limits in 2021 up to \$11.6 Billion at December 31, 2021. Increased access to the CER credit facility up to \$700 million.
Be ready to provide advice on outside investment of TMC	Hired financial advisors to identify alternative financing opportunities for TMC.
Operate CHHC efficiently and to maximize value, given limited 8.5% ownership leverage	CHHC's share of production is forecast at 7,522 bpd in 2021 which is below 2021 Plan production of 8,484 bpd. However, the average oil price is forecast at \$84 per bbl compared to \$59 per bbl in the Plan. The 2021 forecast net income is \$65 million compared to \$26 million in the Plan and compared to the 2020 actual of \$21 million.
Manage assigned sales processes of Government assets	No sales processes assigned to CDEV.
Management of Canada CEI and its liabilities	CEI continues to oversee Cameco's management of the site restoration activities and budget estimates.
Manage responsibilities related to the assignment of the NPI and INPI to CDEV	Managed the receipt of NPI payments from Hibernia owners; managed the audit function responsibilities related to the receipt of the NPI agreement.
Review of Government assets	No new mandates undertaken.

TMC

From the time TMC was acquired, through to the end of 2021, TMC will have spent \$9.5 billion (excluding carrying costs) on the project. We note that the total project cost estimate has increased significantly since the last plan, and delays in the scheduled completion has required an increase in available funding for the project. Our focus and that of the TMC Board and management is to complete the project safely at the lowest cost and as quickly as possible. The immediate funding needs in Q4 2021 and early 2022 have been addressed in the Amendment to the 2021-2025 CDEV Corporate Plan submitted in November 2021.

The outstanding loans with Canada Account as at December 31, 2021 are forecast at \$4.7 billion for the Acquisition Facility and \$10.0 billion on the Construction Facility (see Schedule 2).

5.0 CDEV - OBJECTIVES AND STRATEGIES FOR THE PERIOD 2022 TO 2026

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 2022 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 2022 are:
 - Continue to operate the existing Trans Mountain Pipeline System and Puget systems safely and efficiently.
 - To continue building the TMEP in a safe, environmentally sound manner on a commercially viable basis.
- Maintain readiness to divest TMC or support the access of alternative sources of financing for TMEP, taking into account the optimal timing for divestiture relative to project risks.
- For TMP Finance to provide financing to TMC for its operating and financing requirements until such time that TMC is able to acquire financing from financial institutions or debt capital markets. CDEV will work with the Government to secure alternative sources of debt for TMC in 2022 to cover construction costs incurred from Q2 2022 through to completion and, potentially, repay some outstanding loans on the Canada Account construction facility.
- Assist CEEFC with the implementation of the LEEFF by seconded CDEV employees on CEEFC related work and building out CEEFC's administrative functions, including loan administration and management. This also includes managing the repayment of loans and any potential issues arising as borrowers exit their forbearance periods.
- Manage the working interest in the Hibernia oil field through our subsidiary CHHC in a commercially prudent manner. Work with government officials to help the Government satisfy its obligations related to Hibernia's income streams managed by CDEV.
- Continue to keep CHHC in a state of preparedness for a potential sale.
- Manage any responsibilities related to the assignment of the NPI / INPI to CDEV including any audit functions and receipt of any 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 endeavor 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. TMC'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's regulated transportation service revenue is driven by the tolls approved by the CER and its forecast volume throughput. TMC is focused on efficiently and profitably operating its pipeline in a manner that supports its Environmental, Health and Safety program.

Financing Alternatives

The Government has asked CDEV to have TMC identify alternative sources of capital to finance further construction costs after Q2 2022 and where possible refinance the existing debt owed to EDC.

CDEV is working closely with the Department of Finance to identify alternative sources of capital to finance further construction costs. CDEV is also working with financial advisors to identify effective ways to encourage the economic participation in TMC by Indigenous peoples.

TMEP Cost Estimate

During the fall of 2020, CDEV, its assurance consultants and the TMC Board probed increased costs while experiencing below target construction progress on TMEP. In the fall of 2021 TMC management developed a new baseline cost estimate of \$20.9 billion. In February 2022 after careful consideration of the impact of the November 2021 floods in B.C., a revised estimate was calculated reflecting an additional \$0.5 billion in costs. See below for a comparison of the estimates.

\$ Billion	Approved 2021 Plan	Amended 2021 Plan (Original Plan Submission)	Amended 2021 Plan (Revised Plan Submission with Flood Impacts)
Project Construction Costs	\$10.4	\$16.8	\$16.8
Contingencies *	\$0.5	\$0.8	\$1.3
Project Costs including Contingencies	\$10.9	\$17.6	\$18.1
Financing (debt and equity)	\$1.7	\$3.3	\$3.3
Total Installed Cost	\$12.6	\$20.9	\$21.4
Mechanical Completion	September 30, 2022	June 30, 2023	Q4 2023
In-service date (revenue generating)	January 1, 2023	October 1, 2023	End 2023
Construction Costs in 2021	\$3.9	\$5.2	\$5.1
Construction Costs in 2022	\$1.5	\$5.0	\$5.3
Construction Costs in 2023	\$0.1	\$2.2	\$2.4

* Contingencies are managed by the company to pay for increased costs due to the realization of identified risks. It is difficult to forecast in what year these funds may or may not be used but we request borrowing authority in 2022 to potentially pay for the impact of these risks if they arise.

As outlined in the Amended 2021-2025 Corporate Plan, primary contributors to the \$8.3 billion increase (not including B.C. flood impacts) in the cost of TMEP within the baseline estimate, compared to the previously approved project budget of \$12.6 billion are related to project enhancements, schedule pressures and productivity challenges, a safety shutdown and flooding plus the related impacted on financing costs.

5.2 Canada TMP Finance Ltd.

TMP Finance will continue to access debt financing from the Canada Account administered by EDC until such time that TMC is able to acquire financing from financial institutions or the public debt capital markets. Until then, TMP Finance will continue to fund TMC in a ratio of 55% debt / 45% equity.

5.3 Canada Hibernia Holding Corporation

Please see the attached Appendix C for detailed information on the objectives and strategies of CHHC. Planned CHHC 2022 sales volume is 1.85 million bbl compared to the 2021 forecast of 2.97. Crude oil prices are expected to increase in 2022 to US\$68/bbl compared to the 2021 forecast of US \$67.92/bbl.

In the CHHC 2022 Plan, net income is \$51 million, lower than the 2021 forecast net income of \$65 million due to mainly to lower net crude oil revenue.

5.4 NPI receipts from Hibernia Project 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. The NPI is payable on the main Hibernia license areas but not the Hibernia South. CDEV also received INPI which generates payments for the use of the Hibernia platform when used for production licenses outside the main field. The INPI receipts cease at the end of 2023.

5.5 CEI

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 2022 projected costs are \$2.0 million and \$8.4 million for the entire plan period 2022 to 2026. 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.

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 was expected that by the end of the license term, all 65 individual properties would be transferred to the Institutional Control (“IC”) program of the Government of Saskatchewan. In 2022, an application will be made to extend the license to the end of 2025 to allow sufficient time for these transfers.

5.6 CEEFC

CEEFC, a wholly-owned subsidiary of CDEV, was incorporated in May of 2020 to implement LEEFF.

The financial projections provided in the Plan assume a total program roll out of \$10 billion through to the end of 2022, however there is currently no deadline to LEEFF.

Since inception, CEEFC granted loans to seven borrowers. As at September 2021, CEEFC has made six LEEFF liquidity loans, four voucher loans, and one “large airline” loan, with total commitments made of \$7.4 billion. A total of \$2.4 billion has been drawn on these loans. In addition to the loans, CEEFC purchased \$500 million in shares of Air Canada and was issued warrants in Air Canada and Air Transat. In Q4-2021, Gateway Casinos and GoodLife Fitness repaid their LEEFF loans in full including interest and fees. Additionally, in late November, Air Canada terminated its secured and unsecured loan facilities that were established as part of its LEEFF support package in April 2021. These facilities were never drawn by Air Canada. Please see Appendix D for more details. Note that the financial results of CEEFC are not consolidated in the financial schedules in Appendix A-2.

5.7 Review of Government Assets and Sales Roles

We remain available and prepared to commence reviews of government assets or commence any sales processes as and when requested by the Government.

5.9 Risks and Risk Mitigation Summary

CDEV and its subsidiaries are subject to several 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.

TMC is subject to risks which could result in additional costs, impacts to operations, delays in construction execution and/or reputational damage. Financial risks include

TMEP cost overrun and schedule delay, changes in market conditions, commodity prices, and economic conditions in Canada and globally. Non-financial risks include safety adherence (incidents that impact the safety of the public, employees and the protection of the environment), routing risk (timely receipt of permits and access to lands that results in impacts to construction execution), protestor blockades (demonstrations or protests that result in impacts to construction execution and/or operations), legal liability risks (Regulatory and legal decisions and outcomes, and potential changes in laws and regulations that result in impacts to construction execution and/or ongoing operations), and more. 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. TMP Finance's key risk is its ability to commit to providing financing for TMC's TMEP project over the next three years.

CEEFC's primary risks include: macro-economic conditions, loan performance risk, and lender liability risk.

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.

CHHC's key risks as described in Appendix C include financial risks such as oil price volatility, the USD/CAD exchange rate, counter-party credit risk with crude oil buyers and financial institutions, and unknown costs of its abandonment fund. Non-financial risks are typical for an offshore oil operation including complex drilling and production, safety and environmental risks, regulatory risks and other operational risks such as cyber security and loss of key personnel given the small management team.

6.0 FINANCIAL SECTION

6.1 Financial Overview for 2021

Without including the financial results of CEEFC, CDEV's consolidated net loss is forecast for 2021 at \$37 million which is comprised of CHHC's income of \$26 million, TMC's net loss of \$13 million plus TMP's loss of \$167 million (excluding any equity or interest earnings from TMC), less costs to operate CDEV, and eliminating net intercompany interest, detailed in Schedules 4 and 5. Dividends paid (please see Schedules 2 or 3 below) are forecast in 2021 at \$172 million from the NPI Reserve and \$47 million from shareholders' deficit, compared to 2020 dividends of \$55 million and \$69 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

CEEFC Financial Results and Projections

For accounting purposes, CEEFC's financial results are not consolidated into CDEV and are provided in Appendix D – the 2022-2026 Corporate Plan of CEEFC.

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. CEEFC also posts its Quarterly and Annual Financial statements in both English and French on its website (www.ceefc-cfuec.ca).

6.3 Commentary, Highlights and Key Assumptions in Financial Projections

Condensed operations and cash flow of CDEV (2021 – 2026) not including CEEFC:

\$ Million (per IFRS)	2021 F	2022 P	2023 P	2024 P	2025 P	2026 P
CHHC Oil Sales (M bbl)	249	157	171	203	208	242
Price per bbl (C\$)	67.92	68.00	65.00	65.00	65.00	65.00
Net Crude Revenue	160	119	125	144	151	172
CHHC Operating Cash Flow	103	81	84	89	93	108
CHHC Capital Expenditures	11	37	27	26	27	30
Abandonment Funding	10	5	5	5	5	5
CHHC Dividends to CDEV	81	35	49	55	57	70
NPI Receipts (incl CHHC)	222	91	108	136	136	163
TMP Finance interest costs before capitalized interest	556	822	1016	1080	1069	1037
TMC EBITDA (IFRS)	216	336	714	1705	1754	1791
TMC Continued Op. Capital Expenditure	73	95	52	41	43	44
TMEP Cash Capital Expenditures	5,158	4,953	2,047	0	0	0
- Additional Flood Capex		300	200			
CHHC Dividends to be paid to CDEV	81	26	37	46	48	61
Dividends to be paid from the NPI reserve (ex. CHHC)	200	83	99	124	124	149

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 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 2021, TMP Finance executed an amendment to the Construction Loan Facility to increase the available limit to \$11.6 billion as at December 31, 2021. TMP Finance is working with the Government and TMC to address financing requirements for 2022.

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 \$9 million annually throughout the planning period which is similar to earlier years but difficult to predict.
- 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 (2021 Forecast) –

CAD\$ 1.25 per USD for CDEV and its subsidiaries.

CHHC

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

CEI

- 5) Site restoration costs in the plan period total \$5.6 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 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.

TMC

- 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. The financial projections have been developed using the existing financial terms of the EDC loans. As we do not know the terms of any non-government debt, we have assumed that the same terms would apply to these debt facilities.

\$MM	2022	2023	2024	2025	2026
TMC EBITDA – USGAAP	181	576	1,705	1,754	1,791
Collection of funds to be used in construction (Firm 50)	155	138	0	0	0
TMC EBITDA – IFRS	336	714	1,705	1,754	1,791

Canada Enterprise Emergency Funding Corporation

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

\$MM	2022	2023	2024	2025	2026
Loan Balance	2,961	2,606	2,606	1,936	1,690
Revenues	133	127	102	88	39
Provision for Credit Loss	-	94	-	168	61

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 2022 fiscal year.

The total capital budget for 2022 including capitalized interest, is \$6.1 billion. The total project costs are higher than disclosed in the 2021-2025 Plan. The revised cost estimate is detailed above in section 5.1 above.

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

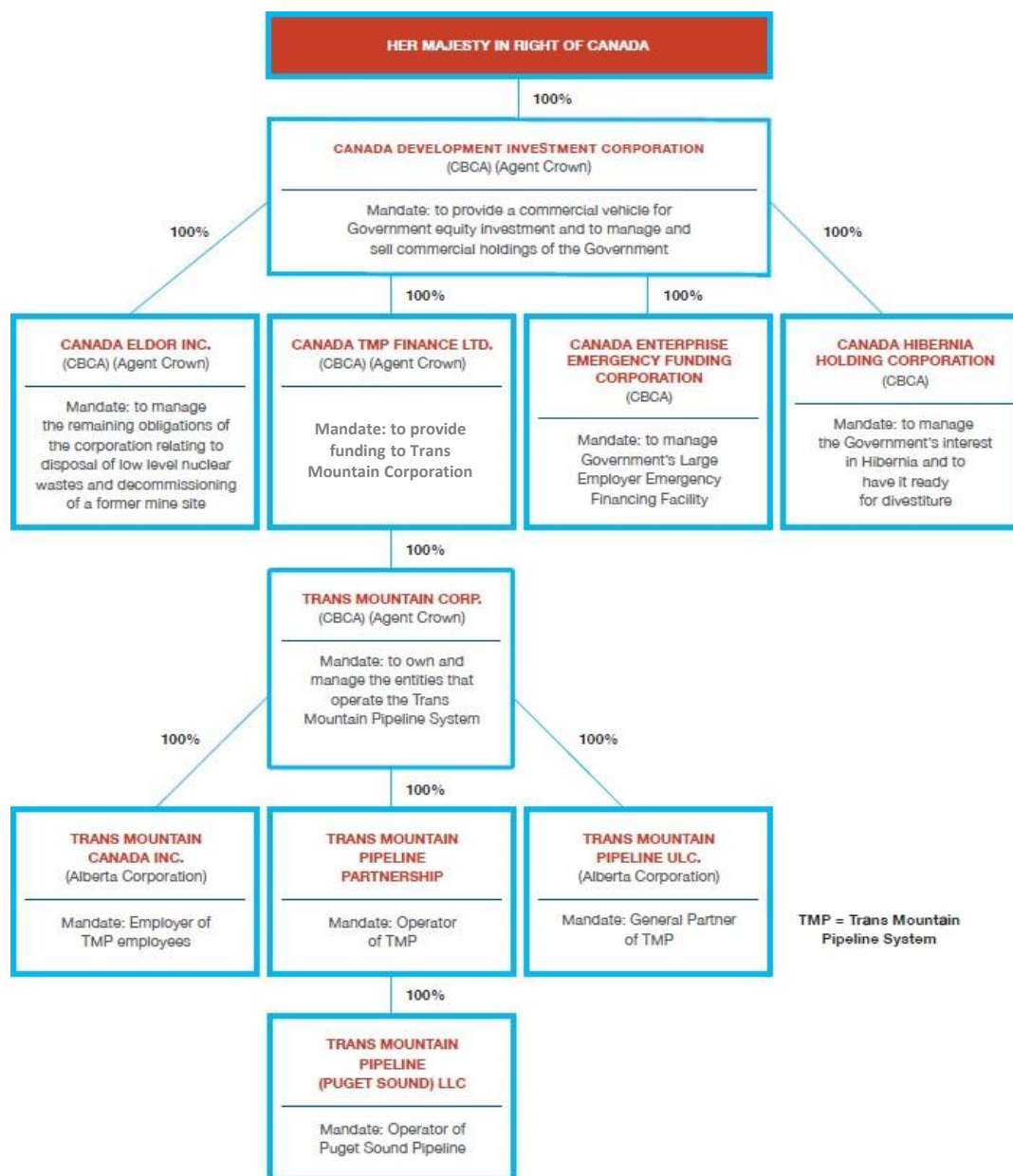
\$ million	2022	2023	2024	2025	2026
TMC – TMEP	4,953	2,047	0	0	0
TMC – TMEP flood impact (Feb 2022)	300	200			
TMC - Capitalized Interest	650	845	0	0	0
TMC - maintenance	95	52	41	43	44
CHHC	37	27	26	27	30
CDEV Office and ancillary leases	1	0	0	0	0
CEEFC (not consolidated in attached schedules)	0	0	0	0	0
Total (CDEV consolidated with CEEFC)	6,036	3,171	67	70	74
Purchase of Property, Plant and Equipment per Schedule 2 (Difference due to accruals and late change to flood costs.)	5,881	3,241	68	69	71

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	Robert Wener, MBA, FCPA, FCA ^{(1) (2)} President Wener Advisory Group Ltd. Ottawa, Ontario
Jennifer Reynolds, MBA ^{(1) (2)} President and CEO Toronto Finance International Toronto, Ontario	Mary Ritchie, FCPA FCA ^{(1) (2)} CEO Richford Holdings Ltd. Edmonton, Alberta
Carole Malo, BCom, CFA, ^{(1) (2)} Director, Humber River Hospital, York University Toronto, Ontario	Sandra Rosch, MBA, ICD.D Executive Vice President and Director Labrador Iron Ore Royalty Corporation Toronto, Ontario

CDEV Officers: **Stephen Swaffield ***
Chair

Andrew Stafl, CPA CA, MBA
Chief Financial Officer

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

Noreen Flaherty, BA, LLB
Corporate Secretary

Al Hamdani, CFA, MBA
Vice-President

* An Order in Council has been issued to appoint a new full-time President and CEO. The new CEO is expected to begin employment in late March 2022.

APPENDIX A-2 – CDEV CONSOLIDATED PRO-FORMA FINANCIAL STATEMENTS 2022 – 2026

Schedule 1 - Proforma Consolidated Statements of Financial Position

\$ millions (Dec 31)

	2020 Actual	2021 Plan	2021 Forecast	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Assets								
Currents assets:								
Cash and cash equivalents	311.7	465.2	376.1	395.4	275.7	382.4	384.1	434.2
Restricted cash	-	2.5	5.0	5.0	5.0	5.0	5.0	5.0
Trade and other receivables	114.2	66.1	63.7	53.2	168.0	189.5	195.4	200.3
Other current assets	26.8	21.5	11.5	11.3	11.1	12.3	10.1	10.1
	452.7	555.3	456.4	464.9	459.8	589.2	594.5	649.5
Non current assets:								
Property, plant and equipment (note 1)	9,169.8	13,335.1	14,862.2	20,566.9	23,396.2	22,791.1	22,189.6	21,585.1
Goodwill	1,015.9	1,015.8	1,015.9	1,015.9	1,015.9	1,015.9	1,015.9	1,015.9
Investments held for future obligations	172.6	178.6	180.8	186.6	187.5	191.9	199.8	205.6
Restricted cash	84.2	70.8	78.5	80.5	80.5	80.5	80.5	80.5
Restricted investments	94.0	101.4	101.4	116.4	143.0	170.2	198.0	226.5
Other assets	382.1	213.9	213.6	244.9	161.8	137.3	112.9	88.5
	10,918.5	14,915.6	16,452.5	22,211.2	24,984.9	24,387.0	23,796.6	23,202.1
	11,371.3	15,470.9	16,908.9	22,676.1	25,444.6	24,976.2	24,391.1	23,851.6
Liabilities and Shareholder's Equity								
Current liabilities								
Trade and other payables	557.9	731.2	649.4	639.3	748.8	59.7	61.3	63.7
Income tax payable	-	(4.3)	(2.1)	(1.4)	(1.4)	(1.4)	(1.4)	(1.4)
Other current liabilities	211.5	67.0	134.3	97.9	24.2	25.4	23.3	23.2
	769.4	794.0	781.5	735.9	771.7	83.8	83.2	85.5
Non-current liabilities								
Loans payable	9,055.0	13,213.0	14,625.0	20,355.0	22,747.0	22,937.0	22,257.0	21,552.0
Deferred income taxes	514.6	498.8	510.3	529.3	581.5	696.3	832.2	992.0
Provision for decommissioning obligation	621.2	632.8	628.6	638.8	649.2	659.9	670.8	682.1
Provision for site restoration	4.7	3.3	4.3	3.1	2.2	0.0	-	-
Defined benefit obligation	100.7	88.6	101.4	101.3	101.2	101.1	101.0	100.6
Other non-current liabilities (note 1)	128.1	133.4	145.6	150.5	173.5	197.1	222.4	247.3
	10,424.3	14,569.9	16,015.3	21,778.0	24,254.5	24,591.4	24,083.5	23,574.1
Shareholder's equity								
Share capital	-	-	-	-	-	-	-	-
Contributed surplus	603.3	603.3	603.3	603.3	603.3	603.3	603.3	603.3
Net Profits Interest reserve	11.8	1.5	9.0	9.0	9.0	8.9	8.9	8.9
Accumulated deficit	(414.4)	(487.2)	(477.1)	(426.9)	(170.7)	(288.0)	(364.7)	(397.4)
Accumulated other comprehensive income	(23.2)	(10.6)	(23.2)	(23.2)	(23.2)	(23.2)	(23.2)	(22.8)
	177.6	107.0	112.0	162.2	418.4	301.0	224.4	192.0
	11,371.3	15,470.9	16,908.9	22,676.1	25,444.6	24,976.2	24,391.1	23,851.6

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.

Note 3 - 2021 Forecast reflects the Amended 2021 Plan

Schedule 2 - Proforma Consolidated Statements of Cashflow

\$ millions (Dec 31)

	2020 Actual	2021 Plan	2021 Forecast	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Cash provided by (used in):								
Operating activities:								
Net income (loss)	(58.4)	(45.2)	18.3	76.2	293.2	(71.4)	(28.6)	28.3
Adjustments for:								
Depletion and depreciation	153.9	157.5	142.2	137.3	271.4	675.8	677.0	682.0
Loss on derecognition	8.6	21.7	-	-	-	-	-	-
Income tax expense	24.2	(0.9)	29.1	16.3	15.1	16.3	22.3	23.3
Interest income	(8.3)	8.9	(0.9)	(0.8)	(0.9)	(0.8)	(0.8)	(0.8)
Unwind of discount on provisions	7.8	(0.1)	9.9	10.3	10.4	10.7	10.9	11.2
Net change in defined benefits	2.3	-	(0.1)	(0.1)	0.0	0.0	0.0	0.0
Lease interest expense	1.8	-	-	-	-	-	-	-
Unrealized foreign exchange gain (loss)	-	(1.9)	-	-	-	-	-	-
Change in provision	(0.3)	(6.0)	(1.1)	(1.4)	(1.2)	(1.0)	(2.2)	-
Deferred income taxes	-	-	(4.3)	19.0	52.2	114.8	135.9	159.8
Payment of lease liabilities	(4.0)	-	-	-	-	-	-	-
Interest received	8.3	1.2	1.1	1.0	1.1	1.0	1.0	1.0
Provisions settled	(4.1)	-	-	(5.1)	(1.7)	(5.1)	(3.1)	(5.1)
Income taxes paid	(12.8)	(21.7)	(30.6)	(16.3)	(14.3)	(16.3)	(22.3)	(23.3)
	118.9	113.5	163.5	236.3	625.3	724.0	790.2	876.4
Change in non-cash working capital	(85.3)	70.3	148.3	(1.7)	40.5	(657.2)	45.4	48.2
	33.7	183.8	311.9	234.6	665.8	66.9	835.6	924.6
Financing activities:								
Proceeds from loan issuance	3,000.0	4,213.0	5,570.0	5,730.0	2,392.0	190.0	-	-
NPI Received	104.6	110.0	206.3	83.0	98.5	124.0	124.1	148.7
Repayment of debt	-	-	-	-	-	-	(680.0)	(705.0)
Payment of lease liabilities	(23.2)	(3.8)	(3.6)	(3.7)	(3.7)	(3.7)	(3.7)	(3.7)
NPI payments to owners	-	-	(48.1)	-	-	-	-	-
Dividends paid	(123.6)	(152.0)	(281.0)	(123.0)	(135.5)	(170.0)	(172.1)	(209.7)
	2,957.8	4,167.2	5,443.6	5,686.3	2,351.3	140.3	(731.7)	(769.7)
Investing activities:								
Withdrawal from CRF	-	5.0	3.0	-	5.0	-	-	-
Purchase of property, plant and equipment	(3,212.0)	(4,214.7)	(5,676.1)	(5,881.0)	(3,107.5)	(67.6)	(68.7)	(70.6)
Internal use software expenditures	(12.1)	-	-	-	-	-	-	-
Sale (purchase) of short term investments	-	(1.8)	-	-	(2.0)	-	-	-
Purchase of restricted investment	(16.3)	(14.7)	(7.5)	(15.0)	(26.6)	(27.2)	(27.8)	(28.5)
Purchase of investments held for future obligation	(11.5)	(10.6)	(10.5)	(5.6)	(5.6)	(5.6)	(5.6)	(5.7)
Change in restricted cash	(12.7)	-	-	-	-	-	-	-
Change in non-cash working capital	-	0.1	0.0	0.0	-	-	-	-
	(3,264.6)	(4,236.7)	(5,691.0)	(5,901.6)	(3,136.7)	(100.4)	(102.2)	(104.7)
Effects of FX translation on cash	(2.3)	-	-	-	-	-	-	-
Increase (decrease) in cash & cash equivalents	(275.4)	114.3	64.4	19.2	(119.7)	106.7	1.6	50.2
Cash and cash equivalents, beginning of year	587.1	350.9	311.7	376.1	395.4	275.7	382.4	384.1
Cash and cash equivalents, end of year	311.7	465.2	376.1	395.4	275.7	382.4	384.1	434.2

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

\$ millions (Dec 31)

	2020 Actual	2021 Plan	2021 Forecast	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 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	(34.2)	1.5	11.8	9.0	9.0	9.0	8.9	8.9
Provision	(4.0)	-	(5.1)	-	-	-	-	-
Payments to owners	-	-	(4.1)	-	-	-	-	-
NPI receipts	104.6	110.0	206.3	83.0	98.5	124.0	124.1	148.7
Dividends paid	(54.6)	(110.0)	(200.0)	(83.0)	(98.5)	(124.0)	(124.1)	(148.7)
Balance, end of year	11.8	1.5	9.0	9.0	9.0	8.9	8.9	8.9
Accumulated deficit								
Balance, beginning of year	(287.0)	(400.0)	(414.3)	(477.1)	(426.9)	(170.7)	(288.0)	(364.7)
Net income (loss)	(58.4)	(45.2)	18.3	76.2	293.2	(71.4)	(28.6)	28.3
Dividends paid	(69.0)	(42.0)	(81.0)	(26.0)	(37.0)	(46.0)	(48.0)	(61.0)
Balance, end of year	(414.3)	(487.2)	(477.1)	(426.9)	(170.7)	(288.0)	(364.7)	(397.4)
Accumulated other comprehensive income								
Balance, beginning of year	(10.6)	(10.6)	(23.2)	(23.2)	(23.2)	(23.2)	(23.2)	(23.2)
Other comprehensive income	(12.6)	-	-	-	-	-	-	0.4
Balance, end of year	(23.2)	(10.6)	(23.2)	(23.2)	(23.2)	(23.2)	(23.2)	(22.8)
Total shareholder's equity	177.6	107.0	112.0	162.2	418.4	301.0	224.4	192.0

Schedule 4 - Proforma Consolidated Statements of Comprehensive Income

\$ millions (Dec 31)

	2020 Actual	2021 Plan	2021 Forecast	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Revenue:								
Transportation revenue	374.8	398.2	411.7	550.3	966.8	2,179.7	2,251.0	2,309.6
Net crude oil revenue	120.6	129.7	175.5	127.3	134.8	156.3	162.5	186.6
Lease revenue	63.6	63.5	63.6	65.5	63.2	53.6	53.4	53.1
Other revenue	8.7	3.1	3.9	3.6	3.2	3.1	2.7	2.9
	<u>567.7</u>	<u>594.5</u>	<u>658.6</u>	<u>750.3</u>	<u>1,171.1</u>	<u>2,395.9</u>	<u>2,472.3</u>	<u>2,555.0</u>
Expenses:								
Depletion and depreciation	153.9	157.5	142.2	134.7	271.4	675.8	677.0	682.0
Pipeline operating expenses	162.7	130.0	143.0	153.0	174.4	318.0	332.7	346.5
Crude oil operating, transportation and marketing	23.2	26.1	28.0	26.6	25.5	27.8	27.1	28.5
Salaries and benefits	77.9	77.8	79.8	88.2	89.7	119.3	123.8	128.4
Professional fees	7.0	5.2	6.6	11.3	11.4	7.7	8.0	8.2
Loss on derecognition	8.6	-	-	-	-	-	-	-
Other expenses	3.8	8.8	43.3	46.4	59.4	98.6	101.6	104.6
	<u>437.0</u>	<u>405.4</u>	<u>442.8</u>	<u>460.2</u>	<u>631.8</u>	<u>1,247.2</u>	<u>1,270.1</u>	<u>1,298.2</u>
Finance expenses:								
Interest expense	165.3	175.4	164.4	171.4	168.6	1,073.8	1,062.3	1,029.7
Interest income	(8.3)	(2.0)	(1.6)	(1.6)	(1.5)	(1.5)	(1.5)	(1.6)
Unwind of discounts	7.8	8.9	9.9	10.2	10.4	10.7	11.0	11.2
	<u>164.9</u>	<u>182.3</u>	<u>172.7</u>	<u>180.0</u>	<u>177.5</u>	<u>1,082.9</u>	<u>1,071.7</u>	<u>1,039.4</u>
Net income (loss) before income taxes	(34.1)	6.8	43.1	110.2	361.7	65.7	130.5	217.4
Income taxes:								
Current	14.7	58.1	29.1	15.1	16.3	22.3	23.3	29.4
Deferred	9.5	(6.0)	(4.3)	19.0	52.2	114.8	135.9	159.8
	<u>24.2</u>	<u>52.1</u>	<u>24.8</u>	<u>34.0</u>	<u>68.5</u>	<u>137.1</u>	<u>159.1</u>	<u>189.2</u>
Net income (loss)	(58.4)	(45.3)	18.3	76.2	293.2	(71.4)	(28.6)	28.3
Other comprehensive income (loss):								
Currency translation adjustment	(6.3)	-	-	-	-	-	-	-
Remeasurement of defined benefit obligations	(6.3)	-	-	-	-	-	-	-
Total other comprehensive income	<u>(12.6)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Comprehensive income (loss)	(71.0)	(45.3)	18.3	76.2	293.2	(71.4)	(28.6)	28.3

The Canada Development Investment Corporation (CDEV) 2022 - 2026 Corporate Plan was approved by the Treasury Board. The TMC Corporate Plan was included in this Plan. The following Summary of the 2022 - 2026 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

2022 to 2026 CORPORATE PLAN SUMMARY



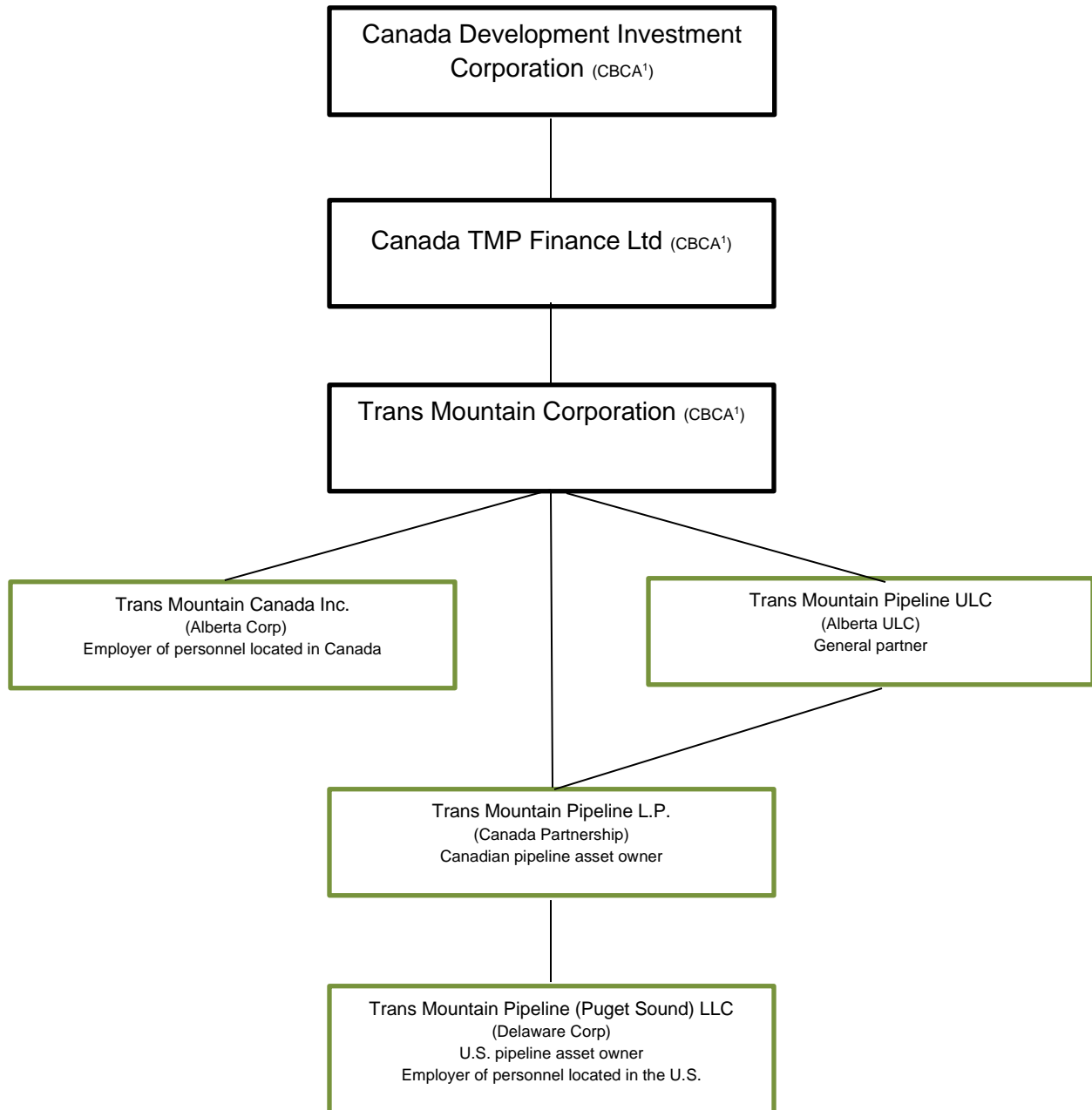
Contents

Corporate Profile	4
Business Strategy	6
Market Analysis	8
Business Overview	10
Trans Mountain Pipeline	11
Puget Sound Pipeline	12
Trans Mountain Canada Inc.	12
Environment, Social and Governance	16
Performance Goals and Objectives	18
Risks	19
Financial overview	20
2021 Forecast	20
2022 Annual Plan	20
2022 through 2026	21
<i>Appendix 1: Corporate Governance</i>	22
<i>Appendix 2: Financial Statements</i>	24
<i>Appendix 3: Borrowing Plan</i>	27

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 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 “Trans Mountain”. These entities own and manage the Trans Mountain Pipeline System. As part of the purchase of Trans Mountain, 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

Business Strategy

Mandate: Trans Mountain Corporation's current mandate is to operate the Trans Mountain Pipeline System and to complete the current 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 market access for Canadian petroleum producers.

In fulfilling 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 all 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 contractors.
- To advance economic reconciliation with Canada's Indigenous People by working with Indigenous communities to manage impacts of our business on traditional territories and provide economic opportunities.

Mission: To safely and responsibly provide transportation services connecting Canadian petroleum energy supplies to market.

Vision: Bringing Canadian energy to the world.

Core Business Strategy: Key components of our strategy support our ability to be competitive, responsible, and innovative, while we safely transport Canadian energy to world markets.

Our current business strategy emphasizes developing and expanding our existing pipeline system while remaining focused on the safe, reliable, effective, and efficient operation of our current assets. We focus on the following in our business strategy:

1. Maximize value of our assets

We maintain safe, reliable operations, ensuring asset integrity, while minimizing environmental impacts. We see strong utilization of our existing assets and opportunities for further growth as our pipeline will remain a vital service for our shippers. Our ability to reach global markets from our Westridge Marine Terminal will expand opportunities for our shippers.

2. Operational excellence and reliability

We focus on operational and financial discipline while fostering a work environment that promotes learning and innovation. We are committed to operating our assets in a compliant, safe, environmentally responsible, sustainable and efficient manner.

3. Expanding our core asset platforms

We expect to grow our pipeline through an ongoing focus on optimization, productivity and efficiency across our business including revenue optimization through commercially attractive tolling arrangements, improvements in scheduling logistics at our terminals and throughput enhancement measures.

4. Safe project execution

Safe project execution is integral to our performance and to strategic positioning of our business long-term. We are committed to executing our projects while maintaining the highest standards for safety, quality, and environmental and regulatory compliance.

5. Maximize our competitive strengths

Safety, environmental integrity, Indigenous relationships, competitive toll, operational excellence, effective stakeholder relations, and our environmental, social, and governance principles are differentiating strengths we will enhance to deliver shareholder value.

TMC's long-term value proposition is based on our ability to deliver predictable cash flows and a consistent stream of dividends year-over-year through investment in, and efficient operation of, our pipeline system. TMC plays a key role in safely connecting Western Canadian energy with people in North America and around the world through our Westridge Marine Terminal. When TMEP commences service, our expanded assets are supported by long-term contracts which provide resilient cash flows in any economic cycle.

In addition to resiliency, managing environmental, social and governance matters responsibly is part of our past, present and integral part of our future. As a responsible company, we strive to balance economic, social and environmental impacts of our activities while connecting Western Canadian energy with people in Canada and around the world. As society looks for ways to meet the world's energy demand, Canada will continue to play a leading role and we will continue to contribute to the future of responsible Canadian energy by unlocking access to world markets, creating value through the energy transition, and creating jobs and prosperity for Canadians.

We will continue to capitalize on our pipeline infrastructure and focus on low carbon emission opportunities that will continue to contribute to Canada's commitment under the Paris Agreement to meet net-zero emissions by 2050. In 2021 we progressed several of our strategic sustainability priorities including: installation of contiguous fibre optic cable along our pipeline route to detect anomalous operating conditions while also providing enhanced communications to rural and Indigenous communities; entering into an Asset Purchase Agreement with Synergraze Inc. a private and Indigenous partnership to buy greenhouse gas ("GHG") offset credits; and TMC is pursuing other opportunities to support GHG reduction activities of Indigenous and private enterprise along our pipeline system.

Market Analysis

Trans Mountain operates Canada's only pipeline transporting crude oil and refined products to the West Coast delivering approximately 300,000 barrels of petroleum products each day from Alberta to refineries in British Columbia, and Washington state in the United States of America (US). Furthermore, the Trans Mountain Pipeline System is the only pipeline in North America that carries both refined product together with light and heavy crude oil in batches for different shippers. The Trans Mountain Pipeline System has access to global markets through its Westridge Marine Terminal facility in the Port Metro Vancouver which is capable of accommodating ships up to Aframax-size taking Western Canadian petroleum products to offshore markets such as the Pacific Rim where demand is expected to rise.

Global crude oil and liquids demand was significantly impacted by the COVID-19 pandemic and competition for market share by the OPEC+ (Organization of Petroleum Exporting Countries) producers. The inventory surplus that built up in 2020 is being worked off and global oil stocks were forecast to return to pre-pandemic levels in 2021. Global oil demand is unlikely to reach its pre-COVID trajectory, however longer-term drivers of growth will continue to push up oil demand. By 2026, global oil consumption is projected to reach 104.1 million bpd and will primarily come from emerging and developing economies with Asia's oil demand continuing to rise strongly.¹

A recovery will be supported by crude oil supply management efforts, primarily by OPEC, and global demand growth primarily driven by emerging economies in regions outside the Organization for Economic Cooperation and Development, primarily India and China. In North America, demand growth for transportation fuels is expected to moderate due to market based adoption of energy efficiency technologies, increasing sales of electric vehicles, and government policies.

The COVID-induced demand shock and shifting momentum towards investment in clean energy are projected to slow the expansion of the world's oil production capacity through 2026 with upstream investment expected to rise marginally in 2021.² However, in the absence of stronger policy action, global oil production would need to rise 10.2 mb/d by 2026 to meet the expected rebound in demand.³

Global attention is increasingly focused on countries and companies reaching the goals of the Paris Agreement and turning net-zero emissions by 2050 goal into reality. This transition is highly dependent on the pace of innovation in new and emerging technologies, government policies, the extent to which individuals are able or willing to change behaviour, the availability of and access to sustainable energy, and the extent and effectiveness of international collaboration. Pipelines will continue to play a key role in the transportation and distribution of energy and investment will be needed to link production of low emissions liquids with consumption centres. Global geopolitical developments can introduce significant volatility to any forecast of crude oil supply, demand and related commodity pricing.

¹ International Energy Agency (2021), Oil 2021: Analysis and forecast to 2026.

² International Energy Agency (2021), Oil 2021: Analysis and forecast to 2026.

³ International Energy Agency (2021), Oil 2021: Analysis and forecast to 2026.

Canadian energy use will recover through 2022 but is projected to decrease by 12% in 2030 and by an additional 35% by 2050.⁴ The largest declines are in the industrial and transportation sectors due to factors such as improved energy efficiency, gradual electrification of the transportation sector, technology advancements, and various policies such as carbon pricing. At the same time, renewables and nuclear energy will grow by 31% by 2050 becoming a larger share of the energy mix. The decrease in refined petroleum product use will be gradual due to energy efficiency improvements and an increase in the use of renewable fuels and electricity.

Canadian crude oil production will increase through 2039 by 20% (to just over 5.8 MMb/d) and decrease by 8% from 2040 through 2050 (to 5.3 MMb/d) but will still make up over 60% of Canada's fuel mix in 2050.⁵ In the near term, Canadian pipeline export capacity is expected to remain fully utilized, resulting in continued apportionment on our pipeline and incremental production utilizing non-pipeline transportation services (e.g. rail and trucks) until such time as sufficient pipeline capacity is made available. Over the longer term, major crude oil pipeline projects currently under construction, including the TMEP, will be able to accommodate future growth through 2050.

Over the long-term, TMC expects that reductions in Canadian domestic petroleum demand will increase the need for export of Canadian crude oil to global markets. Historically the US has been the primary customer for oil exports from Canada. As the US transitions its own economy, demands of the US are likely to decline and this will result in greater demand for export to non-US markets through either the Trans Mountain Pipeline System or competing pipelines with access to the US Gulf Coast ports. Asian markets are expected to be a key destination in the future for Canadian crude oil. Export via our Westridge facility is expected to be the lowest cost option for Canadian producers to access the markets of the Pacific Rim.

Trans Mountain may be impacted by climate change policies and decreases in oil demand resulting from refinery closures, although minimally as Trans Mountain is the only Canadian pipeline that provides Canadian crude oil producers with access to the growing and higher-priced Asia Pacific market. In addition, the TMEP includes a significant increase in the capacity of the Westridge Marine Terminal which allows Canadian energy to reach emerging markets in the Pacific Rim where demand is forecasted to rise providing greater customer options for Canadian oil producers to receive world prices for their product. Using a crude oil price forecast that is reflective of current and expected pricing relationships and emerging environmental policies that are responsive to climate change, the Trans Mountain Pipeline System is projected to be highly utilized for the foreseeable future.

⁴ Canada Energy Regulator (2020), Canada's Energy Future 2020: Energy Supply and Demand Projections to 2050.

⁵ Canada Energy Regulator (2020), Canada's Energy Future 2020: Energy Supply and Demand Projections to 2050.

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.

Customers

The Trans Mountain Pipeline System offers both contract and uncommitted transportation services to our shippers. Currently there are five contract shippers that make up 54,000 bpd destined for offshore markets off of our Westridge Dock and the remaining capacity available is allocated to uncommitted movements to dock or pipeline connected refiners / terminals. Trans Mountain shippers, who are a mix of integrated oil companies and oil producers, refiners and marketers, nominate refined petroleum products and a variety of heavy and light crude petroleum products all originating from Edmonton to delivery points in Washington State and British Columbia. The Puget Sound Pipeline serves four connected Washington State refineries; two at Anacortes and two at Ferndale. Shippers nominate both heavy and light crude petroleum products on a monthly basis which often includes special requests for custom blending for certain customers.

Supply and Demand

COVID-19 has had a material impact on energy markets, however access to the attractive North American and global markets combined with a low toll has resulted in the Trans Mountain Pipeline System being full throughout the COVID-19 pandemic. The combination of the scale and location of our assets assists us in attracting new volumes and in growing our business over the long-term.

We continue to position ourselves to capture Western Canada production growth. Terminal connections and storage facilities encourage flows into and out of our pipeline system, which has helped us to secure long-term contracts for TMEP and should attract strong incremental spot volumes. We will also focus on leveraging our existing assets and development of projects to reach emerging growth regions such as the Pacific Rim.

Canada's proximity to the US and Canada's significant heavy and light crude oil production are of strategic importance to the US refining industry. Many refiners in the US process a wide variety of crude oil, including significant amounts of heavy and light crude oil. This flexibility, proximity to light and heavy crude oil supply, economies of scale and ready access to markets have positioned these refineries to be among the most profitable in the world. The US refining markets have a strong reliance on heavy and light crude oil imports, with Canada being the largest exporter of crude oil to the US. Demand for heavy crude oil in the US has been resilient and is expected to remain strong for the foreseeable future.

We believe our business is well positioned to endure the impact of short-term commodity price fluctuations and supply/demand responses. Our existing operations and the TMEP expansion are supported by tolling agreements and long term contracts which are not affected by commodity prices or throughput. The cyclical nature of commodity prices may influence the pace at which our shippers expand their operations. This can impact the rate of production growth in our

industry, the value of our services as contracts expire, and the timing for the demand of transportation services and/or new infrastructure. We closely monitor the market to enhance our system connectivity or expand our footprint within North America. We remain disciplined in our approach and will position our business development activities strategically to capture opportunities within our risk preferences.

Competition

Other competing carriers available to ship western Canadian liquid hydrocarbons to markets in Canada, the US and internationally represent competition to our pipeline. Competition amongst existing pipelines is based primarily on the cost of transportation, access to supply, the quality and reliability of service, contract carrier alternatives and proximity to markets.

Competition also arises from proposed pipeline expansions that provide access to markets currently served by our pipeline. Additionally, volatile crude price differentials and insufficient pipeline capacity on either our or competitors' pipelines can make transportation of crude oil by rail competitive, particularly to markets not currently served by pipelines.

We believe that our pipelines continue to provide attractive options to Western Canadian producers due to our access to global markets through the Westridge Marine Terminal, product transit times, and competitive tolls once TMEP enters service.

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 metro 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 regulated 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 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. With the 2019–2021 Incentive Toll Settlement set to be renewed on December 31, 2021.

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 States 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 will use the existing Trans Mountain 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.

After delays related to regulatory approvals, 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 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 2021, despite various challenges including COVID-19 and serious safety incidents. 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.

Given the substantial complexity and size of this project, management has developed a Project Plan focusing on execution and which provides a series of initiatives that fall broadly into four key areas of the TMEP.

- 1) Execution Strategy
Clearly communicate TMEP objectives to all members of the team and modify our tactics to support timely and cost-efficient safe construction execution.
- 2) Culture
Focuses on improving the collaboration between internal groups within the TMEP organization as well as externally with our contractors.
- 3) Governance
Look at the governing practices and documents that control the TMEP and updating them to reflect the current state of the project.
- 4) Performance Monitoring
Expand on monitoring to include cost and risk performance as well as progress.

The economics of the TMEP remain attractive and in-line with expected rates of return allowed by Trans Mountain's regulator. Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) is expected to be more than \$1.7 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.

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 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.
- 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 of Trans Mountain 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 uncommitted spot revenue, if applicable.
- Indigenous accommodations cost payable after the commencement of service.
- Greenhouse gas emission – TMEP construction related offsets.
- Other costs as allowed in the contract.

Environment, Social and Governance

We published our first Environment, Social and Governance (ESG) report in July 2021 sharing our ESG performance for the last two years and describing the practices below in more detail.

Environment

We have a robust and proactive asset integrity program that includes inline inspections, integrity digs and a control centre that monitors pipeline operations 24/7. For the expanded pipeline, we are installing new technology that places a fibre optic cable along the pipe and can help pinpoint the location of a suspected leak. In case of an incident, we use the internationally recognized Incident Command System to manage our emergency response. We have emergency response plans and an inventory of emergency response equipment, covering the pipeline, pump stations and the Westridge Marine Terminal. Although the greenhouse gas emissions associated with operating a pipeline are relatively small, we will set targets to reduce and/or offset its scope one and scope two emissions by 2050. This target supports the Government of Canada's goal to reach net-zero by 2050.

For the execution of the TMEP, we use a variety of leading-edge environmental practices and technologies. We have evaluated and sought to minimize the impacts on land, water and air of construction activities, including considerations of traditional knowledge and heritage resources. Construction of TMEP will generate emissions principally from vehicle and equipment movements. As part of our regulatory approvals, we have committed to offset these construction-related emissions (see Synergraze discussion on page 7). We have started to evaluate climate-related physical and transition risks (i.e., risks related to the transition to a low carbon economy). Physical risks such as wildfires, winter storms, floods and rising sea levels are evaluated and managed in alignment with our asset integrity program. Two important transition-related risks for us are carbon tax and oil demand reduction. Carbon tax can have an indirect impact on us since it can make Canadian oil and gas production more costly while changes in oil demand can potentially have more direct impacts. However, we have several long-term "take-or-pay" contract commitments in place with our shippers, ranging from 15 to 20 years, which makes us more resilient to those impacts.

Social

In alignment with the mandate to operate in a manner consistent with Canada's commitment to advance economic reconciliation with Indigenous Peoples, we endeavour to identify areas where we can maximize opportunities for Indigenous people. We also strive to leave a positive legacy that endures beyond the Expansion Project; that Indigenous communities are in a more sustainable position than when we initiated the Expansion Project. We seek to meaningfully engage with Indigenous people and their communities, tailoring our engagement to respect each community's diverse needs, governance principles and protocols.

We have built and maintained relationships with landowners along the existing pipeline route. We value these continued interactions and know that every day the safe operation of our pipeline is dependent on these relationships. Our key objective is to treat each landowner fairly and

equitably. In addition, we invest in the communities where we operate to foster economic and social wellbeing with our aim being to leave positive legacy impacts in surrounding communities.

We care about the safety and wellbeing of our people, not only for their safety, but for the safety of others in the community and for the environment. This is why we have stringent safety regulations and practices, high expectations of our contractors, and are always working to improve our safety practices.

Governance

Good corporate governance is critical to help us achieve sustained success and in creating lasting benefits for all our stakeholders.

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 of Directors is appointed by CDEV and is composed of 12 members, 11 of whom are considered independent including the Chair. 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. Matters related to the COVID-19 pandemic transitioned to the Environmental, Health and Safety Committee in September 2021.

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.

Performance Goals and Objectives

TMC's performance goals for the next five 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.
- 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.
- Establish and implement a plan to achieve net-zero scope one and scope two emissions by 2050 in alignment with Canada's commitment under the Paris Agreement.
- Advance economic reconciliation with Indigenous communities and create more opportunities with Indigenous communities.
- Operate the pipeline system during a time of change, immense activity, and assuring continuity of operations under any future ownership structure.
- Maintain a diverse, inclusive 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 ongoing 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 and its contractors resumed construction by March 2021 after undertaking actions that were required by TMC to be completed and approved by TMC prior to resuming construction. TMC dedicated this time to ensure all safety management systems are in place, including COVID-19 protocols, to ensure everyone returned to work safely. TMC remains diligently focused on the safety of its workforce.

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 International Financial Reporting Standards (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.

2021 Forecast

TMPL expects to transport approximately 321,000 bpd, with approximately 200,000 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 \$183 million, generally in line with the 2021 budget of \$182 million.

Non-TMEP capital spending for 2021 is forecast at approximately \$73 million which includes \$23 million for natural hazard remediation projects, \$8 million for technology related projects, \$13 million for business readiness projects and the remaining \$29 million for projects to maintain the pipeline system in a safe and reliable operating condition. On TMEP, 2021 spending is forecast at \$5.8 billion, including AFUDC of \$0.6 billion, based on construction activities at Westridge Marine Terminal, Burnaby Terminal, Edmonton Terminal, pump stations and on pipeline spreads in Alberta and BC.

The overall performance of the system was impacted in November and December by heavy rainfall and extreme weather conditions, which led to widespread flooding in British Columbia and Washington state. As a precaution, the mainline was shut down on November 14th, with operations safely restarting at reduced capacity on December 5th. The mainline remained at reduced capacity until January 14, 2022 when full capacity was restored. The majority of costs related to Trans Mountain's flood response activities are anticipated to be recoverable from shippers, insurance or third parties. Impacts of the floods on the execution of the TMEP continue to be evaluated.

2022 Annual Plan

In 2022, the TMPL system is expected to move approximately 312,000 bpd, with approximately 196,000 bpd moving on the Puget system into Washington State.



Total TMC operating income before depreciation (EBITDA) is expected to total approximately \$181 million, approximately \$2 million lower than the 2021 forecast of \$183 million due mainly to increases in Trans Mountain personnel costs and administration costs related to business readiness activities associated with bringing TMEP into operation.

Non-TMEP capital spending in 2022 is expected to total approximately \$93 million, approximately \$29 million of which is planned to address compliance items including the installation of a fibre network along the pipeline. Approximately \$21 million is planned to address natural hazard mitigation and preserve system integrity. Approximately \$18 million is planned for capital projects that either offer synergies with TMEP construction or are associated with business readiness activities for post TMEP in-service. Approximately \$11 million is planned for IT infrastructure and applications. The remaining \$14 million relates to pipeline system efficiency and reliability, growth and connectivity opportunities, and safety, security, and emergency response related projects.

On TMEP, 2022 spending of approximately \$6.0 billion, including AFUDC of \$1.0 billion is expected to support construction across all pipeline spreads and terminals.

2022 through 2026

The operating assumptions of TMC are steady through 2022 with few major variations expected. 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 851,500 bpd in the first full year of the expanded operations. TMC estimates EBITDA of more than \$1.7 billion in the first full year of operation of the expanded pipeline system.

TMC continues to investigate opportunities to 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 2 provides the Proforma Financial Statements for the 2022 – 2026 Corporate Plan.

Appendix 1: Corporate Governance

As of September 1, 2021, 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
Michael Sabia
Sandra Stash
Stephen Swaffield

Expansion Project Oversight Committee (EPO)

Stanley Marshall (Chair)
Brian Ferguson
Carol Anne Hilton
Sandra Stash
Stephen Swaffield

Audit Committee

Brian Ferguson (Chair)
Harold Calla
Patricia Koval
Michael Sabia

Environmental, Health and Safety (EHS)⁶

Sandra Stash (Chair)
David Emerson
Brian Ferguson
Stephen Swaffield

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, serves *ex-officio* as a member on each of the committees.

⁶ On September 1, 2021, the Board of Directors dissolved the COVID-19 Committee with their responsibilities and related matters are assumed and discharge by the Environmental, Health and Safety Committee.



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

Ian Anderson	President and CEO
Michael Davies	Chief Operating Officer
Mark Maki	Chief Financial Officer
Rob Van Wallegghem	Chief Legal Officer
Corey Goulet	Executive Vice President TMEP, Execution
Amerigo Silvestri	Executive Vice President TMEP Support Services and Integration
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
Siobhan Vinish	Vice President Public Affairs

Appendix 2: Financial Statements

Trans Mountain Corporation
Proforma Consolidated Statements of Financial Position
December 31, 2021 to 2026
Cdn\$ thousands

	2021	2022	2023	2024	2025	2026
	Amended	Plan	Plan	Plan	Plan	Plan
Assets						
Current Assets						
Cash and cash equivalents	196,508	205,675	74,583	168,481	154,433	188,407
Accounts receivable	35,774	38,594	164,717	186,252	192,173	197,028
Other current assets	19,511	19,511	19,511	19,511	19,511	19,511
	251,793	263,780	258,811	374,244	366,117	404,946
Property, plant and equipment	14,710,629	20,678,304	23,595,167	23,058,528	22,522,346	21,986,562
Right-of-use asset	137,979	79,406	67,659	67,659	67,659	67,659
Regulatory assets	99,079	130,315	146,705	122,263	97,821	73,380
Goodwill	888,098	888,098	888,098	888,098	888,098	888,098
Restricted investments	101,448	116,446	143,016	170,205	198,027	226,498
Restricted cash	75,009	75,009	75,009	75,009	75,009	75,009
Deferred amounts and other assets	120,619	120,619	21,129	21,129	21,129	21,129
Total Assets	16,384,654	22,351,976	25,195,593	24,777,134	24,236,205	23,743,281
Liabilities and Equity						
Current Liabilities						
Accounts payable	630,602	627,564	740,077	51,102	53,120	55,086
Regulatory liabilities	51,000	61,690	-	-	-	-
Other current liabilities	81,753	34,927	23,180	23,180	23,180	23,180
	763,355	724,181	763,257	74,282	76,300	78,266
Loans from parent	7,750,600	10,709,600	11,787,600	11,487,600	10,287,600	9,037,600
Deferred income taxes	721,482	874,922	1,075,734	1,209,121	1,363,597	1,541,986
Regulatory liabilities	104,654	119,652	146,222	173,411	201,233	229,704
Pension and post-employment benefits	100,649	100,649	100,649	100,649	100,649	100,649
Lease liability	63,702	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	9,517,190	12,593,707	13,938,164	13,109,765	12,094,081	11,052,909
Equity	6,867,464	9,758,269	11,257,429	11,667,368	12,142,123	12,690,371
Total Liabilities and Equity	16,384,654	22,351,976	25,195,593	24,777,134	24,236,205	23,743,281



Trans Mountain Corporation
2022 to 2026 Corporate Plan Summary

Trans Mountain Corporation
Proforma Consolidated Statements of Income and Comprehensive Income
For the years ended December 31, 2021 to 2026
Cdn\$ thousands

	2021	2022	2023	2024	2025	2026
	Amended	Plan	Plan	Plan	Plan	Plan
Revenues						
Transportation revenue	377,834	395,208	828,610	2,179,749	2,251,028	2,309,555
Lease revenue	63,619	65,538	63,152	53,614	53,358	53,055
Other revenue	2,165	2,381	1,628	1,660	1,693	1,727
	443,618	463,126	893,390	2,235,023	2,306,079	2,364,337
Expenses						
Pipeline operating costs	142,970	153,038	174,367	318,001	332,683	346,495
Depreciation and amortization	102,793	106,803	225,226	578,111	578,758	579,460
Salaries and benefits	75,883	83,616	85,033	114,624	118,987	123,525
Taxes, other than income taxes	34,051	37,458	48,254	79,588	81,975	84,436
Administration	8,193	8,124	10,221	18,069	18,641	19,230
	363,890	389,039	543,101	1,108,393	1,131,044	1,153,146
Operating income	79,728	74,087	350,289	1,126,630	1,175,034	1,211,191
Equity AFUDC	383,494	650,212	660,567	-	-	-
Interest expense, net of capitalized	(99,189)	(100,876)	(192,884)	(583,303)	(545,803)	(484,553)
Other, net	873	(178)	-	-	-	-
Foreign exchange (loss) gain	189	-	-	-	-	-
Tax recovery (expense)	(89,607)	(153,440)	(200,812)	(133,387)	(154,476)	(178,390)
Net income	275,488	469,805	617,159	409,940	474,755	548,248
Adjusted EBITDA	182,521	180,890	575,515	1,704,741	1,753,792	1,790,651



Trans Mountain Corporation
2022 to 2026 Corporate Plan Summary

Trans Mountain Corporation
Proforma Consolidated Statements of Cash Flow
For the years ended December 31, 2021 to 2026
Cdn\$ thousands

	2021 Amended	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Operating activities						
Net income (loss) for the year	275,488	469,805	617,159	409,940	474,755	548,248
Items not affecting cash						
Depreciation and amortization	102,793	106,803	225,226	578,111	578,758	579,460
Equity allowance for funds used during construction	(383,494)	(650,212)	(660,567)	-	-	-
Deferred income taxes	89,607	153,440	200,812	133,387	154,476	178,390
Changes in non-cash working capital items	152,458	(11,406)	34,370	(658,878)	48,361	50,024
	236,852	68,430	417,001	462,559	1,256,350	1,356,122
Investing activities						
Capital expenditures	(5,453,064)	(5,424,265)	(2,481,522)	(41,472)	(42,576)	(43,676)
Purchase Restricted Investments	(7,462)	(14,998)	(26,570)	(27,189)	(27,822)	(28,472)
	(5,460,526)	(5,439,263)	(2,508,092)	(68,661)	(70,398)	(72,148)
Financing activities						
Issuance (repayment) of loans from parent	2,923,250	2,959,000	1,078,000	(300,000)	(1,200,000)	(1,250,000)
Capital contributions	2,391,750	2,421,000	882,000	-	-	-
Dividends	-	-	-	-	-	-
	5,315,000	5,380,000	1,960,000	(300,000)	(1,200,000)	(1,250,000)
Net increase (decrease) in Cash and Restricted cash	91,326	9,167	(131,092)	93,898	(14,049)	33,975
Cash and Restricted cash, beginning of period	180,191	271,517	280,684	149,592	243,490	229,442
Cash and Restricted cash, end of period	271,517	280,684	149,592	243,490	229,442	263,416
Cash, beginning of period	104,454	196,508	205,675	74,583	168,481	154,433
Restricted cash, beginning of period	75,737	75,009	75,009	75,009	75,009	75,009
Cash and Restricted cash, beginning of period	180,191	271,517	280,684	149,592	243,490	229,442
Cash, end of period	196,508	205,675	74,583	168,481	154,433	188,407
Restricted cash, end of period	75,009	75,009	75,009	75,009	75,009	75,009
Cash and Restricted cash, end of period	271,517	280,684	149,592	243,490	229,442	263,416

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 Trans Mountain.

For 2022 it is expected that cash generated by operations will meet operational requirements and fund the non-TMEP capital program. \$5.4 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

		2021	2022	2023	2024	2025	2026
		Amended	Plan	Plan	Plan	Plan	Plan
Funding Agreement							
Opening balance		4,220,000	9,535,000	14,915,000	-	-	-
Funding Request		5,315,000	5,380,000	1,960,000	-	-	-
Closing balance		9,535,000	14,915,000	16,875,000	-	-	-
Maximum Funding Limit (MFL)		10,000,000	15,400,000	17,500,000	-	-	-
Unused Capacity		465,000	485,000	625,000	-	-	-
Equity contribution	45%	2,391,750	2,421,000	882,000	-	-	-
Debt Funding							
Construction Facility							
Opening balance		2,321,000	5,244,250	8,203,250	9,281,250	8,981,250	7,781,250
Draw (Repayment)	55%	2,923,250	2,959,000	1,078,000	(300,000)	(1,200,000)	(1,250,000)
Closing balance		5,244,250	8,203,250	9,281,250	8,981,250	7,781,250	6,531,250
Construction Facility Limit (MFL x 55%)		5,500,000	8,470,000	9,625,000	9,325,000	8,125,000	6,875,000
Acquisition Facility							
Opening balance		2,506,350	2,506,350	2,506,350	2,506,350	2,506,350	2,506,350
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.

After the commencement of commercial service of TMEP, TMC has assumed surplus cash flow will be used to repay debt. Alternative re-financing opportunities that may expedite debt repayment and/or lower the overall cost of capital in anticipation of a change in ownership have not been considered in this Plan.

Leases

TMC has committed to leases that will continue through 2022. TMC may enter new leases in 2022 with annual payments up to approximately \$21 million including \$7 million for temporary workspace to receive, store and work on materials and equipment along the planned construction route; \$2 million for office space and \$12 million for vehicles required to support the growing workforce and camp equipment. The financial commitments of rental/lease agreements in respect of TMEP are included in the borrowing requirements for TMEP.

Year:	2022 Plan	2022 (at Dec 31) Projected	2023 (at Dec 31) Projected	2024 (at Dec 31) Projected	2025 (at Dec 31) Projected	2026 (at Dec 31) Projected	Outer Years
Right-of-use asset class: Land (Workspace, warehouse, laydown space, pumping stations)							
Space to receive, store, and work on materials and equipment along the pipeline							
Total liability (\$ million)	6,747,000	3,773,000	-	-	-	-	-
Expected number of years remaining	1.00	0.63	-	-	-	-	-
Right-of-use asset class: Buildings (Office space etc.)							
Primarily Office space - Various Locations							
Total liability (\$ million)	2,120,000	1,324,000	674,000	97,000	-	-	-
Expected number of years remaining	4.00	1.90	1.01	0.14	-	-	-
Right-of-use asset class: Equipment (Fleet Lease, camps, office equipment etc.)							
Various equipment including Vehicles leased in Canada and the USA, Office equipment such as printers and equipment related to pipeline construction							
Total liability (\$ million)	11,739,000	9,597,000	3,074,000	2,207,000	1,340,000	473,000	-
Expected number of years remaining	5.00	1.94	1.31	0.94	0.57	0.20	-

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 2022 Corporate Plan**

FOR THE YEARS 2022 – 2026

Table of Contents

1.0 Introduction.....	3
2.0 Mandate	3
3.0 Objectives for 2022.....	4
4.0 Marketing and Transportation.....	4
5.0 Organization	4
6.0 Risks	4
7.0 Financial Section.....	5
8.0 Borrowing Intentions	9
9.0 International Financial Reporting Standards	9

1.0 Introduction

Canada Hibernia Holding Corporation (CHHC) is a wholly owned subsidiary of Canada Development Investment Corporation (CDEV) and was formed in 1993 for the purpose of holding and managing the Government of Canada (“Government”)’s ownership interests in the Hibernia Project, which is an oil development and production project located 315 km offshore the Province of Newfoundland and Labrador (the “Province”).

The Hibernia Project is jointly owned and is operated by Hibernia Management and Development Company Ltd. (“HMDC”), with the management, administrative and technical staff provided under contract from ExxonMobil Corporation. While the day-to-day operations of the project are managed by ExxonMobil, all owners play an active role in decision making processes. CHHC holds an 8.5% ownership, or “working interest” (“WI”) in the Hibernia Main Field and a current 5.67% WI in the Hibernia Southern Extension Unit (“HSE Unit”). CHHC’s WI in the HSE Unit is subject to future adjustment (along with all other HSE Unit owners) according to the HSE Unit Agreement.

As a single asset company, CHHC’s initial share of funding was obtained through appropriations from the Government 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 for paying federal and provincial income taxes, royalties and the NPI on the same basis as private sector companies.

Hibernia continues to be a very successful venture. By the end of 2021, CHHC forecasts to have paid cumulative dividends of \$2.39 billion¹, \$309 million in federal Net Profits Interest (NPI) and \$736 million in federal income tax. Dividend payments commenced in 2003 after CHHC had returned \$431 million in appropriations to the Government for CHHC’s share of the project’s capital costs.

2.0 Mandate

CHHC’s primary mandate is to manage the Government’s ownership interests in the Hibernia project. In performing its primary mandate, CHHC is committed to ensuring that the health and safety of workers and protection of the environment are paramount in all Hibernia decisions, that the operations are in regulatory compliance, that the Government’s ownership interests are protected and the value is maximized, and that decisions are made in a commercially prudent manner.

CHHC pursues its primary mandate through: active participation in all committees overseeing the project’s strategic direction; providing input on operational matters including safety and environmental protection; ensuring adherence to all government regulations and contractual obligations; diligent involvement in and oversight of transportation and marketing activities for CHHC’s share of oil production; managing the revenue stream; maintaining sufficient cash

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

reserves to avoid the need for government funding; and setting aside funds to provide for the eventual abandonment of Hibernia.

A secondary CHHC mandate is to keep the Hibernia asset in a ready state for evaluation and sale should the Government elect to divest of the asset. CHHC performs this mandate by maintaining a reasonably current estimate of remaining oil reserves by an independent reservoir engineering firm, and by maintaining a robust economic model which facilitates valuing the asset for a range of assumptions and variables.

As a commercially oriented corporation, CHHC does not have a public policy role.

3.0 Objectives for 2022

CHHC's major business objectives for 2022 are to deliver operating and financial performance in accordance with the Corporate Plan, ensure the correct interpretations and outcome of the HSE Unit First Redetermination of working interests, support the operator in upcoming facility debottlenecking, platform drill rig upgrades, operating cost reduction opportunities and future resource development, and monitor risks through our enterprise risk management system including the implementation of appropriate risk mitigation strategies.

4.0 Marketing and Transportation

CHHC typically sells cargos of Hibernia crude at the Dated Brent benchmark oil price, in U.S. dollars, 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 joint marketing of cargos.

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 3² producing fields offshore East Coast Canada to date in 2021) share in the use of shuttle tankers to transport oil to the Newfoundland Transshipment Ltd. (NTL) terminal.

5.0 Organization

Since its inception in 1993, CHHC has been staffed by a small team of experienced energy industry professionals. At year-end 2021, the staff is forecast to consist of 8 total full and part-time employee positions (6.5 full-time equivalent or FTE), and 1 part-time contractor. In 2022, CHHC anticipates adding one employee (0.5 FTE) reporting to the Controller, bringing the anticipated year-end 2022 forecast to 9 employees (7.0 FTE), and 1 part-time contractor.

6.0 Risks

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, sufficiency of abandonment funding, and the impact of the Covid-19 pandemic and related restrictions on the overall business environment.

² 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.

Key non-financial risks include safety, health and environmental risks (including pollution), operational and technical risks associated with an offshore oil operation (including drilling complexities, production risks, inaccurate estimates of reserves, harsh weather, fire and explosion), marine transportation risks, IT/cybersecurity risks, availability of insurance related to the aforementioned risks, regulatory risks including those related to climate change, joint arrangement risk, and loss of key personnel.

CHHC monitors oil prices and has accepted the risk of oil price volatility by participating in multiple cargo sales annually through its marketing agency agreement which provides natural mitigation, and by maintaining appropriate cash reserves.

7.0 Financial Section

	2020 Actual	2021 Forecast	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Volumes (units as noted)							
Average Daily Production - Gross Hibernia (bopd) % HSE Unit	117,841 40%	101,300 38%	68,400 39%	77,700 39%	92,600 39%	91,100 28%	102,800 19%
Average Daily Production - Net CHHC share (bopd)	8,662	7,522	5,066	5,751	6,842	7,026	8,171
Sales Volume (MBO/yr.)	2.96	2.97	1.85	2.10	2.48	2.56	2.98
Prices (units as noted)							
Dated Brent (US\$/bbl)	41.68	67.92	68.00	65.00	65.00	65.00	65.00
Realized Price (US\$/bbl)	39.30	67.06	68.00	65.00	65.00	65.00	65.00
Realized Price (Cdn\$/bbl)	52.39	83.62	85.00	81.25	81.25	81.25	81.25
Exchange Rate (USD/CAD)	1.34	1.25	1.25	1.25	1.25	1.25	1.25
Financial, CHHC WI (Cdn\$ millions)							
Crude Oil Sales Revenue	155	249	157	171	203	208	242
Royalty and NPI Payments	41	89	38	45	59	58	70
Effective royalty + NPI rate	26%	36%	24%	27%	29%	28%	29%
Operating, Transportation and Marketing Expenses	23	28	27	26	28	27	28
Administrative Expenses	3.10	2.89	3.37	3.54	3.66	3.65	3.92
Income Taxes	17	29	15	16	22	23	29
Capital Expenditures	14	11	37	27	26	27	30
Abandonment Fund Contributions	10	10	5	5	5	5	5
Minimum Operating Cash Reserve	60	60	60	60	60	60	60
Dividends	69	81	35	49	55	57	70

Major Assumptions

CHHC's cash flows are most sensitive to changes in crude oil prices, exchange rates (USD/CAD), production volumes and levels of capital expenditures.

Forecast 2021

As shown in the table above, gross daily average production volumes of 101,300 bopd in 2021 (7,522 bopd CHHC share) are forecast to be 14% lower than 2020, due to higher than forecasted natural production declines, lower performance on some new wells, H₂S restrictions, and produced water issues. The natural production declines reflect the suspension of drilling effective July 2020. Accordingly, no new wells were brought onto production in 2021. Sales volumes are expected to stay relatively flat in 2021 over 2020 due to draws from inventory associated with the timing of cargo sales. Changes in sales volumes will not equal changes in production volumes due to lifting schedules, cargo sizes and other factors.

CHHC typically sells its oil with reference to the Dated Brent benchmark price. CHHC is forecasting a realized oil price of \$67.06 USD per bbl in 2021, which is a -\$0.86 USD per bbl differential from Dated Brent. This is an improvement from the \$39.30 USD per bbl realized oil price and -\$2.38 USD per bbl differential in 2020, as 2020 reflected challenging oil markets associated with the decline in demand amid the Covid-19 pandemic and increased OPEC+ supply. By contrast, oil prices have improved significantly in 2021 in line with increased demand, optimism relating to vaccine rollouts and OPEC+ supply management. CHHC's forecasted realized oil price in Canadian dollars of \$83.62 per bbl in 2021 reflects an average USD/CAD exchange rate of 1.25, whereas in 2020 the average exchange rate was 1.34. The stronger Canadian dollar in 2021 has a negative impact on oil price realizations in Canadian dollars.

Crude oil sales revenue is forecast to increase in 2021 over 2020 due to higher oil prices, as sales volumes are relatively unchanged. Royalty and NPI payments are forecast to increase in 2021 associated with a higher combined effective royalty and NPI rate³ of 36% (vs. 26% in 2020), driven mainly by higher oil prices, as the NPI rate and the royalty rates in certain royalty areas are oil price sensitive. The higher crude oil sales revenue also drives an increase in taxable income and resulting income taxes.

Operating, transportation and marketing expenses are forecast to increase by \$5 million or 22% in 2021 compared to 2020, due to higher expenses associated with R&D, well workovers, inventory adjustments and a reallocation of costs to operating activities from capital activities.

Administrative expenses are forecast to decline in 2021 due to lower travel and professional fees.

Capital expenditures are forecast to be \$3 million lower in 2021 compared to 2020 due to the suspension of drilling at the end of June 2020. In other words, there was no drilling in 2021 compared to 6 months of drilling in 2020.

Dividends are forecast to be \$81 million in 2021, which is a \$12 million increase from 2020 and driven by higher crude oil prices and resulting crude oil sales revenue, and lower capital expenditures (partially offset by lower production volumes, and higher royalties, NPI and income taxes).

³ "Effective royalty and NPI rate" is defined as total royalty and NPI expenses as a percentage of crude oil sales revenue.

Plan 2022

Gross daily average production volumes in 2022 are projected to decline by 32% over the 2021 forecast, to 68,400 bopd (5,066 bopd CHHC share), due to continued production declines and the impact of no new wells coming onto production since the drilling shutdown effective July 2020. In addition, production will be shut down for approximately 3 weeks in mid-2022 for the 2022 platform turnaround, required to conduct important activities consisting of repairs and maintenance, equipment replacements, and License to Operate activities (testing, inspections and recertifications). Sales volumes are likewise forecast to decline, by 38% over the 2021 forecast.

CHHC is forecasting a realized oil price of \$68.00 USD per bbl in 2022, which is marginally higher than the \$67.06 USD per bbl realized oil price forecast in 2021. CHHC's forecasted realized oil price in Canadian dollars of \$85.00 per bbl in 2022 is likewise marginally higher than \$83.62 per bbl forecast in 2021. Both years 2022 and 2021 reflect an average USD/CAD exchange rate of 1.25.

Crude oil sales revenue is forecast to decrease by 37% in 2022 over the 2021 forecast due mainly to the decline in sales volumes. Royalty and NPI payments are forecast to decrease by a greater margin of 57% over the same period, due to the impact of higher capital cost deductions from revenue in the net profit basis for royalty and NPI calculations. As a result, the combined effective royalty and NPI rate declines to 24%. The lower crude oil sales revenue also drives a decrease in taxable income and resulting lower income taxes.

There is no significant change in 2022 operating, transportation and marketing expenses, estimated at \$27 million compared to \$26 million forecast in 2021.

Administrative expenses in 2022 are more consistent with pre-Covid-19 expenses and reflect the assumption of a return to travel for joint venture and other meetings.

Capital expenditures are forecast to increase to \$37 million in 2022, which is a \$26 million increase from 2021. Approximately 75% of the 2022 capital budget is allocated to drilling capital with the remaining 25% allocated to facilities capital. Although drilling doesn't start up until Q4 2022, significant expenditures (approximately \$12 million) are anticipated to be incurred throughout 2022 on long lead drilling items, which will be allocated to future wells. Facilities capital includes flowlines and equipment and facility upgrades, with the most significant project in 2022 being gas compression and water handling facility upgrades, scheduled to occur during the 2022 platform turnaround. There was also a deferral of some capital from 2021 into 2022.

Dividends are forecast to decline to \$35 million in 2022, which is a \$46 million decrease from the 2021 forecast. The decrease is driven by lower production and resulting crude oil sales revenue, and higher capital expenditures (partially offset by lower royalties, NPI and income taxes).

Plan 2023-2026

Gross daily average production volumes generally increase over the 2023-2026 Plan period, reflecting new wells brought onto production from a continuous drilling program during this period.

CHHC's overall net share of production and resulting sales volumes increase steadily over the 2023-2026 Plan period, reflecting proportionately more production coming from the Main Field (where CHHC has a higher working interest) and less from the HSE Unit (where CHHC has a lower working interest).

CHHC is assuming a flat oil price and exchange rate forecast during the period, being a USD realized oil price of \$65.00 USD per bbl, a USD/CAD exchange rate of 1.25, and a CAD realized oil price of \$81.25 per bbl.

Crude oil sales revenue increases over the 2023-2026 period, consistent with the increase in production and resulting sales volumes. The combined effective royalty and NPI is relatively consistent at between 27% and 29% (of crude oil sales revenue) during the period. Income taxes increase consistent with increased taxable income driven by the higher crude oil sales revenue.

There are no significant year-over-year variances in operating, transportation and marketing expenses during the 2023-2026 period.

Administrative expenses increase due mainly to higher professional fees, as CHHC anticipates increased involvement from its reservoir engineering consultants in the preparation of reserve reports (2023 and 2026) and with the HSE Unit Final Redetermination (2024-2026).

Capital expenditures are relatively consistent at between \$26 million and \$30 million per year during the 2023-2026 period. The majority (between 75% to 90%) of capital expenditures during this period are incurred on drilling capital and reflect a continuous drilling program of 4 to 6 wells per year. All wells are planned to be drilled from the platform and all in the Hibernia Main field, except for two wells planned to be drilled from the platform in the HSE Unit (one in 2023 and one in 2026). There are no major projects over the 2023-2026 Plan period; rather the remaining capital expenditures are forecast to be incurred on a variety of facility and project costs including seismic, equipment and facility upgrades, and flowlines.

Dividends are forecast to increase over the 2023-2026 Plan period reflecting the increase in production and resulting increase in crude oil sales revenue, as comparatively the company's cash expenditures are relatively flat.

8.0 Borrowing Intentions

CHHC participates in lease transactions. Per clause 10(b) of the *Crown Corporation General Regulations*, a lease is deemed to be a transaction to borrow money for purposes of Part X (Crown Corporations) of the *Financial Administration Act* if the borrowing (lease) exceeds the lesser of: (a) 5% of total assets of a Crown Corporation; and (b) \$10 million. For CHHC, the lesser amount is (b), \$10 million. At this time, CHHC does not expect any new lease in the 2022-2026 Plan period to exceed this threshold; accordingly, CHHC is not seeking approval to enter into any new threshold lease.

9.0 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 Corporate Plan are Schedules I, II and III.

Canada Hibernia Holding Corporation
Proforma Statements of Financial Position
December 31, 2020 To 2026
Cdn\$ millions

Schedule I

	2020 Actual	2021 Plan	2021 Forecast	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Assets								
Current assets:								
Cash and short term investments	62.68	60.74	60.67	60.02	60.82	60.25	60.50	60.02
Accounts receivable	30.29	30.36	27.93	14.57	3.26	3.26	3.26	3.26
Prepaid expenses	0.31	0.30	0.31	0.31	0.31	0.31	0.31	0.31
Inventory	4.17	0.58	4.17	4.17	4.17	4.17	4.17	4.17
Total current assets	97.45	91.98	93.08	79.07	68.56	67.99	68.24	67.76
Property and equipment:								
Hibernia project facilities and wells at cost	592.18	612.19	600.71	639.21	670.98	700.18	732.18	765.99
Right-of-use lease assets	17.39	13.48	13.85	15.31	11.77	8.23	5.69	2.15
Less accumulated depletion and depreciation	(447.14)	(502.97)	(478.08)	(497.33)	(519.17)	(545.16)	(571.84)	(602.88)
Net property and equipment	162.43	122.70	136.48	157.19	163.58	163.25	166.03	165.26
Other assets:								
Deferred tax asset	-	-	-	-	-	-	-	-
Cash held in escrow	8.50	10.30	8.50	10.50	10.50	10.50	10.50	10.50
Abandonment and risk fund	162.53	173.22	173.04	178.64	184.25	189.89	195.56	201.27
Total other assets	171.03	183.52	181.54	189.14	194.75	200.39	206.06	211.77
	430.91	398.20	411.10	425.40	426.89	431.63	440.33	444.79
Liabilities and Shareholder's Equity								
Current liabilities:								
Accounts payable and accrued liabilities	15.77	13.87	16.70	10.05	7.32	7.32	7.32	7.32
Income taxes payable	(0.57)	(4.25)	(2.13)	(1.37)	(1.38)	(1.39)	(1.40)	(1.40)
Total current liabilities	15.20	9.62	14.57	8.68	5.94	5.93	5.92	5.92
Other liabilities:								
Lease liabilities	17.83	13.92	14.43	15.99	12.46	8.92	6.39	2.86
Deferred tax liability	-	-	-	-	-	-	-	-
Decommissioning liability	150.78	152.66	151.00	153.85	156.84	159.98	163.28	166.75
Total other liabilities	168.61	166.58	165.43	169.84	169.30	168.90	169.67	169.61
Shareholder's equity:								
Retained earnings	247.10	222.00	231.10	246.88	251.65	256.80	264.74	269.26
Total shareholder's equity	247.10	222.00	231.10	246.88	251.65	256.80	264.74	269.26
	430.91	398.20	411.10	425.40	426.89	431.63	440.33	444.79

Canada Hibernia Holding Corporation
Proforma Statements Of Income And Retained Earnings
Years Ended December 31, 2020 To 2026
Cdn\$ millions

Schedule II

	2020 Actual	2021 Plan	2021 Forecast	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Revenue								
Crude oil sales	155.26	182.70	248.56	157.17	170.54	202.88	208.33	242.29
Royalty	(34.68)	(43.83)	(73.04)	(29.84)	(35.81)	(46.66)	(45.83)	(55.73)
Net profits interest	(6.39)	(9.15)	(15.71)	(7.99)	(9.55)	(11.97)	(11.87)	(14.29)
Net crude oil revenue	114.19	129.72	159.81	119.34	125.18	144.25	150.63	172.27
Interest income	2.61	1.22	1.05	1.07	0.97	1.00	1.03	1.07
Net facility use and processing fee income	1.78	1.35	1.70	1.18	1.55	1.46	1.00	1.18
Total revenue	118.58	132.29	162.56	121.59	127.70	146.71	152.66	174.52
Expenses								
Field operating	16.80	20.09	22.20	21.72	20.61	22.82	22.14	23.47
Transportation and marketing	6.37	6.05	5.75	4.83	4.91	4.95	4.96	5.00
Administration	3.10	3.25	2.89	3.37	3.54	3.66	3.65	3.92
Depletion and depreciation	53.74	53.46	34.48	22.79	25.38	29.53	30.22	34.58
Accretion	1.60	1.66	2.71	2.85	2.99	3.14	3.30	3.47
Interest expense	0.39	0.37	0.16	0.20	0.20	0.20	0.20	0.20
Other	(1.02)	-	0.32	-	-	-	-	-
Total expenses	80.98	84.88	68.51	55.76	57.63	64.30	64.47	70.64
Net income before tax	37.60	47.41	94.05	65.83	70.07	82.41	88.19	103.88
Income taxes								
Deferred income tax	-	-	-	-	-	-	-	-
Current income tax	17.08	21.72	29.05	15.05	16.30	22.26	23.25	29.36
Total income taxes	17.08	21.72	29.05	15.05	16.30	22.26	23.25	29.36
Net income	20.52	25.69	65.00	50.78	53.77	60.15	64.94	74.52
Retained earnings:								
Beginning of year	295.58	243.31	247.10	231.10	246.88	251.65	256.80	264.74
Dividends	(69.00)	(47.00)	(81.00)	(35.00)	(49.00)	(55.00)	(57.00)	(70.00)
End of year	247.10	222.00	231.10	246.88	251.65	256.80	264.74	269.26

Canada Hibernia Holding Corporation
Proforma Statements Of Cash Flow
Years Ended December 31, 2020 To 2026
Cdn\$ millions

Schedule III

	2020 Actual	2021 Plan	2021 Forecast	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Operating activities:								
Net income for the year	20.52	25.69	65.00	50.78	53.77	60.15	64.94	74.52
Depletion and depreciation	53.74	53.46	34.48	22.79	25.38	29.53	30.22	34.58
Accretion	1.60	1.66	2.71	2.85	2.99	3.14	3.30	3.47
Interest (net)	(2.22)	(0.85)	(0.89)	(0.87)	(0.77)	(0.80)	(0.83)	(0.87)
Income tax expense	17.08	21.72	29.05	15.05	16.30	22.26	23.25	29.36
Abandonment activities	(1.27)	-	-	(1.70)	(5.10)	(3.06)	(5.10)	(3.83)
Income taxes paid	(13.48)	(21.70)	(30.61)	(14.29)	(16.31)	(22.27)	(23.26)	(29.36)
Changes in non-cash working capital	12.36	(7.34)	3.29	6.71	8.58	-	-	-
Cash from operating activities	88.33	72.64	103.03	81.32	84.84	88.95	92.52	107.87
Investing activities:								
Hibernia project facilities and wells	(14.04)	(10.79)	(11.02)	(36.80)	(26.67)	(26.14)	(26.90)	(29.98)
Interest received	2.61	1.22	1.05	1.07	0.97	1.00	1.03	1.07
Cash held in escrow	-	(1.80)	-	(2.00)	-	-	-	-
Abandonment and risk fund	(11.45)	(10.60)	(10.51)	(5.60)	(5.61)	(5.64)	(5.67)	(5.71)
Changes in non-cash working capital	1.27	-	-	-	-	-	-	-
Cash used in investing activities	(21.61)	(21.97)	(20.48)	(43.33)	(31.31)	(30.78)	(31.54)	(34.62)
Financing activities:								
Payment of lease liabilities	(3.74)	(3.80)	(3.56)	(3.64)	(3.73)	(3.74)	(3.73)	(3.73)
Dividends paid to CDEV	(69.00)	(47.00)	(81.00)	(35.00)	(49.00)	(55.00)	(57.00)	(70.00)
Cash used in financing activities	(72.74)	(50.80)	(84.56)	(38.64)	(52.73)	(58.74)	(60.73)	(73.73)
Change in cash	(6.02)	(0.13)	(2.01)	(0.65)	0.80	(0.57)	0.25	(0.48)
Cash, beginning of year	68.70	60.87	62.68	60.67	60.02	60.82	60.25	60.50
Cash, end of year	62.68	60.74	60.67	60.02	60.82	60.25	60.50	60.02

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

**2022 to 2026
CORPORATE PLAN SUMMARY**

and

2022 CAPITAL BUDGET SUMMARY

December 2021

CEEFC CORPORATE PLAN
TABLE OF CONTENTS

1.0	EXECUTIVE SUMMARY AND CORPORATE PROFILE.....	3
2.0	MANDATE AND BUSINESS OVERVIEW	4
3.0	CORPORATE GOVERNANCE AND OPERATING ENVIRONMENT	6
4.0	CORPORATE PERFORMANCE	7
5.0	CEEFC - OBJECTIVES AND STRATEGIES FOR THE PERIOD 2022 TO 2026	9
6.0	FINANCIAL SECTION	10

1.0 EXECUTIVE SUMMARY AND CORPORATE PROFILE

Canada Enterprise Emergency Funding Corporation (CEEFC), a wholly-owned subsidiary of Canada Development Investment Corporation (CDEV), was incorporated in May of 2020 to implement the Large Employer Emergency Financing Facility (LEEFF) mandated by the Government of Canada (“the Government”).

CEEFC’s primary activities since its incorporation in 2020 have been the negotiation and issuance of loans to applicants and the administration of those loans once issued. LEEFF loans are made based on prescribed terms documented in term sheets authorized by the Minister of Finance. In 2022, CEEFC expects its primary focus to be loan administration as it receives fewer applications and enquiries.

In 2021, CEEFC’s mandate expanded to include LEEFF loans to airlines for reimbursement of canceled flights (voucher loans) and LEEFF loans to large airlines.

As at December 2021, CEEFC has made six LEEFF liquidity loans, four voucher loans, and one “large airline” loan, with total commitments of \$7.4 billion. A total of \$2.7 billion has been drawn on these loans.

Two loans totaling \$380 million were repaid in October and November 2021. Additionally, in November 2021, Air Canada announced it was withdrawing from its financing agreement with CEEFC providing \$3.975 billion in facilities that were never accessed, and that it would be repurchasing the warrants issued to CEEFC as part of the initial transaction.

2.0 MANDATE AND BUSINESS OVERVIEW

2.1 Mandate

CEEFC is a federal non-agent Crown corporation, incorporated in May 2020 and wholly owned by its parent, CDEV. CEEFC is responsible for administering LEEFF. The objectives of LEEFF are to help protect Canadian jobs, help Canadian businesses weather the economic downturn brought on by the COVID-19 pandemic, and avoid bankruptcies of otherwise viable firms where possible. Pursuant to a directive issued to CEEFC on May 10, 2020 (order in council P.C. 2020-307, or “the Directive”), LEEFF loans are made in accordance with terms and conditions approved by the Minister of Finance.

The focus of the CEEFC board and management team is to evaluate loan applications in accordance with the LEEFF terms and conditions approved by the Minister and to administer loans issued. In 2021, the Minister authorized two new sets of LEEFF terms applicable to borrowers that are air carriers. No end date for the program was specified when LEEFF was created, and CEEFC intends to keep the program open for applications until the Government directs that it be closed.

The approval of loans is based on an assessment of the eligibility of the applicant and the cash needs of the applicant over the next 12-month period. If an applicant can meet the eligibility requirements and the prescribed terms, the applicant qualifies for a LEEFF loan, provided that the loan forms part of projections indicating a return to financial stability.

2.2 Business Overview

CEEFC is responsible for receiving LEEFF applications, assessing the requests against the eligibility criteria and terms approved by the Minister of Finance, negotiating and entering into transactions in accordance with such terms, and funding these transactions. After loans are funded, CEEFC is responsible for the administration of those loans (and the management of any related equity instruments obtained). Assessments and processing of applications by CEEFC are generally performed with the assistance of qualified advisory firms engaged by CEEFC.

CEEFC has 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.

2.3 Loan Application and Approval Process

Applications to LEEFF opened on May 20, 2020. CEEFC management, with the assistance of its advisors, evaluates loan applications and undertakes financial due diligence.

Canadian corporations are eligible under the LEEFF term sheet if they satisfy specified eligibility criteria, including having over \$300 million in revenue and requiring at least \$60 million in loans. The amount of the loan is sized to estimate the company's needs over the course of the 12 months following the loan and the loan can be drawn over the course of those 12 months. It is required that 20% of the loans be secured, and matching the terms obtained by other lenders. The remaining 80% of the loan is unsecured, with interest rates starting at 5% and escalating over the 5 years to maturity. To further compensate taxpayers, in addition to interest CEEFC receives warrants from public companies and fees from private companies.

In November 2020, the Government requested that CEEFC advise the Government in its engagement with airlines. In April 2021, after consideration of advice from CEEFC, the Minister of Finance directed that two new supplemental sets of terms – one for large air carriers and the other for voucher reimbursements – be considered approved LEEFF terms.

The voucher reimbursement terms are open to air carriers otherwise eligible for LEEFF. Borrowers under the Voucher Term Sheet are required to provide refunds to customers for certain flights canceled due to COVID-19. CEEFC may agree to a maximum voucher loan facility size up to the borrower's bona fide estimate of the amount of eligible refunds to customers, up to \$2 billion. Voucher loans have a seven-year maturity and the interest rate is set at the Government of Canada's 7-year bond rate at the closing date.

2.4 Loan Administration

As the COVID-19 pandemic subsides and economic conditions ameliorate, CEEFC expects that its primary business activities will relate to the administration of existing loans, both ordinary course loan management and dealing with defaults and special situations presented by borrowers, if any.

3.0 CORPORATE GOVERNANCE AND OPERATING ENVIRONMENT

CEEFC's board of directors consists of two directors of CDEV, three independent directors of CEEFC, the President and CEO of CEEFC, and the former Executive Vice President of CDEV. In January 2021, Mr. Zoltan Ambrus, a Vice President of CDEV, was appointed by the CEEFC board to serve as President and CEO.

CEEFC shares staff, office space, and administrative resources with its parent, CDEV. A services agreement was agreed between CDEV and CEEFC outlining the services that CDEV shall provide to CEEFC to help it implement LEEFF.

A Memorandum of Understanding was developed between CDEV and CEEFC outlining the responsibilities of each party to help ensure that CEEFC is able to provide the appropriate level of governance and reporting.

3.1 COVID-19 Measures

CEEFC was established to implement LEEFF in response to COVID-19, and therefore its strategic direction is necessarily impacted by the pandemic. Its operations have been developed on a primarily remote office environment basis. If a COVID-19 resurgence causes greater than anticipated economic hardship on Canadian corporations, the financial results of CEEFC are likely to be impacted significantly through related loan losses and potentially through higher loan volumes. However, COVID-19 is not expected to have an impact on CEEFC's operations, beyond its effect on the demand for LEEFF loans and the recovery on LEEFF loans and equity instruments.

4.0 CORPORATE PERFORMANCE

4.1 Assessment of 2021 Results to date

CEEFC's actual performance in 2021 as compared to the objectives outlined in the 2021-2025 Corporate Plan is as follows:

2021 Objectives	2021 Results
Manage enquiries from potential program applicants	CEEFC managed all enquiries received per its established processes and within established timelines.
Manage all aspects of the LEEFF loan program including due diligence of loan applications and overseeing the work of financial and legal advisors	CEEFC successfully managed due diligence of loan applications and oversight of advisors. No identified failures of due diligence or advisor oversight occurred.
Execute agreements and fund approved loans	In the first half of 2021, CEEFC successfully executed loan agreements with five borrowers representing loan facilities of approximately \$7 billion.
Evaluate any subsequent loan advance requests from borrowers	CEEFC established, refined and documented processes for evaluating loan advance requests. CEEFC reviewed and acted on loan advance requests within prescribed timelines.
Consider requests for consents or amendments from LEEFF borrowers and execute where appropriate	CEEFC received requests for consents and amendments in 2021. These were given due consideration and where appropriate, consents and amendments were given.
Monitor loans and deal with borrower defaults if any occur	CEEFC set up a loan monitoring process and continuously monitors its loans. To date, no loans have defaulted, and CEEFC monitors for events that may increase the risk of default.
Prepare the company to handle restructuring needs of borrowers should that become necessary	As part of CEEFC's engagement with a consulting firm engaged to assist in loan administration, the firm's restructuring experts are available to CEEFC as needed.
Develop and implement the required accounting processes for LEEFF loans	Developed accounting policies and processes required for LEEFF loans. These were implemented and properly reflected in the 2020 annual report.
Quarterly and regular evaluation of all borrowers and loans	In 2021, CEEFC set up a framework to assess the status of the loans in its portfolio.

Support the Government of Canada in discussions regarding potential financial assistance to airlines	CEEFC reached agreements for LEEFF liquidity loan facilities and voucher loan facilities with four Canadian airlines. CEEFC supplied advice to the Government of Canada to support policy decisions as needed.
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5.0 CEEFC - OBJECTIVES AND STRATEGIES FOR THE PERIOD 2022 TO 2026

CEEFC's overarching objective is to manage LEEFF. For 2022 onward, this can be broken into two components: Processing new applications and loans; and managing existing loans and other assets.

With respect to new applications and loans, CEEFC's objectives remain as they have been since its establishment:

- 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; and
- Execute agreements and fund approved loans.

CEEFC expects new applications and loans will form a minor aspect of its duties in 2022 as economic distress caused by COVID-19 subsides. However, this could change as circumstances change.

With respect to existing loans, CEEFC seeks to ensure the prudent and responsible monitoring and administration of its loans in keeping with its stated approach (see 2.4 above). Objectives include:

- Evaluate and fund where appropriate any subsequent loan advance requests from borrowers;
- Consider requests for consents or amendments from LEEFF borrowers and execute where appropriate;
- Monitor loans and deal with borrower defaults if any occur;
- Prepare the company to handle restructuring needs of borrowers should that become necessary;
- Evaluate the status of loans on a regular basis;
- Enforce compliance with legal and policy requirements of LEEFF loans where appropriate; and
- Exercise rights associated with equity instruments as appropriate.

5.1 Risks and risk mitigation summary

CEEFC has developed a risk assessment and reporting framework used for managing risks and board reporting. In the context of this framework, CEEFC identified four primary risks that warrant the greatest attention given their impact on the company: Macro-Economic Conditions, Loan Performance Risk, Lender Liability Risk, and Failure to Fulfill Objectives. Other risks continue to be evaluated and mitigated.

6.0 FINANCIAL SECTION

6.1 Financial Overview for 2021

Since inception, CEEFC granted loans to seven borrowers. As at December 2021, CEEFC had made six LEEFF liquidity loans, four voucher loans, and one “large airline” loan, with total commitments made of \$7.4 billion. A total of \$2.7 billion has been drawn on these loans. In addition to the loans, CEEFC purchased \$500 million in shares of Air Canada and was issued warrants in Air Canada and Air Transat.

Two LEEFF loans were repaid and those facilities closed in autumn 2021, returning \$380 million in capital and an additional \$40 million in interest and fees.

In late November 2021, Air Canada terminated its secured and unsecured loan facilities that were established as part of its LEEFF support package in April 2021. These facilities were never drawn by Air Canada. Air Canada maintains its \$1.4 billion voucher loan facility. Air Canada also provided notice it would repurchase the 7,288,282 warrants issued to CEEFC as part of the initial transaction.

6.2 Financial and other reporting

CEEFC’s parent CDEV undertook an analysis to determine if CDEV controlled CEEFC under IFRS 10 criteria for accounting purposes and concluded that it does not. CEEFC then determined that it will prepare its financial statements under PSAS.

6.3 Capital Budget

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

6.4 Planned Results for 2022

Expected Outcomes	Performance Indicators or Targets
LOAN ISSUANCE: Manage applicant enquiries	CEEFC actively monitors its communication channels to ensure all enquiries are responded to and processed in a timely manner.
LOAN ISSUANCE: Evaluate subsequent advance requests	CEEFC evaluates each subsequent loan advance to ensure continued compliance with LEEFF terms and to validate that all conditions precedent to subsequent advances have been met.
LOAN ADMINISTRATION: Monitor all loans	Ensure quarterly reporting and regular evaluation of all loans is up to date.

	Ensure CEEFC is aware and prepared to handle any restructuring needs of borrowers or to deal with borrower defaults if any occur.
LOAN ADMINISTRATION: Manage requests for consents and amendments on loans	Requests considered on a timely basis and accorded or rejected with results consistent with LEEFF objectives.
LOAN ADMINISTRATION: Manage defaults and restructurings where required	Survival of company and related jobs and avoidance of bankruptcy where possible in accordance with LEEFF objectives. Maximization of recovery to CEEFC in conjunction with LEEFF objectives. Target will be to ensure CEEFC is properly represented within any restructuring and will hire appropriate advisors as required.

CEEFC Pro-Forma Financial Statements 2021 - 2026

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION
Proforma Statement of Financial Position
Years ended December 31, 2020 to 2026
Cdn\$ '000

Schedule 1
PSAS
 REVISED - JAN 2022

	2020 Actual	2021 Plan	2021 Forecast	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Financial Assets								
Current assets:								
Cash and short term investments	82,673	229,369	332,639	12,089	14,034	13,433	12,444	10,604
Total current assets	82,673	229,369	332,639	12,089	14,034	13,433	12,444	10,604
Other assets:								
Loans receivable	112,211	3,657,500	2,345,113	2,404,294	2,275,434	2,275,434	1,603,774	1,362,352
Equities	-	-	500,000	500,000	500,000	500,000	500,000	500,000
Warrants	-	-	-	-	-	-	-	-
Due from Shareholder	187	-	-	-	-	-	-	-
Total other assets	112,398	3,657,500	2,845,113	2,904,294	2,775,434	2,775,434	2,103,774	1,862,352
Total Assets	195,071	3,886,869	3,177,752	2,916,383	2,789,468	2,788,867	2,116,218	1,872,955
Financial Liabilities								
Current liabilities:								
Accounts payable and accrued liabilities	5,613	-	1,688	-	-	-	-	-
Total current liabilities	5,613	-	1,688	-	-	-	-	-
Net Financial Assets and Accumulated Surplus	189,458	3,886,869	3,176,064	2,916,383	2,789,468	2,788,867	2,116,218	1,872,955

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION

Proforma Statement Of Cash Flow

Years ended December 31, 2020 to 2026

Cdn\$ '000

Schedule 2

PSAS

REVISED - JAN 2022

	2020	2021	2021	2022	2023	2024	2025	2026
	Actual	Plan	Forecast	Plan	Plan	Plan	Plan	Plan
Operating activities:								
Net operating profit	189,458	2,844,197	2,986,606	(259,681)	(126,916)	(601)	(672,649)	(243,263)
Adj. for non-cash items	(3,011)	(55,000)	(85,437)	(41,181)	-	-	-	-
Provision for credit loss	-	-	-	-	37,215	-	167,915	60,356
Changes in non-cash working capital								
Due from Shareholder	(187)	-	187	-	-	-	-	-
Trade and Other Payables	5,613	-	(3,591)	(1,688)	-	-	-	-
Cash from operating activities	191,873	2,789,197	2,897,765	(302,550)	(89,701)	(601)	(504,734)	(182,907)
Investing activities:								
Loans issued, net of transaction fees	(109,200)	(4,800,000)	(2,568,225)	(150,000)	(20,000)	-	-	-
Repayment of Loans - received	-	2,000,000	420,426	132,000	111,645	-	503,745	181,067
Purchase of Air Canada stock	-	-	(500,000)	-	-	-	-	-
Cash from investing activities	(109,200)	(2,800,000)	(2,647,799)	(18,000)	91,645	-	503,745	181,067
Cash, beginning of year	-	240,172	82,673	332,639	12,089	14,034	13,433	12,444
Change in cash	82,673	(10,803)	249,966	(320,550)	1,945	(601)	(989)	(1,841)
Cash, end of year	82,673	229,369	332,639	12,089	14,034	13,433	12,444	10,604

Canada Enterprise Emergency Funding Corporation
2022-2026 Corporate Plan Summary

December 2021

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION

Proforma Statement of Operations and Accumulated Surplus

Years ended December 31, 2020 to 2026

Cdn\$ '000

Schedule 3

PSAS

REVISED - JAN 2022

	2020	2021	2021	2022	2023	2024	2025	2026
	Actual	Plan	Forecast	Plan	Plan	Plan	Plan	Plan
Revenue								
Interest income	3,205	167,000	102,338	102,679	105,859	95,959	81,826	33,653
Gain from warrant	-	-	-	82,200	-	-	-	-
Gain on share sale	-	-	-	-	-	-	-	-
Total revenue	3,205	167,000	102,338	184,879	105,859	95,959	81,826	33,653
Operating expenses								
Professional fees ¹	12,464	18,016	4,571	3,000	4,000	5,000	5,000	5,000
Management fee	535	1,900	679	680	680	680	680	680
Salaries and benefits	375	1,687	315	200	200	200	200	200
Other expenses	374	1,200	167	680	680	680	680	680
Total operating expenses	13,748	22,803	5,732	4,560	5,560	6,560	6,560	6,560
Provision for credit loss ²	-	-	-	-	(37,215)	-	(167,915)	(60,356)
Op. profit (loss) before government contribution	(10,543)	144,197	96,606	180,319	63,084	89,399	(92,649)	(33,263)
Government contribution	200,001	5,800,000	2,890,000	-	-	-	-	-
Government repayment	-	(3,100,000)	-	(440,000)	(190,000)	(90,000)	(580,000)	(210,000)
Net operating profit	189,458	2,844,197	2,986,606	(259,681)	(126,916)	(601)	(672,649)	(243,263)
Accumulated surplus (deficit), beginning of period	-	1,042,672	189,458	3,176,064	2,916,383	2,789,468	2,788,867	2,116,218
Accumulated surplus (deficit), end of period	189,458	3,886,869	3,176,064	2,916,383	2,789,468	2,788,867	2,116,218	1,872,955

¹ Some of the fees have been recovered from borrowers but are shown as an expense in the year incurred. The recovery is recognized over the life of the loan.

² Based on estimated credit loss per new accounting treatments (PS3450)