CDEV

Canada Development Investment Corporation

La corporation de développement des investissements du Canada

CANADA DEVELOPMENT INVESTMENT CORPORATION

2023 to 2027

CORPORATE PLAN SUMMARY

and

2023 CAPITAL BUDGET SUMMARY

APRIL 2023

CDEV CORPORATE PLAN SUMMARY
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1.0 EXECUTIVE SUMMARY AND CORPORATE PROFILE

Who we are

Canada Development Investment Corporation ("the Corporation" or "CDEV") was incorporated in 1982 under the provisions of the *Canada Business Corporations Act* and is wholly-owned by His 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 the following 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. A new fifth subsidiary was set up in December 2022, the Canada Growth Fund Incorporated ("CGF"), to make investments that catalyze substantial private sector investment in Canadian businesses and projects to help transform and grow Canada's economy at speed and scale on a path to net zero. A sixth subsidiary was set up in early 2023, the Canada Innovation Corporation ("CIC"), which has a mandate to maximize business investment in research and development across all sectors and regions in Canada to promote innovation-driven economic growth.

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 and the initial standing-up of government ventures under development as requested by the Minister of Finance.

What we do

CEEFC has managed the Government's Large Employer Emergency Financing Facility ("LEEFF"). The CEEFC Board of Directors includes two CDEV directors plus the President and Chief Executive Officer of CDEV. The CEEFC President and CEO is a CDEV officer. In July 2022, the Minister directed CEEFC to no longer accept or process new LEEFF loan applications.

CDEV is responsible for receiving payments related to the Net Profits Interest and Incidental Net Profits Interest agreements (collectively, "NPI") from the owners of the Hibernia offshore oil project, and all its related obligations. We will work to ensure we provide appropriate information to help the government satisfy its commitment to the province of Newfoundland and Labrador.

CDEV, through its subsidiary TMP Finance, has owned TMC and its Trans Mountain Expansion Project. In 2022, TMC is expected to generate $187 million in EBITDA based on its USGAAP accounting framework. TMP Finance provided financing to TMC for its expansion project until April 2022 when TMC negotiated its own financing resources and repaid amounts borrowed, including interest, following the government's February 2022 announcement regarding TMC. In Q1 2023 TMC developed a revised TMEP project cost estimate with a revised project completion schedule detailed below.

CHHC owns a working interest in the Hibernia offshore oil production platform. CHHC continues to generate profits with forecast 2022 sales volumes of 2.29 million barrels. Forecast net income for 2022 is $51 million, compared to 2021 net income of $64 million.

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

CGF was incorporated on December 13, 2022, and will be stood-up under CDEV during 2023 to be prepared to make suitable investments. We will work in consultation with the Minister of Finance to appoint the Board and management. We will work to assist the Board and management of CGF until it has developed its operational capabilities. It is expected that CGF will make initial investments in 2023. To fulfill this objective, CGF may enter into investment management agreements with investment managers to leverage their resources and experience in executing complex commercial transactions. $4 billion has been budgeted for capital expenditures for CGF in 2023 to ensure that it has the capacity to make initial investments.

CIC was incorporated on February 8, 2023, and will be stood-up as a wholly-owned subsidiary of CDEV. We will work in consultation with the Minister of Finance to appoint the Board and management.

Our main focus in 2023 through 2027 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 identified three primary risks that warrant the greatest attention given their impact on the company: portfolio credit risk, macro-economic risk, and portfolio climate risk. Other risks continue to be evaluated and mitigated.

Capital Budget

CDEV's total capital budget for 2023 is $14.4 billion made up of $7.2 billion in cash TMEP capital expenditures plus $1.7 billion in contingencies and risk reserves, $1.3 billion in capitalized interest related to TMEP, $123 million in TMC maintenance capital expenditures, $29 million for CHHC expenditures and $4 billion in CGF start-up and investment expenditures. CIC may have up to $5 million in start-up capital expenditures to acquire real property and IT systems, as required.

This plan assumes that all new TMEP construction and financing costs are funded through loans from a syndicate of commercial banks and potentially the issuance of debt or equity, or other sources of financing. The syndicated loans may include guarantees from the government as well as non-guaranteed loans secured by TMC assets. TMC's plan assumes a targeted mechanical completion date in Q4 of 2023 with the great majority of costs incurred on the project by the middle of 2023. TMC however has identified risks which, if realized, will delay mechanical completion to 2024 and increase costs.

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.

As part of the above, CDEV will assist in the stand-up of CGF and CIC. CDEV has expertise in standing up such programs such as CEEFC and the initial standing up of PPP Canada Inc.

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. and Trans Mountain Corporation

TMP Finance is the owner and financing entity for TMC. Total cash advances to TMC total $15 billion, structured as both equity and debt. TMP Finance no longer provides financing and any interest charged (at 5.0%/yr.) to TMC is paid-in-kind and added to the loan balance. 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

CDEV has responsibility pursuant to the Hibernia Development Project NPI and Hibernia Development Project INPI pursuant to an executed Memorandum of Understanding (“MOU”). The NPI allows the Government, and now CDEV, to be paid approximately 10% of all profits from the production of oil from the main Hibernia field (i.e., the NPI) as well as 10% of fees from Hibernia’s incidental activities (i.e., the INPI), such as the Hibernia South Extension. The INPI is expected to cease in 2023. 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).

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 a 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 original mandate was 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. Effective in July 2022, CEEFC was directed by the Minster to no longer accept or process new LEEFF loan applications. CEEFC will now focus on managing its existing loan portfolio. (See Appendix D for CEEFC’s Corporate Plan).

CEEFC has a portfolio made up of five borrowers, four of which are Canadian airlines. Three types of loans have been issued: secured and unsecured LEEFF loans, and unsecured airline voucher loans. As part of a financing arrangement with Air Canada, CEEFC purchased 21.6 million Class B voting shares of Air Canada which it still owns. As part of its loans to Air Transat it holds warrants in the company. 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.

Canada Growth Fund ("CGF")

CDEV will assist the Government to help to stand-up the newly incorporated CDEV subsidiary CGF. This work includes identifying suitable directors and officers for the company, putting together an implementation plan, communications and stakeholder relations strategy, investment policies and a reporting framework to prepare CGF to make its first investments in 2023. CGF may enter into agreements with investment managers in order to ensure it can make investments in 2023.

Canada Innovation Corporation ("CIC")

CDEV will assist the Government to help launch CIC, appoint senior leadership and hire staff as legislation allowing CIC to be a separate Crown Corporation is expected to be in place in 2023.

3.0 CORPORATE GOVERNANCE AND OPERATING ENVIRONMENT

CDEV is managed by a Toronto-based team led by a President and Chief Executive Officer. 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 ten full time employees. It also retains several contractors, primarily to help oversee the development of TMC's TMEP project.

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.

4.0 CORPORATE PERFORMANCE

4.1 Assessment of 2022 Results

Our actual performance in 2022 as compared to the objectives outlined in our 2022-2026 Corporate Plan is as follows:

2022 Objectives	2022 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 including impacts of 2021 flooding. Implemented amendment to 2022 corporate plan to take into account TMEP cost increases and schedule changes. CDEV management and Chair attended TMC board and committee meetings. TMC EBITDA in 2022 forecast at $187 million compared to 2022 plan of $181 million.
Maintain readiness to divest TMC or support access to alternative sources of financing of TMC	New syndicated commercial loan facility negotiated; Repayment of loan advances after February 18, 2022; Capping of Canada Account loan facility cash draws; Negotiating increase to syndicated loan facility.

Provide financing to TMC	Canada Account loan facility availability is capped to cash draws; All interest to Canada Account is paid-in-kind and added to loan principal. CER credit facility availability remains up to $700 million, but only $500 million required.
Assist CEEFC in implementing LEEFF	CDEV employees provided all required management and operating functions of CEEFC.
Manage working interest in Hibernia through CHHC; keep asset ready for potential divestiture and maximize value where possible; help Government satisfy its obligations regarding Hibernia income streams	No major developments at CHHC; CHHC earnings increased with global oil prices; Provided details on income streams related to Hibernia oil project to the government. Forecast CHHC Net Income of $104 million compared to budget of $51 million.
Manage CDEV's NPI/INPI responsibilities	Managed the receipt of NPI payments from Hibernia owners; managed the audit function responsibilities related to the receipt of the NPI agreement. Receipts in 2022 forecast at $287 million compared to $240 million in 2021.
Manage CDEV's operations efficiently	Operating costs excluding professional project costs is forecast at $4.5 million, below plan of $4.9 million. Up from $3.7 million in 2021 due to higher HR headcount and legal costs.
Assist the Government in standing up new companies	Stood up CGF in December 2022 and CIC in early 2023, initially as wholly-owned subsidiaries of CDEV. Legislation is expected to be tabled in 2023 allowing CIC to become a separate Crown corporation.

TMC

From the time TMC was acquired, through to the end of 2022, TMC will have spent over $18 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.

However, we still support continued development of the project given the superior go forward return of further investment and given the costs incurred to date that would be written off if the project was cancelled. 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 to preserve economic returns which remain above our current cost of financing.

Loan payable balances at December 31, 2022 including PIK interest:

Acquisition Loan (Canada Account)	$4.7 billion
Construction Loan (Canada Account)	11.4
Syndicated Commercial loan (Guaranteed by Government)	7.2
Total	$23.3

5.0 CDEV – OBJECTIVES AND STRATEGIES FOR THE PERIOD 2023 TO 2027

Our main objective is to manage the interests the Government assigns to us in a commercial manner. These are the main areas of focus for 2023 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 2023 are to:
    - continue to operate the existing Trans Mountain Pipeline System and Puget systems safely and efficiently.
    - complete the TMEP construction in a safe, environmentally sound manner on a commercially viable basis.
- Maintain readiness to divest all or a portion of TMC or support the access of alternative sources of financing for TMEP, taking into account the optimal timing and structuring of a divestiture relative to project risks. Also, to advise and potentially implement ways for Indigenous groups to share in the economic participation of TMC.
- To assist TMC in accessing the required financial resources to complete the TMEP and bring it into service.
- Assist CEEFC with the management of its loan portfolio. This includes monitoring of loans, dealing with any challenges faced by borrowers and managing loan repayments and cash flow.
- 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 CDEV's NPI/INPI responsibilities including any audit functions and receipt of any NPI funds 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.
- Stand up CGF and CIC subsidiaries. This will include assisting in identification of suitable board Chairs, Directors and CEOs. Consultants will be retained to assist with CGF and CIC. It could also involve negotiating an investment management agreement for the management of CGF funds with an investment manager.

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 strategic plan is focused on the following key outcomes:

- Ensuring TMEP is completed on-time, and in-line with the capital budget included in this corporate plan submission;
- Ensuring the resulting cash flow stream produces an enterprise value for TMC that will recover Canada's investment in the pipeline;
- Working in collaboration with Government to identify pathways for Indigenous economic participation; and
- Ensuring that all arrangements allow for a successful sale of TMC to the private sector.

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.

TMEP Cost Estimate
Below is a comparison of project cost estimates since 2020.

$ Billion	**2021 Plan (2021)**	**Amended 2022 Plan (April 2022)**	**2023 Plan (January 2023)**
Project Construction Costs	$10.4	$16.8	$25.8
Contingencies and Risk Reserves *	$0.5	$1.3	$0.8
Project Costs including Contingencies	$10.9	$18.1	$26.6
Financing (debt and equity) **	$1.7	$3.3	$4.3
Total Installed Cost	**$12.6**	**$21.4**	**$30.9**
Mechanical Completion	September 30, 2022	Q4 2023	Q4 2023
In-service date (revenue generating)	January 1, 2023	End 2023	Q1 2024
Construction Costs in 2021	$3.9	$5.1	$5.1
Construction Costs in 2022	$1.5	$5.3	$8.5
Construction Costs in 2023	$0.1	$2.4	$7.2
Construction Costs in 2024[1]			$0.5

* Contingencies are to be managed by TMC to pay for increased costs due to the realization of identified risks.
** The financing costs above are based on TMC’s regulatory cost of capital which in calculated as approximately 45% Equity at 9.5% and 55% Debt at 4.5% netting 6.75%.

[1] TMEP’s projected in-service date is in Q1 of 2024. These costs include minor capital expenditures occurring after the in-service date.

5.2 Canada TMP Finance Ltd. and Financing of TMC

TMP Finance Ltd. no longer finances TMC capital expenditures. All interest charged by the Canada Account is paid in kind and is added to the loan balance each June and December. Similarly, TMP Finance adds any interest owed by TMC to its loan balance to TMC.

5.3 Canada Hibernia Holding Corporation

Please see the attached Appendix C for detailed information on the objectives and strategies of CHHC. Planned CHHC 2023 sales volume is 2.12 million bbl compared to the 2022 forecast of 2.29. Crude oil prices are expected to decrease in 2023 to US$90/bbl compared to the 2022 forecast of US $102/bbl.

In the CHHC 2023 Plan, net income is $89 million, lower than the 2022 forecast net income of $104 million. Net crude oil revenue in 2023 is forecast at $166 million compared to 2022 forecast $196 million. Dividends from CHHC are expected to be $71 million in 2023 compared to $105 million forecast in 2022. The corporate plan for CHHC assumes a status quo ownership and operation in the plan period. In the Plan financial projections, the NPI payments made by CHHC and NPI receipts from CHHC to CDEV are shown gross, but on the consolidated financial statements these are netted against each other.

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 Extension of which CHHC owns about 5.6%. 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 and are grouped with the NPI.

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 2023 projected costs are $1.2 million and $5.3 million for the entire plan period 2023 to 2025. Of these costs,

$0.9 million is for Canada Nuclear Safety Commission (CNSC) fees. CEI has $10 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. We are in the process of extending the license term to 2025 through a hearing process with the CNSC. It was expected that by the end of the extended license term, all 65 individual properties would be transferred to the Institutional Control ("IC") program of the Government of Saskatchewan. The IC program is intended to manage and monitor former mining properties relieving companies of the ongoing responsibility to monitor the sites where no further remedial work needs to be done.

The CNSC hearing in 2022 resulted in the approval to transfer 18 properties in early 2023. The remaining properties are expected to be transferred in 2025.

Of the $5.3 million in costs for 2023 to 2025, the majority relate to regulatory fees, costs paid to the Province of Saskatchewan upon site transfers, and other routine monitoring and study costs.

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 reflect the government announcement that LEEFF will no longer accept applications from new borrowers. It is expected that the existing portfolio will run off through 2028 when the last airline voucher loan matures. The assumptions in the financial projection reflect repayment timing based on loan contracts. CEEFC has estimated loan losses at the time of repayment based on the type of loan (secured or unsecured) and type of borrower, using banking industry norms. The loan losses are not based on current loan conditions. We note that currently no loans are in default and no loan losses have been incurred. The accounting framework only recognizes loan losses on an incurred basis when defaults and other factors occur.

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 Other Mandates and Projects

Stand up of new Government ventures

CDEV will work to establish the CGF and prepare it to make investments. CDEV will provide operational support to CGF but is not expected to directly make investment decisions or establish investment policies.

The Minister of Finance is expected to issue a Statement of Priorities and Accountabilities (SPA) to CGF in 2023. The SPA will set out the organization's mandate, operations, financial instruments, go-to-market approach, largely aligned with information presented in the November 2022 Technical Backgrounder on CGF.

CGF may rely on employees from an investment manager on an interim basis. Seconded employees would provide initial internal capacity for CGF as it is operationalizing, and would undertake work on sourcing, negotiating, and potentially executing initial investments.

CDEV will work to hire a Chair, CEO and other directors as necessary to establish the CIC, in consultation with the Minister of Finance. CDEV may provide some operational support to the CIC, as required. CIC may hire staff, plan for, or acquire real property IT systems. This corporate plan does not seek the authority for CIC to deliver funding or advisory services to businesses.

Review of Government Assets

We remain available and prepared to commence reviews of Crown corporations or other assets as and when requested by the Government.

Sales roles

When the time is right CDEV will manage the sale of TMC or any equity or other financial transactions with Indigenous peoples or other parties.

5.8 Risks and Risk Mitigation Summary

We and our subsidiaries are subject to several risks. Those risks related to TMC, CHHC and CEEFC are detailed in their respective Corporate Plans (see Appendices B, C and D). See also Appendix A-7 – Risks. 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 interest rates, and economic conditions in Canada and globally. Non-financial risks include contractor productivity and labour availability, technically challenging construction areas and execution productivity, archaeology and environmental constraints, and safety adherence (all of which will impact the construction completion schedule), 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.

Now that TMP Finance and EDC no longer provide financing to TMC, TMC has new significant financing and re-financing risks. TMC and CDEV are exploring other financing sources to supplement its financing resources.

CEEFC's management team developed a risk assessment and reporting framework used for managing risks and board reporting. In the context of this framework, CEEFC and its Board of Directors identified portfolio credit risk as the primary 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 2022

Without including the financial results of CEEFC, CDEV's consolidated net income is forecast for 2022 at $208 million which is primarily comprised of CHHC's income of $120 million, and TMC's net income of $220 million less interest costs of TMP and 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 2022 at $285 million from the NPI Reserve and $129 million from shareholders' deficit, compared to 2021 dividends of $208 million and $94 million respectively. CGF and CIC had no operations or expenses in 2022.

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

The results of CEEFC are provided in Appendix D – the 2023-2027 Corporate Plan of CEEFC. CEEFC projects an Operating Profit before Government Contribution in 2023 of $56 million net of $25 million in credit losses.

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 (2022 – 2027) not including CEEFC, CGF or CIC:

$ Million (per IFRS)	2022 F	2023 P	2024 P	2025 P	2026 P	2027 P
CHHC Oil Sales (M bbl)	2.29	2.12	2.39	2.74	3.04	3.14
Price per bbl (C$)	*132*	*116*	*103*	*97*	*97*	*97*
Net Crude Revenue	196	166	170	183	203	209
CHHC Operating Cash Flow	125	100	115	113	126	130
CHHC Capital Expenditures	20	29	33	30	31	33
Abandonment Funding	0	0	0	0	0	0
CHHC Dividends to CDEV	105	71	81	81	93	96
NPI Receipts (incl CHHC)	287	217	203	219	242	250
TMP Finance interest costs before capitalized interest	737	830	873	916	961	1,009
TMC Interest and Guarantee fees before capitalized interest	528	1,158	1,263	1,196	1,109	1,025
TMC EBITDA (IFRS)	386	366	2,418	2,476	2,551	2,621
TMC Continued Operations - Capital Expenditure	76	123	61	51	53	59
TMEP Cash Capital Expenditures	8,512	7,217	498	-	-	-
CHHC Dividends to be paid to CDEV	105	71	81	81	93	96
Dividends to be paid from the NPI reserve (ex. CHHC)	261	180	169	180	180	180

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 was lower in 2022 due to the ceasing of new well drilling in 2020 until late 2022. Capital expenditures for all Hibernia owners will be higher in 2023 after resumed drilling and this has a negative impact on NPI in the year of expenditure. 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 and to Commercial Banks

As of April 2022 TMP Finance is no longer able to make cash draws on its Construction Loan Facility and any interest is paid in kind. The outstanding at year end 2022 are $4.7 billion on the Acquisition Facility and $10.7 billion on the Construction Facility. The limit on the Construction Facility including PIK interest is $13.5 billion. It is expected that this facility will be repaid or revised at or before maturity through a sales process.

By the end of 2023 TMC is expected to borrow up to $13.0 billion in total from commercial banks, guaranteed by the Canada Account.

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 $5.3 million annually throughout the planning period which is higher than previous years primarily due to new office space.

2) Dividends - See section 5.2 or Appendix C for explanation of changes in projected dividends from CHHC.

3) Professional fees incurred by CDEV, TMP Finance and CEI are expected to be approximately $22 million in 2023 primarily related to the TMC advisors and NPI audit work by professional firms, and the stand up of certain government initiatives given responsibility to CDEV.

4) Foreign Exchange Rate. CAD$ 1.29 per USD for CDEV and its subsidiaries.

5) NPI Receipts. NPI receipt estimates are based on the NPI payments forecast by CHHC adjusted for CHHC's ownership percentage (8.5%). See section 5.4 above.

CHHC

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

CEI

7) Site restoration costs in the plan period total $5.3 million.

Canada TMP Finance Ltd.

8) The loans negotiated with EDC have an interest rate of 4.7% per annum. Given the freeze in cash draws, commitment fees are nil going forward. Interest is paid in kind and added to the principal. Loans receivable from TMC earn interest at 5.0% and is also paid in kind to TMP Finance. The commitment fee on the CER facility is 0.30% which is cash paid.

TMC

9) Revenues and Operating costs for TMC are expected to both increase in 2023 due to increased tolls and increased employee hires in preparation of the expansion project coming online causing the projected EBITDA (USGAAP) to decrease to $180 million from its 2022 forecast EBITDA of $187 million. Once in service, EBITDA jumps significantly to approximately $2.4 billion 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.

$MM	2023	2024	2025	2026	2027
TMC EBITDA – USGAAP	180	2,418	2,476	2,552	2,621
Collection of funds to be used in construction (Firm 50), other revenue adjustments	186	0	0	0	0
TMC EBITDA – IFRS	366	2,418	2,476	2,551	2,621

Canada Enterprise Emergency Funding Corporation

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

$MM	2023	2024	2025	2026	2027
Loans receivable	2,306	2,326	2,319	1,733	1,634
Revenues	97	85	84	42	24
Provision for Credit Loss	35	-	-	175	29

Canada Growth Fund

11) Pursuant to the Budget 2022 announcement, $15 billion has been provisioned for CGF over five years, starting in 2023. It is anticipated that CGF, through an experienced investment manager, will be in a position to fully invest this envelope over the five-year period. $4 billion has been provisioned for CGF in 2023 as it begins operations, with greater amounts over the remainder of the planning period. It is assumed that CGF will recover its capital on a portfolio basis.

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 2023 fiscal year. CDEV entered an office lease in 2022 for seven years for $3 million. CHHC self-funds its capital expenditures and has limited ability to influence the capital commitments it must make as an 8.5% owner of the Hibernia oil project. Projects are undertaken on a commercial return basis as decided by a majority of owner interests.

The total capital budget for 2023 including capitalized interest, is $14.4 billion. The total TMEP project costs are higher than disclosed in the 2022-2026 Plan. The revised cost estimate is detailed above in section 5.1 above.

Summary of Capital Expenditures

$ million	2023	2024	2025	2026	2027
TMC – TMEP construction costs	7,217	498	-	-	-
TMC – Cost Contingency	1,700	400	-	-	-
TMC/TMP - Capitalized Interest (IFRS)	1,300	-	-	-	-
TMC – maintenance capex	123	61	51	53	59

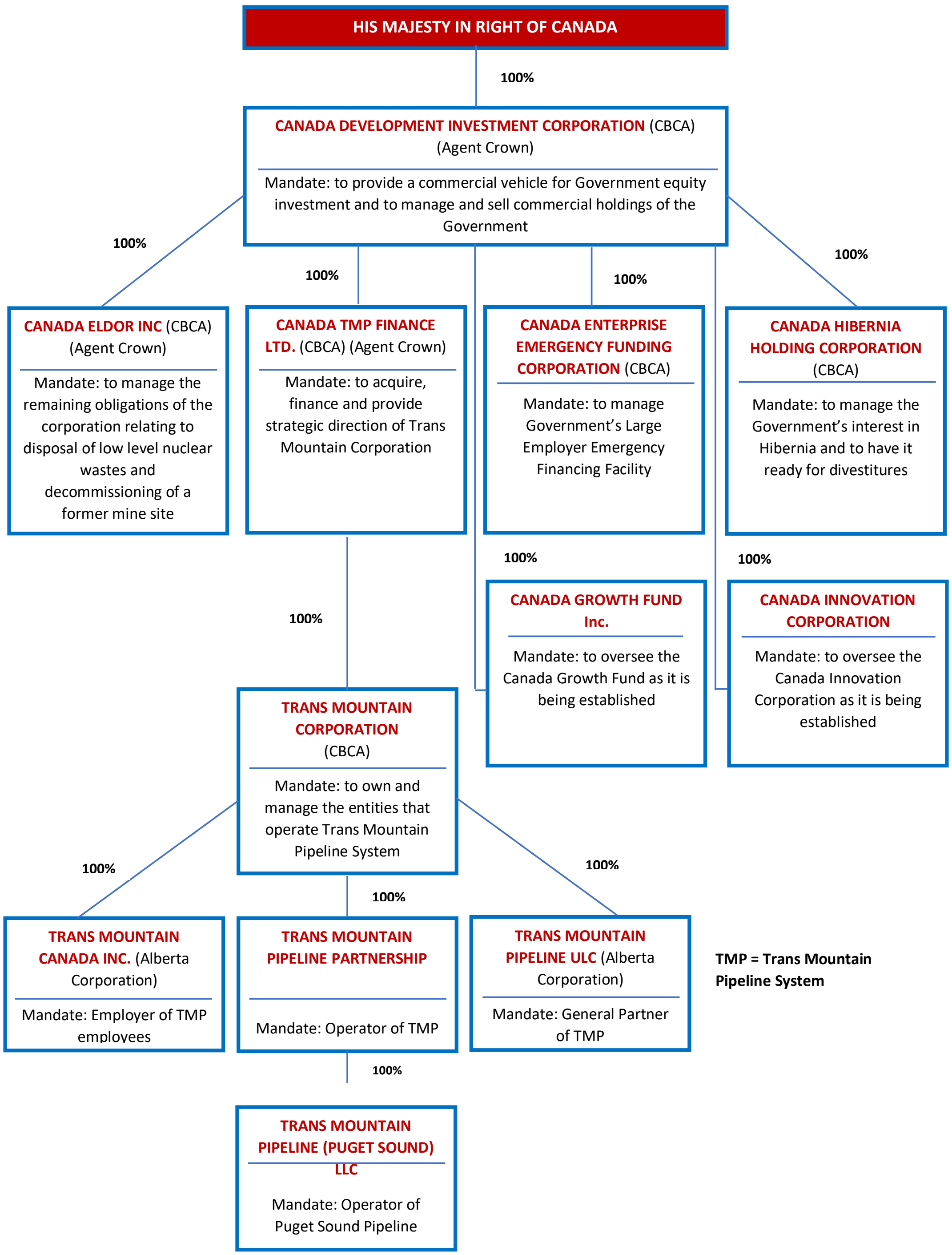
CHHC	29	33	30	31	33
CEEFC (not consolidated in attached schedules)	-	-	-	-	-
CGF	4,000	4,000	4,000	3,000	-
CIC – Start-up costs	5	-	-	-	-
Total (CDEV consolidated with CEEFC)	**14,374**	**4,992**	**4,081**	**3,084**	**92**

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-3 details the operating budget for CDEV, TMP Finance, CEI, CGF and CIC combined.

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 Chair of CDEV President CarbEx Consulting Inc. Whistler, British Columbia	**Robert Wener, MBA, FCPA, FCA** (1) President Wener Advisory Group Ltd. Ottawa, Ontario
Jennifer Reynolds, MBA (3) CEO Women Corporate Directors Foundation Toronto, Ontario	**Dwight Ball** (3) Director Deer Lake, Newfoundland and Labrador
Carole Malo, BCom, CFA, (1) (2) Independent Director Ontario Energy Board, York University, Humber River Hospital Toronto, Ontario	**Sandra Rosch, MBA** (1) (2) Executive Vice President and Director Labrador Iron Ore Royalty Corporation Toronto, Ontario
Sean Strickland, BA (1) (2) (3) Executive Director Canada's Building Trades Unions Waterloo, Ontario	**Elizabeth Wademan, CFA, ICD.D** Director, President & CEO Toronto, Ontario

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

CDEV Officers: **Elizabeth Wademan**
President and Chief Executive Officer

Andrew Stafl, CPA CA, MBA
Chief Financial Officer

Zoltan Ambrus, CFA, LL.B, MBA
Vice-President (President of CEEFC)

Tess Lofsky, LL.B
General Counsel and Corporate Secretary

Al Hamdani, CFA, MBA
Executive Vice-President and Chief Business Officer

APPENDIX A-2 – CDEV CONSOLIDATED PRO-FORMA FINANCIAL STATEMENTS 2023 – 2027

Schedule 1 - Proforma Consolidated Statements of Financial Position

$ millions (Dec 31)

	2021 Actual	2022 Plan	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Assets								
Currents assets:								
Cash and cash equivalents	299.5	487.7	309.9	303.9	212.7	247.1	264.0	271.1
Short term investments	31.0	-	31.6	-	-	-	-	-
Trade and other receivables	105.5	53.3	160.5	104.1	255.1	262.1	268.7	275.5
Other current assets	26.0	5.1	26.2	30.7	31.1	29.4	29.4	31.1
	462.1	546.1	528.2	438.6	498.9	538.7	561.9	577.7
Non current assets:								
Property, plant and equipment (note 1)	14,639.6	21,174.0	23,904.2	32,590.8	32,550.0	31,806.3	31,116.1	30,443.3
Goodwill	1,015.9	1,015.9	1,015.9	1,015.9	1,015.9	1,015.9	1,015.9	1,015.9
Investments held for future obligations	146.5	186.6	149.9	152.2	158.1	163.9	170.7	177.8
Restricted cash	81.3	83.3	87.2	87.2	87.2	87.2	87.2	87.2
Restricted investments	96.3	111.3	90.5	105.6	132.5	159.9	188.0	216.8
Other assets	292.9	341.5	325.7	258.6	222.2	185.8	149.4	113.0
	16,272.5	22,912.6	25,573.3	34,210.4	34,165.9	33,419.0	32,727.3	32,054.0
	16,735	**23,459**	**26,102**	**34,649**	**34,665**	**33,958**	**33,289**	**32,632**
Liabilities and Shareholder's Equity								
Current liabilities								
Trade and other payables	907.5	888.8	1,142.2	826.1	199.2	62.8	63.3	68.4
Income tax payable	1.3	(1.4)	-	1.3	1.7	1.3	1.3	1.3
Other current liabilities	159.0	166.4	128.5	148.3	37.0	35.3	35.3	35.2
	1,067.8	1,053.8	1,270.8	975.7	237.8	99.3	99.9	104.9
Non-current liabilities								
Total loans payable to affiliates	14,246.0	15,725.1	16,164.4	16,957.6	17,831.0	17,395.9	16,961.0	16,525.9
Loans payable to third parties		5,125.0	7,199.2	15,200.0	15,100.0	13,968.0	12,575.6	11,025.5
Deferred income taxes	540.6	537.3	624.2	685.3	777.4	900.2	1,062.5	1,262.3
Provision for decommissioning obligation	596.6	639.5	502.8	507.2	520.0	533.1	546.6	560.4
Provision for site restoration	4.2	3.1	2.8	1.6	0.0	0.0	-	-
Defined benefit obligation	75.4	75.3	51.5	51.9	51.9	51.8	51.8	51.2
Other non-current liabilities (note 1)	128.1	135.9	111.3	128.0	151.5	175.7	201.5	237.0
	15,590.9	22,241.2	24,656.3	33,531.6	34,431.8	33,024.7	31,398.9	29,662.2
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	19.5	19.5	5.5	5.5	5.5	5.5	5.5	5.5
Accumulated deficit	(549.7)	(462.0)	(483.0)	(517.1)	(662.8)	175.6	1,132.1	2,205.9
Accumulated other comprehensive income	2.9	2.9	49.7	49.7	49.7	49.7	49.7	50.4
	75.9	163.6	175.5	141.4	(4.3)	834.1	1,790.6	2,865.1
	16,735	**23,459**	**26,102**	**34,649**	**34,665**	**33,958**	**33,289**	**32,632**

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

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

Schedule 2 - Proforma Consolidated Statements of Cashflow

$ millions (Dec 31)

	2021 Actual	2022 Plan	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Cash provided by (used in):								
Operating activities:								
Net income (loss)	**(41.4)**	**122.7**	**210.7**	**16.9**	**(84.7)**	**914.4**	**1,044.5**	**1,164.8**
Adjustments for:								
Depletion and depreciation	140.1	134.8	129.3	138.4	798.1	800.3	804.2	806.7
Loss on derecognition	-	-	1.3	-	-	-	-	-
Insurance proceeds	-	-	(27.2)	-	-	-	-	-
Income tax expense	48.5	15.1	114.4	31.5	33.0	35.9	42.1	41.3
Interest income	(7.2)	(0.9)	(22.7)	(9.3)	(8.4)	(8.6)	(8.8)	(8.8)
Non-capitalized unpaid interest		140.8	56.5	229.4	423.5	-	-	-
Unwind of discount on provisions	11.0	10.2	14.9	9.7	10.0	10.3	10.7	11.0
Net change in defined benefits	4.9	(0.1)	5.5	(0.0)	(0.0)	(0.0)	(0.0)	(0.3)
Change in provision for site restoration	0.2	(1.4)	(0.6)	-	-	-	-	-
Deferred income taxes	-	(3.3)	-	61.5	92.4	123.2	162.6	200.2
Payment of lease liabilities	-	-	-	(4.8)	-	-	-	-
Decommissioning activities incurred	-	-	-	-	(3.6)	(3.7)	(2.5)	(4.6)
Interest received	7.2	1.1	22.7	9.2	8.4	8.6	8.8	9.1
Provisions settled	(1.3)	(1.7)	(2.7)	(1.2)	(1.1)	(1.7)	-	-
Income taxes paid	(29.3)	(14.3)	(44.4)	(30.9)	(33.0)	(35.9)	(42.1)	(41.3)
	132.7	403.0	457.8	450.5	1,238.2	1,846.5	2,021.9	2,182.7
Change in non-cash working capital	(50.5)	91.4	39.4	(66.6)	(962.6)	(53.5)	31.8	31.5
	82.2	**494.4**	**497.2**	**383.8**	**275.5**	**1,793.0**	**2,053.8**	**2,214.2**
Financing activities:								
Proceeds from related party loan issuance	5,191.0	2,745.0	-	-	-	-	-	-
Proceeds from 3rd party loan issuance	-	5,125.0	9,944.0	8,397.5	323.1	-	-	-
NPI Received	220.8	83.0	261.9	181.4	167.3	178.1	177.5	177.5
NPI Dividend	-	-	(270.0)	(181.4)	(167.3)	(178.1)	(177.5)	(177.5)
NPI refund paid	-	-	(5.9)	-	-	-	-	-
Payment of lease liabilities	-	(3.6)	(60.0)	(3.5)	(3.5)	(3.5)	(3.5)	(3.5)
Repayment of debt	(58.9)	(1,595.0)	(1,595.0)	-	-	(1,565.7)	(1,826.0)	(1,983.8)
Debt issuance costs	-	-	(2.6)	-	-	-	-	-
Dividends paid	(346.2)	(118.0)	(144.0)	(51.0)	(61.0)	(76.0)	(88.0)	(91.0)
	5,006.7	**6,236.4**	**8,128.4**	**8,343.0**	**258.6**	**(1,645.2)**	**(1,917.5)**	**(2,078.3)**
Investing activities:								
Withdrawal from CRF	3.0	-	-	-	-	-	-	-
Purchase of property, plant and equipment	(5,088.8)	(6,551.0)	(8,605.3)	(8,714.2)	(592.4)	(82.0)	(84.6)	(93.3)
Purchase of restricted investment	(10.2)	(15.0)	(16.2)	(15.2)	(26.8)	(27.5)	(28.1)	(28.7)
Other changes	(39.6)	(7.6)	4.2	(3.5)	(6.1)	(3.9)	(6.6)	(6.8)
	(5,135.7)	**(6,573.6)**	**(8,617.2)**	**(8,732.8)**	**(625.4)**	**(113.3)**	**(119.3)**	**(128.8)**
Effects of FX translation on cash	0.7	-	2.0	-	-	-	-	-
Increase (decrease) in cash & cash equivalents	(46.0)	157.2	10.3	(6.0)	(91.2)	34.4	16.9	7.1
Cash and cash equivalents, beginning of year	345.6	330.5	299.5	309.9	303.9	212.7	247.1	264.0
Cash and cash equivalents, end of year	**299.5**	**487.7**	**309.9**	**303.9**	**212.7**	**247.1**	**264.0**	**271.1**

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

$ millions (Dec 31)

	2021 Actual	2022 Plan	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 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	11.8	19.5	19.5	5.5	5.5	5.5	5.5	5.5
Provision	(5.2)	-	(5.9)	-	-	-	-	-
NPI receipts	220.8	83.0	261.9	180.3	168.6	180.3	180.3	180.3
Dividends paid	(208.0)	(83.0)	(270.0)	(180.3)	(168.6)	(180.3)	(180.3)	(180.3)
Balance, end of year	19.5	19.5	5.5	5.5	5.5	5.5	5.5	5.5
Accumulated deficit								
Balance, beginning of year	(414.4)	(549.7)	(549.7)	(483.0)	(517.1)	(662.8)	175.6	1,132.1
Net income (loss)	(41.4)	122.7	210.7	16.9	(84.7)	914.4	1,044.5	1,164.8
Dividends paid	(94.0)	(35.0)	(144.0)	(51.0)	(61.0)	(76.0)	(88.0)	(91.0)
Balance, end of year	(549.7)	(462.0)	(483.0)	(517.1)	(662.8)	175.6	1,132.1	2,205.9
Accumulated other comprehensive income								
Balance, beginning of year	(23.2)	2.9	2.9	49.7	49.7	49.7	49.7	49.7
Other comprehensive income	26.0	-	46.9	-	-	-	-	0.6
Balance, end of year	2.9	2.9	49.7	49.7	49.7	49.7	49.7	50.4
Total shareholder's equity	**75.9**	**163.6**	**175.5**	**141.4**	**(4.3)**	**834.1**	**1,790.6**	**2,865.1**

Schedule 4 - Proforma Consolidated Statements of Comprehensive Income

$ millions (Dec 31)

	2021 Actual	2022 Plan	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Revenue:								
Transportation revenue	380.0	551.4	605.4	611.8	2,955.6	3,042.9	3,121.6	3,204.3
Net crude oil revenue	165.7	127.3	223.3	190.8	195.2	208.2	227.8	234.3
Lease revenue	63.6	65.5	67.1	70.3	61.6	59.2	58.6	58.0
Other revenue	7.5	3.6	45.9	4.8	3.3	2.8	2.5	2.4
	616.8	747.8	941.7	877.7	3,215.6	3,313.0	3,410.6	3,498.9
Expenses:								
Depletion and depreciation	140.1	134.8	129.3	138.4	798.1	800.3	804.2	806.7
Pipeline operating expenses	173.9	154.9	193.1	168.6	341.6	370.7	376.2	390.0
Crude oil operating, transportation and marketing	23.9	26.6	29.2	26.7	29.5	28.9	29.7	31.1
Salaries and benefits	86.3	88.8	97.0	106.9	148.0	147.8	147.6	147.4
Professional fees	10.7	11.0	17.4	32.1	33.2	18.0	18.3	17.8
Loss on derecognition	(0.3)	-	1.3	-	-	-	-	-
Other expenses	6.2	46.3	2.2	48.4	116.8	115.1	113.3	111.5
	440.7	462.3	469.4	521.2	1,467.3	1,480.8	1,489.3	1,504.4
Finance expenses:								
Interest expense	165.2	142.5	155.1	254.8	1,711.7	762.7	676.0	591.9
Interest income	(7.2)	(1.6)	(22.7)	(18.0)	(14.2)	(14.4)	(14.6)	(14.8)
Unwind of discounts	11.0	10.2	14.9	9.7	10.1	10.4	10.7	11.0
	168.9	151.1	147.3	246.6	1,707.6	758.7	672.1	588.2
Net income (loss) before income taxes	**7.1**	**134.5**	**325.0**	**110.0**	**40.7**	**1,073.5**	**1,249.1**	**1,406.3**
Income taxes:								
Current	31.1	15.1	41.4	31.5	33.0	35.9	42.1	41.3
Deferred	17.4	(3.3)	72.9	61.5	92.4	123.2	162.6	200.2
	48.5	11.8	114.3	93.0	125.4	159.1	204.7	241.5
Net income (loss)	**(41.4)**	**122.7**	**210.7**	**16.9**	**(84.7)**	**914.4**	**1,044.5**	**1,164.8**
Other comprehensive income (loss):								
Currency translation adjustment	(0.4)	-	15.8	-	-	-	-	-
Remeasurement of defined benefit obligations	26.4	-	30.8	-	-	-	-	-
Total other comprehensive income	**26.0**	**-**	**46.5**	**-**	**-**	**-**	**-**	**-**
			-					
Comprehensive income (loss)	**(15.3)**	**122.7**	**257.2**	**16.9**	**(84.7)**	**914.4**	**1,044.5**	**1,164.8**

APPENDIX B

The Canada Development Investment Corporation (CDEV) 2023 - 2027 Corporate Plan was approved by the Treasury Board. The TMC Corporate Plan was included in this Plan. The following Summary of the 2023 - 2027 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.

TRANS MOUNTAIN CORPORATION

A wholly owned subsidiary of

Canada Development Investment Corporation

2023 to 2027 CORPORATE PLAN SUMMARY

Contents

Corporate Profile and Mandate

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"). In April 2022, the Governor General in Council issued a proclamation that changed Trans Mountain Corporation's status to a non-agent Crown corporation, allowing Trans Mountain to borrow from parties other than the Government of Canada.

Vision and Mission:
Be a leader in bringing safe, reliable Canadian energy to the world in partnership with Indigenous communities.

Mandate:

Trans Mountain Corporation's mandate is to operate, optimize and grow the Trans Mountain and Puget Sound Pipelines and to complete the Trans Mountain Expansion Project in a timely and commercially viable manner. We will operate our pipeline system and be a leader in sustainable development practices in partnership with Indigenous communities and our customers.

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.
- Constructing in compliance with all regulatory requirements, permit conditions, and commitments.
- To advance economic reconciliation with Indigenous communities by working with Indigenous communities to ensure we achieve our commitments, manage impacts of our business on traditional territories and provide economic opportunities.

Business Update

Existing Pipeline System Operations and 2023 Outlook

TMC's existing pipeline operations are performing in-line with expectations for 2022. Financial and operating results for 2022 are in line or exceed the 2022-2026 Corporate Plan (2022 Plan). Key performance measures such as average daily deliveries on the TMPL and Puget pipeline systems will be in-line, or in-excess, of targets. Safety and environmental performance measures are expected to outperform targets.

Financially, earnings before interest, taxes, depreciation, and amortization (EBITDA) for 2022 will be above target. EBITDA results will be modestly lower in 2023 than 2022 Plan due to planned workforce changes that result in higher personnel related charges. Capital spending for legacy (non-TMEP) operations will be lower than forecast in the 2022 Plan. Non-TMEP capital spending in 2023 will be greater than 2022 largely due to enhanced leak detection capabilities being installed on the pipeline system.

Supply, demand, and competitive transportation rates continue to support full utilization of the TMPL and Puget pipeline systems in 2023. Additionally, very high utilization of the expanded pipeline system is expected once TMEP enters service in early 2024. Once TMEP enters service, EBITDA will increase nearly 13 to 14x from $180 million to approximately $2.4 billion to $2.6 billion per year over the planning horizon.

TMC management is continuing the hiring and training of personnel to be positioned for dry commissioning, wet commissioning, and start-up of TMEP over the second half of 2023 and very early 2024.

Trans Mountain Expansion Project Update:

The Trans Mountain Expansion Project (TMEP) is the construction of a second oil pipeline that largely follows the route of the original Trans Mountain pipeline that was completed in 1953. When operational, the two pipelines will form a system that will move 890,000 barrels/day of oil to facilities at Kamloops, Sumas, Burnaby and a port at Westridge, for distribution to refineries in Canada, the US and overseas. The new pipeline allows incremental sales of Canadian oil to markets outside of Canada and is competitive as it reduces the total route time to offshore markets by approximately 30 days at a similar or lower cost.

The Trans Mountain Expansion Project current cash construction cost is now estimated to be $26.6 billion. The estimate also includes updated costs for numerous technically challenging construction activities where the construction methodologies will have to be adapted to conditions. For example, Mountain 3, outside of Hope, BC is a 2.5 km directional drill through the middle of a mountain. The directional drill is facing significant challenges with ground water intrusion and may potentially need to use another technique. Another example is the Burnaby Mountain tunnel which is competing for a scarcity of specialty cement in the lower mainland. The sophistication of the construction challenges inside the overall project adds uncertainty in costs and schedule as TMEP works toward mechanical completion in 2023.

Additional funding sources atop those previously contemplated are required to finance the completion of TMEP construction activities. Incremental funding could range between $3 and $5 billion. Equity returns to the owner, variable interest rates, and timing impact the overall estimate of financing costs.

There are several reasons for the elevated costs of the construction since last announced in February 2022. Five primary drivers have been identified in a root cause analysis of overall project cost changes. Key drivers are (1) engineering and plan maturity (55%); (2) external events (25%); (3) practices above standard construction (15%); (4) safety; and (5) accommodation of stakeholders (5%). As the root causes manifest, TMEP's scope of work, construction methodology, productivity, and project schedule can be impacted. In addition, each root cause may have multiple follow-on effects. For example, incomplete engineering and plan maturity may cause added scope, changed methodology, lower productivity, and an extension in schedule.

The twinning of a pipeline in a narrow mountainous corridor that has an existing oil pipeline, a gas pipeline, electrical utilities and work around highways is complex. Executing in a narrow corridor while also ensuring the highest protection standards for fish, birds, amphibians, wildlife and the recovery and preservation of the invaluable archeological artifacts of Indigenous communities creates construction conditions that are difficult to estimate because costly workarounds are required as conditions emerge. Approximately 13% of the new pipeline construction has required a "stove-piping" methodology that requires pipe to be laid one span at a time. Stove-piping is up to 10 times more expensive than mainlining, which is a large-scale construction methodology that significantly reduces cost. The new Coquihalla highway has over 200 under road crossings that require several construction methodologies that can range from $10,000 to $100,000/meter installed. Environmental standards require nearly all water crossings to be underground, typically with direction drills and costs that range from $10,000 to $100,000 per meter. For reference, a mainline pipe, built in the prairies ranges from $2,000 to $4,000/meter installed.

Because of the build-up of property, population and protected agricultural lands from Hope to Burnaby, the pipeline construction is moving through valuable real estate including golf courses, homes, and commercial areas. The pipeline is also crossing an abandoned and covered landfill and alongside highways where traffic cannot be delayed for longer than 20 minutes. Nesting bird legislation requires equipment and construction to yield to migratory nesting which shortens construction windows and increases costs. In the remaining year of construction, if we are unable to mitigate the project impact of measures to protect migratory birds, it could impact our ability to deliver mechanical completion by year end 2023. To date over 350 archaeological sites have been identified or revisited and over 60,000 artifacts have been documented in one of the largest archaeology programs in Canadian history. Trans Mountain has been able to fully or partially avoid 116 sites with ongoing efforts to avoid new sites should they arise during the course of construction. Most partially disturbed sites require modification of our footprint or construction execution methodology. Those sites protected through construction matting often require hand clearing, monitoring and careful placement of tens of thousands of mats. The pipeline is being built to the highest environment, social and governance standards (ESG). Collectively, the manner of TMEP execution ensures that future owners can be assured the pipeline was constructed in the most ethically and responsible fashion.

Since 2012, Trans Mountain has entered into 69 Project Agreements referred to as Mutual Benefits Agreements (MBAs) to provide greater certainty and mitigate risk to the Project schedule. The overall financial value of MBAs is approximately $657M, not including the benefits to communities through contracting and employment opportunities. Trans Mountain has also identified and maximized contract, employment and training opportunities related to the Project. As of December 2022, the total Indigenous contract value awarded to date is $4.84B and the total spend to date is $3.97B. This represents approximately 25% of the total contract spend across the Project. Approximately 18% (966 of 5,325) of businesses contracted for TMEP were Indigenous businesses or partnerships. Approximately 3,120 Indigenous people have worked on the Project. This is 11% of the total workforce. This reflects an unprecedent level of Indigenous participation in the history of major projects in Canada.

Another key factor in cost performance is the original construction contracts for TMEP were time, equipment, and material (T&M) based arrangements. T&M contracts were required because of the significant difficulty and uncertainty in estimating the costs of a pipeline being built to today's standards, through the mountains, and in limited duration construction seasons. In 2022, significant progress was made with engineering and contractors to evaluate the remaining risks and assess forward productivity. A key reason for the cost overruns to-date are lower than expected productivity from changes in construction methodology, inexperienced workforces with 30% "green hands" across the project, inexperience in applying environmental standards, incomplete engineering, and harsher than expected construction conditions due to weather and geography.

The current tolling structure for the pipeline anticipated that certain higher risk spreads and areas of construction would have incremental costs recovered through toll adjustments to the shippers. Analysis indicates the pipeline remains competitive for exporting crude oil to Pacific rim markets relative to alternative pipeline routes via the US Gulf of Mexico. Forecast tolls for pipeline transportation are higher due to TMEP cost escalation and have lessened competitive advantages projected to exist when the project is complete. Competitiveness of tolling and ESG sustainability is imperative over the longer term as the pipeline goes into service in 2024.

BC Flood Event

In November 2021 Trans Mountain responded to a significant flooding event which required an extended precautionary shutdown of the pipeline system and significant disruption to TMEP construction. The effect of flooding on southwestern BC and WA State resulted in wide spread evacuations in the lower Fraser Valley and the entire City of Merritt as well as many surrounding Indigenous communities. The Province of BC enacted a state of emergency and military support was called in to assist with the recovery effort. The Minister of Transport characterized the storm and the damage to BC's transportation infrastructure as unprecedented – all of the major road and rail transportation routes serving the lower mainland were closed.

Trans Mountain is the largest single source of motor fuel supply to the Pacific northwest and the 21-day shutdown of supply to a market that normally receives inventory on a 6-day cycle was disruptive, particularly in the context of threat to the recovery efforts in the region. Throughout the response Trans Mountain worked on several fronts to expedite the restart of its pipeline and minimize economic impacts to residents of BC.

With respect to the restart, particular effort was required to identify and address the concerns of the Canadian Energy Regulator (CER) with regard to technical safety of the pipeline and to reach concurrence on matters required to restart the pipeline. The restart was completed without the CER issuing any orders effecting the restart plan.

The BC Flood event had a significant impact on Trans Mountain operations which was mitigated through revenue and cost recovery mechanisms and a strong response mounted by our workforce. The flood affected TMEP progress in the following key areas; construction disruption to Spreads 5A, 5B and 6/7A; damage to construction work in process; changes to methodology and subsequent re-permitting to address changed river conditions and an unusually high water table in Spread 6/7A.

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.
- Completion of the TMEP in a safe, compliant, and commercially viable manner.
- Place the expanded pipeline system assets into service on schedule and within the cost provided for in this Plan.
- Generate earnings before interest, taxes and depreciation of $2.4 billion in the first full year of operation of the expanded pipeline system.
- Investigate potential expansion opportunities for the Trans Mountain Pipeline System.
- Optimize opportunities for Trans Mountain to transport oil to tidewater.
- 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.
- Implement a plan to achieve net-zero scope one and scope two emissions by 2050 in alignment with the *Canadian Net-Zero Emissions Accountability Act*.
- Advance Economic Reconciliation with Indigenous communities and create more opportunities for long term benefits through employment, contracting, and the potential to partner with Indigenous communities on future projects.
- Operate the pipeline system during a time of change, immense activity, and assuring continuity of operations under any future ownership structure.
- Maintain a diverse and accessible workplace.

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.

2022 Actual

TMPL expects to transport approximately 323,000 bpd, with approximately 209,000 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) of approximately $187 million, exceeded the 2022 budget of $181 million.

Non-TMEP capital spending for 2022 of approximately $115 million which includes $53 million for restoration activities due to the BC floods. The remaining non-TMEP capital spending (excluding flood remediation) is for natural hazard remediation projects, technology related projects, business readiness projects and projects to maintain the pipeline system in a safe and reliable operating condition.

On TMEP, 2022 spending of $8.5 billion, which excludes financial carrying costs (AFUDC) of $1.2 billion, was incurred in order to progress construction of the project to 77%.

2023 Annual Plan

In 2023, the TMPL system is expected to move approximately 311,000 bpd, with approximately 196,000 bpd moving on the Puget system into Washington State.

TMC operating income before depreciation (EBITDA) is expected to total approximately $180 million, slightly below 2022 results of $187 million. Transportation revenue increases will not fully offset incremental costs related to business readiness activities associated with bringing TMEP into operation.

Non-TMEP capital spending in 2023 is expected to total approximately $123 million, including approximately $30 million to complete a contiguous fiber optic network for the pipeline system as well as natural hazard mitigation; metering facilities, business readiness activities for post TMEP in-service; technology infrastructure and applications; pipeline system efficiency and reliability; growth and connectivity; and safety, security, and emergency response related projects.

On TMEP, 2023 spending of approximately $7.2 billion is expected to support construction across all pipeline spreads and terminals. This Corporate Plan reflects mechanical completion of the Trans Mountain Expansion Project in late 2023. Operation of the expanded system will start in the first quarter of 2024. These assumptions are subject to risks typical of major construction projects many of which are beyond the control of Management. For purposes of the 2023 Corporate Plan financial projections, TMEP is forecast to cost on a cash basis $26.6 billion at completion and enter service on January 1, 2024.

The 2023 Corporate Plan assumes existing credit facilities are expanded and used to finance the Project. Further, an incremental financing of $3.0 billion to $5.0 billion will be required to complete the Project. In the event risks common with major construction projects are realized, incremental capital expenditure and financing authority may be required.

All capital expenditures of TMEP for February 2022 forward are financed using debt. As a result, common financial measures such as debt to capitalization, debt to EBITDA and other measures have atypical result from other pipeline companies. The business is significantly leveraged with debt, however, once TMEP operations begin, excess cash flow of the expanded system will be used to pay down debt.

No re-capitalization of the entity is assumed in the 2023 Corporate Plan, no sale of TMC to private sector is assumed, and Indigenous participation in the form of ownership or other means is not reflected in the 2023 Corporate Plan. Each of these matters are expected to be reflected in future corporate plans or amendment of the 2023 Corporate Plan.

2024 through 2027

When TMEP is complete, transportation revenue will significantly increase as a result of pipeline capacity increasing to 890,000 barrels/day and the toll structure related to the Transportation Services Agreements that have been negotiated with shippers in connection with the TMEP. TMC estimates EBITDA of more than $2.4 billion in the first full year of operation of the expanded pipeline system.

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

Appendix 2 provides the Proforma Financial Statements for the 2023 – 2027 Corporate Plan.

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.
- Failure of controls for contractor oversight that result in impacts to construction execution and/or operations.
- Failure of 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.

Management maintains a comprehensive risk register for TMEP to help plan work and mitigate construction challenges. A risk register is a tool that tracks risks as they are identified. Risks are then managed through a variety of techniques that can include the application of additional resources, a change in construction methodology or approach, resequencing work, or other strategies. Risks are ranked based on their potential impact to the Project.

Risks are generally categorized as reasonable probability-understood consequences, or low probability-high consequence risks. Risks that have reasonable potential to be realized during execution of the project are identified, probability weighted, and a capital expenditure amount may be provided for in the project budget. The remaining TMEP capital budget includes $0.8 billion of capital expenditures for risks of this nature. Low probability-high consequence risks will also be identified, however, capital expenditures are generally not included in the project budget for this type of event.

Borrowing Plan

Historical activity:

In 2018, TMC borrowed $2.5 billion to finance the acquisition of Trans Mountain. The associated acquisition facility is fully drawn and remains outstanding.

Until Q1 2022, TMP Finance funded TMEP with a government construction facility provided by EDC Canada Account. As of April 2022, TMC had borrowed $10.3 billion, net of repayment of $1.6 billion, through a funding agreement with Canada TMP Finance Ltd. Funding was provided under this agreement as 55% debt funding and 45% equity funding. In 2022, amendments were made to the funding agreement whereby unpaid interest and commitment fees are to be added to the principal amount of the debt on a semi-annual basis. Debt outstanding to TMP Finance under the construction facility will remain outstanding and matures August 2025.

The TMP Finance facilities (acquisition and construction) incur interest at a rate of 5%.

On April 29, 2022, TMC entered into a one-year senior unsecured revolving facility for $10.0 billion with a syndicate of lenders (the “Syndicated Facility”). The Syndicated Facility contains a six-month extension option, and includes a guarantee provided by the Government of Canada. There are no other required payments on the borrowings under the Credit Agreement until maturity. At the end of 2022, $7.2 billion was drawn against this facility.

The Government of Canada has provided TMC with a guarantee in relation to its Syndicated Facility. In exchange for this guarantee, TMC pays a fee of 5% per annum less the daily weighted average interest rate per annum payable by TMC in accordance with the Syndicated Facility. Current interest rates on the syndicated facility are greater than 5%. Accordingly, the guarantee fee is nil. For the purposes of the 2023 Plan, a guarantee fee has been specifically assumed and the overall cost of borrowing is representative of underlying interest rates plus a spread, plus a guarantee fee of 25 basis points (25 bps).

For the year ended December 31, 2022, TMC incurred $36.8 million in guarantee fees. Guarantee fees are included in interest expense and are payable on August 31, 2025, or upon events of default. As of December 31, 2022, the guarantee fee payable was $36.8 million and recorded in “Long term interest payable.”

Future Borrowing - Summary:

TMC replaced the Syndicated Facility with an Equator Principles compliant syndicated facility (“EP Syndicated Facility”). The facility has a two-year term and a borrowing limit initially of $11.0 billion. TMC plans to increase this credit facility’s limit from $11 billion to $13.0 billion by May 10, 2023.

In addition to the EP Syndicated Facility expansion an additional $3.0 billion to $5.0 billion of funding will be required and has not been fully identified. Financing by TMC may take different forms, including but not limited to bank loan, credit facilities (or expansion of existing facilities), commercial paper, bankers acceptances, bond issuance, notes, debentures and or associated hedging transactions, that have different lengths (tenor) and terms and may be denominated in Canadian or US dollars all of which may be refinanced by TMC over time as TMEP is, or gets close to, completion. Decisions by TMC will be informed by factors such as speed of financing completion, interest costs, and impact on a future divestment among other factors.

In the event that, incremental funding is not secured, construction of TMEP will need to be stopped, workers laid-off, contractors demobilized and the in-service date of TMEP would be delayed. Such an action would add materially to TMEP costs and detract significantly from the owner's economic outcome. If TMEP were cancelled, borrowings outstanding under the EP Syndicated Facility would have the government guarantee triggered.

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.

Appendix 3 provides TMC's 2022 to 2027 Borrowing Plan Tables.

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 products together with light and heavy crude oil in batches for different shippers in a single pipeline. 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.

Trans Mountain's perspectives on Global and regional crude oil markets are informed by studies prepared by recognized third-party experts, including Canadian centered sources such as the CER, international banks, and the Canadian Association of Petroleum Producers (CAPP). Recognized third-party experts are also engaged to evaluate Trans Mountain's competitive position in its markets.

Global Overview

Slowing demand growth in Organization for Economic Cooperation and Development ("OECD") countries and increases to supply throughout 2022, may create some short-term imbalances in markets. However, sanctions on Russian supply, and demand recovery in China, and fears around continued declines in Organization for Petroleum Exporting Countries + ("OPEC+") spare capacity production could result in demand exceeding supply in 2023, triggering further volatility in oil prices.

Global Demand

Global demand for crude in 2023 is forecasted to reach 101.8 mb/d, exceeding pre-pandemic levels, compared to an average estimated 99.7 mb/d in 2022. Gas-to-oil substitution and oil use for power generation, largely due to volatile natural gas prices in Europe, are expected to offset portions of the slowdown in economic growth. OECD nations have been the key drivers for demand in 2021, and Q1 and Q2 of 2022. OECD demand in 2023 is expected to only increase moderately from 45.8 mb/d in 2022 to 46.4 mb/d in 2023 due to higher prices and interest rates, and slower economic growth projections. While higher inflation, interest rates and a weaker economic outlook may moderate demand increases from OECD, consumption increases from Non-OECD is expected to offset the reduced demand growth. Non-OECD nations are expected to account for a majority of demand growth in 2023, with demand forecasted to increase to 55.4 mb/d 2023, compared to 53.9 mb/d in 2022. China is expected to account for almost 1 mb/d of this expected demand growth.

Global Supply

Global supply in 2023 is expected to reach 101.7 mb/d if current forecasts remain accurate, resulting in a potential deficit. Non-OPEC+ is set to lead world supply growth with an expected average of 49.9 mb/d in 2023, compared to 48.0 mb/d in 2022. The US and Canada are expected to account for 1.3 mb/d or almost 70% of these production increases, with Brazil and Norway, accounting for 300 kb/d, 210 kb/d, respectively.

OPEC+ production could see a fall in 2023 due to supply constraints, and tighter sanctions faced by Russia, resulting in forecasted production of only 51.9 mb/d, compared to an estimated 52.1 mb/d in 2022. EU countries have agreed to implement a ban on 90% of imports of Russian oil and products over an 8-month period leading up to February 2023. As a result, Russian production could decline from an estimated 9.3 mb/d in 2022, to 8.3 mb/d in 2023. To meet supply targets, further depletion of already shrunken OPEC spare capacity is expected.

In 2022 global refining capacity increased once again, following its first decrease in 30 years in 2021. Capacity is now set to increase by net additions of 1 mb/d in 2022, followed by 1.6 mb/d in 2023. 2023 refinery throughput is expected to increase to 82.1 mb/d, compared to 80.7 mb/d in 2022. Processing is likely to meet demand, however, shortages in individual products, especially jet fuels and diesel, is expected to remain.

Canada Specific

Canada continues to grow as a major oil producer and exporter. New oil sands projects are continuing to contribute to production growth. In 2019 production reached 5.54 mb/d with oil sands accounting for 3.13 mb/d. Condensate production has also grown significantly and is in high demand from oil sands operations to dilute oil sands production for pipeline transportation. Production in Q1 of 2020, saw a steep decline of approximately 1 mb/d as a result of the Covid-19 pandemic, with over 50% of cuts coming from oil sands. Production partially recovered during the remainder of the year resulting, in an overall decline to production of 4.2%. In 2021, oil production continued to recover, reaching an average of 5.70 mb/d. With oil prices having reached highs in the post-pandemic era, Canada is expected to produce 5.74 mb/d in 2022, and 5.83 mb/d in 2023. A majority of this production increase is expected to come from bitumen production additions of 140 kb/d. At the same time, Canada’s consumption of refined products has remained stable, resulting in additional export volumes becoming available. A majority of exports are shipped to the US where capacity for refining of heavy crude grades is available. Oil production and exports will continue to be a significant contributor to the Canadian economy for decades to come.

Canada has also made strong commitments domestically and international, including the announcement of a target to reduce its greenhouse gas (“GHG”) emissions by 40-45% from 2005 levels by 2030, in addition to legislating a net zero emissions by 2050 commitment. Being a major producer and consumer of oil and gas, in addition to the overarching economic ties to the industry, could provide opportunities and challenges in achieving these targets. Today, energy makes up 10% of Canada’s Gross Domestic Product (“GDP”), and is a key generator of investment, and jobs for the country. In Canada energy production and usage equals to more than 80% of all GHG emissions, with 26% of the total being attributed to the energy industry itself. To reduce emissions from the energy industry in line with goals set out by the Government of Canada, a ramp up in investment, supported by governmental policies is required. These initiatives and investment must pursue technological innovation required to enable decarbonization across the sector. Potentially viable technological solutions that are being pursued include Carbon capture, utilization, and storage ("CCUS"), hydrogen, and nuclear small modular reactors ("SMRs"). Canada has also implemented an ambitious carbon-pricing scheme in 2019, and a clean fuel standard in 2022.

Trans Mountain

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 from 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 logistically attractive and lower cost than the other options for Canadian producers seeking to access the markets of the Pacific Rim via export facilities in the US Gulf Coast.

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 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.

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 four contract shippers that have 54,000 bpd of pipeline capacity destined for offshore markets from our Westridge Marine Terminal 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.

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 fully utilized 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 volume 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 may also arise 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 current 2022 – 2023 Incentive Toll Settlement Agreement being a two-year term.

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.

TMEP will complete major construction by the end of 2023. The cash cost of TMEP is estimated to be $26.6 billion with service expected to start in the first quarter of 2024.

The economics of the TMEP remain 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 $2.4 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 nearly 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 per barrel /$100 of uncapped costs. The uncapped cost categories include:

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. 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 annual Environment, Social and Governance (ESG) report in June 2022 sharing our ESG performance for 2021 and describing the practices below in more detail.

Environment

We have a robust and proactive asset integrity program that includes inline inspections, periodic aerial patrol, 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 2022, we advanced the installation of conduit along the pipeline to support the future installation of fibre optic cable. A unique benefit of the project is that it has the potential to bring broadband internet services to communities along the route where none was previously. 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.

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 Indigenous traditional knowledge and heritage resources in order to protect areas of cultural significance. In 2021, we selected and integrated Environmental Protection Rules into our approach on the Project, a first in the industry. Each of the rules is focused on an area that has the potential to result in a significant environmental event. Our Environmental Protection Rules program won the CEPA Foundation Award for Innovation for our industry-leading program. The award is given to a member company in the areas of sponsoring, leading, or adopting innovation in the energy pipeline industry. 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. To manage and reduce emissions arising from fuel consumption, we have developed a carbon management plan for the Expansion Project. This plan incorporates initiatives such as an anti-idling policy and the use of worker camps and shuttle services to minimize transportation to and from work sites. We plan to develop an Expansion Project construction emission offset plan by the end of 2023. We have evaluated climate-related physical and transition risks and opportunities (i.e., risks related to the transition to a low carbon economy) and will continue to refine our work as new information becomes available.

Social

In alignment with the mandate to operate in a manner consistent with Canada's commitment to advance economic reconciliation with Indigenous peoples, we endeavor to identify areas where we can maximize opportunities and participation for Indigenous communities within our area of operation. 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 the TMEP was launched. We seek to meaningfully engage with Indigenous 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 strive for an inclusive and diverse workplace that is supportive of all employees and contractors. We believe that diverse viewpoints and cultural knowledge enrich our organization's collective cultural understanding, build trust, reduce turnover, improve innovation, and create positive environment where our people can thrive. As a federally regulated company, we comply with the *Employment Equity Act* and engage in proactive employment practices to increase the representation of designated groups.

Annually, our employment equity report provides analysis on representation of the four designated groups (women, visible minorities, Indigenous peoples and persons with disabilities) and provides insights into rate of hiring (or attrition) and promotion of individuals who have self-identified. From this analysis, we can examine the extent to which progress is being made to increase diversity across Trans Mountain. Additionally, we report on the qualitative measures that are critical to increasing awareness, removing barriers, and improving workplace practices to be more equitable and inclusive. Our Diversity and Inclusion Committee (comprised of designated group members from across the organization) provides an important means to bring forward concerns, issues and ideas. This Committee provides support and input on various diversity activities which occur over the course of the year.

In 2022, there will be an added focus on mental health and wellness to ensure employees from diverse backgrounds have access to programs supporting full participation in the workplace and their psychological wellbeing at work. Mental health awareness sessions, training for leaders, and a review of policies and programs are components of the 2022 plan.

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, 8 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 (EHS); 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. This Committee's duties have since folded back into the EHS Committee. In 2021, we created an ESG Executive Steering Committee to provide executive leadership on ESG and climate-related issues. The ESG Executive Steering Committee supports the Board of Directors and coordinates efforts of the Sustainability Work Group which is a cross company group of leaders with responsibilities to implement ESG objectives.

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.

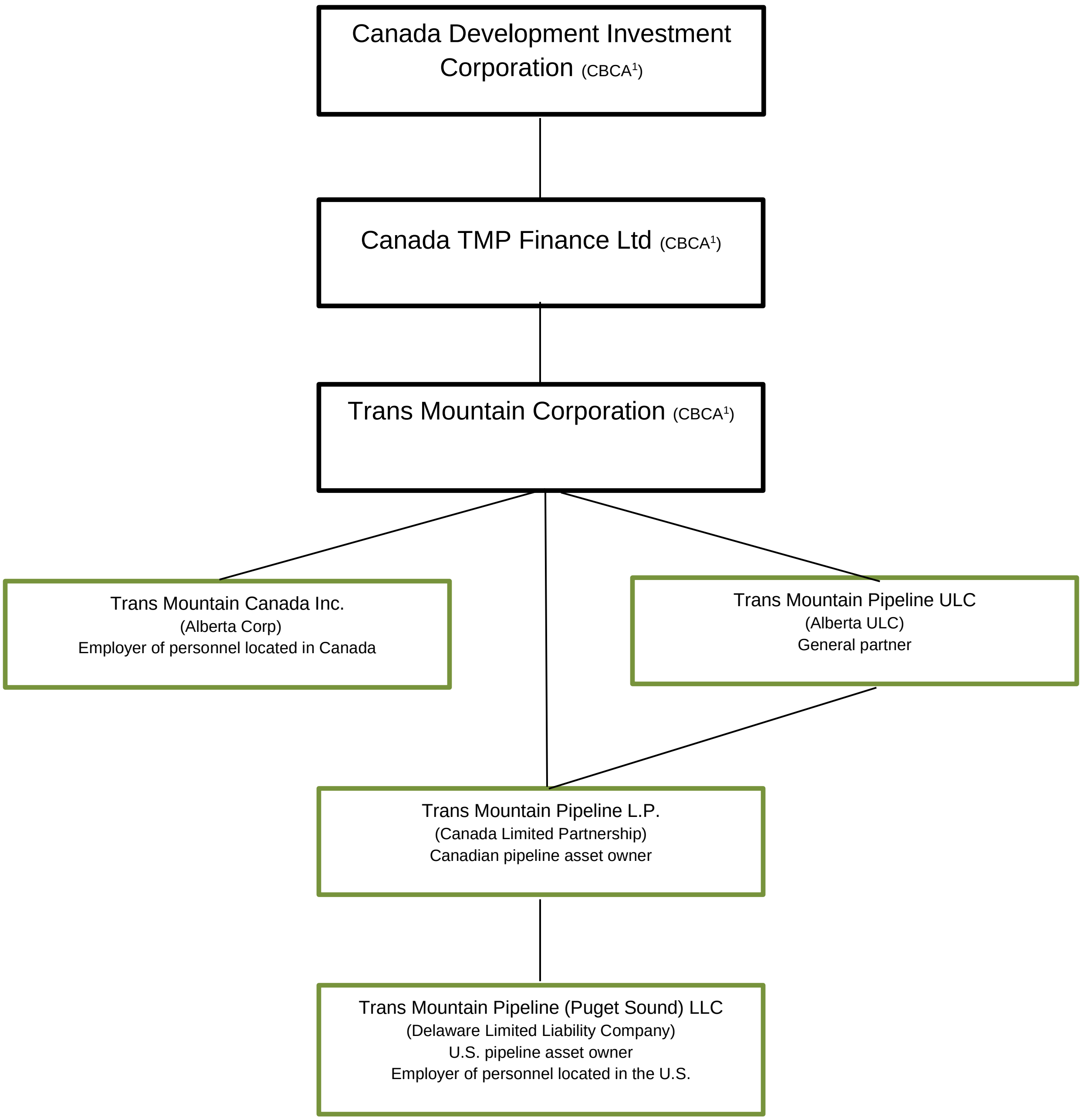
The current composition of TMC's Board of Directors and Executive Management team is detailed in Appendix 1.

TCFD

At Trans Mountain, we are taking a phased approach to identifying and managing climate-related risks. We are focusing on understanding risks and opportunities, developing plans, building internal capacity, and contributing to climate resiliency of communities along the pipeline corridor. We reviewed our governance structure in 2022 to support improved governance over our most relevant ESG topics at the Board committee level, including climate. In 2022, TMC published a Scope 1 and Scope 2 emissions reduction plan. We also formally classified climate-related risks and opportunities and enhanced our climate-related risk analysis within our Enterprise Risk Management program. We enhanced our climate-related transition and physical risk analysis including quantitative assessments and in 2023 we will develop an Expansion Project construction emissions offset plan. Two important transition-related risks for us are carbon tax and oil demand reduction. Carbon pricing 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. In the second quarter of this year, we completed a physical risk assessment of our assets and operations to identify the current risk exposure of our pipeline infrastructure to relevant chronic and acute physical risks as defined in the TCFD, and how the risk profile will evolve in the future under different emissions scenarios. The results from this assessment enable us to adhere to the Equator Principles (EP4) by demonstrating the steps we have taken to ensure resilience of TMC's business to the impacts of climate change.

Appendix 1: Corporate Governance

The diagram below illustrates the TMC corporate structure.



1. *Canada Business Corporations Act*

As of September 1, 2022, the composition of the TMC Board of Directors and Committees is as follows:

Board of Directors
William Downe (Chair)
Dawn Farrell (CEO)
Harold Calla
Brian Ferguson
Carol Anne Hilton
Patricia Koval
H. Stanley Marshall
Marie-José Nadeau
Michael Sabia
Sandra Stash
Stephen Swaffield
Elizabeth Wademan

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
William Downe (ex officio)

Environmental, Health and Safety (EHS)[1]
Sandra Stash (Chair)
Brian Ferguson
Stephen Swaffield
William Downe (ex officio)

Human Resources, Compensation, Nominating and Governance (HRCNG)
Marie-José Nadeau (Chair)
Carol Anne Hilton
Patricia Koval
William Downe (ex officio)

The Chairman of the Board, W. Downe, serves *ex-officio* as a member on each of the committees.

[1] 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:

Dawn Farrell	President & Chief Executive Officer
Michael Davies	Chief Operating Officer
Mark Maki	Chief Financial Officer
Rob Van Walleghem	Executive Vice President Indigenous Affairs & Chief Legal Officer
Maureen Neufeldt	Chief People & Technology Officer
Corey Goulet	Chief Project Execution Officer
Amerigo Silvestri	Chief Project Office & Commercial Officer
Paul Huddleston	Vice President Engineering and Operations
Heather Mark	Vice President Finance and Shipper Services
Kevin Thrasher	Vice President Legal
Dorothy Golosinski	Vice President Regulatory and Compliance
Deanne Carson	Vice President Corporate Communications and Government Affairs

Appendix 2: Financial Statements

Trans Mountain Corporation

Proforma Consolidated Statements of Financial Position

December 31, 2022 to 2027

Cdn$ thousands

	2022 Actual	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Assets						
Current Assets						
Cash and cash equivalents	162,489	131,925	53,348	97,323	124,305	142,494
Accounts receivable	122,213	83,015	251,566	258,647	265,163	272,005
Other current assets	41,170	41,170	41,170	41,170	41,170	41,170
	325,872	**256,110**	**346,084**	**397,140**	**430,638**	**455,669**
Property, plant and equipment	24,205,240	33,305,332	33,057,570	32,302,993	31,549,044	30,800,738
Right-of-use asset	65,531	53,784	53,784	53,784	53,784	53,784
Regulatory assets	131,111	180,186	143,777	107,368	70,959	34,550
Goodwill	888,098	888,098	888,098	888,098	888,098	888,098
Restricted investments	90,481	105,643	132,470	159,922	188,014	216,760
Restricted cash	78,514	78,514	78,514	78,514	78,514	78,514
Deferred amounts and other assets	434,059	81,334	81,334	81,334	81,334	81,334
Total Assets	**26,218,906**	**34,949,001**	**34,781,631**	**34,069,153**	**33,340,386**	**32,609,446**
Liabilities and Equity						
Current Liabilities						
Accounts payable	1,335,413	835,413	143,213	60,802	61,364	63,456
Regulatory liabilities	80,228	79,972	7,388	7,388	7,388	7,388
Short term debt	7,200,000	15,200,000	15,100,000	13,967,960	12,575,609	11,025,483
Interest payable	19,664	39,328	-	-	-	-
Other current liabilities	40,175	28,428	28,428	28,428	28,428	28,428
	8,675,480	**16,183,141**	**15,279,029**	**14,064,578**	**12,672,789**	**11,124,755**
Long term debt	7,852,768	8,250,314	8,673,407	8,673,407	8,673,407	8,673,407
Interest payable	36,808	62,058	-	-	-	-
Deferred income taxes	914,294	1,107,892	1,193,542	1,310,037	1,465,912	1,659,452
Regulatory liabilities	92,556	107,718	134,545	161,997	190,089	218,835
Pension and post-employment benefits	51,166	51,166	51,166	51,166	51,166	51,166
Lease liability	48,873	48,873	48,873	48,873	48,873	48,873
Other deferred credits	7,918	7,918	7,918	7,918	7,918	7,918
Total Liabilities	**17,679,863**	**25,819,080**	**25,388,480**	**24,317,976**	**23,110,154**	**21,784,406**
Equity	8,539,042	9,129,921	9,393,151	9,751,177	10,230,232	10,825,040
Total Liabilities and Equity	**26,218,905**	**34,949,001**	**34,781,630**	**34,069,153**	**33,340,385**	**32,609,446**

Trans Mountain Corporation

Proforma Consolidated Statements of Income and Comprehensive Income

For the years ended December 31, 2022 to 2027

Cdn$ thousands

	2022 Actual	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Revenues						
Transportation revenue	408,248	425,418	2,955,574	3,042,921	3,121,630	3,204,262
Lease revenue	67,127	70,258	61,554	59,151	58,602	58,033
Other revenue	2,629	2,413	1,660	1,693	1,727	1,761
	478,004	**498,089**	**3,018,788**	**3,103,765**	**3,181,958**	**3,264,056**
Expenses						
Pipeline operating costs	156,785	168,615	341,575	370,745	376,200	389,970
Depreciation and amortization	104,331	112,334	806,838	805,613	806,666	807,755
Salaries and benefits	91,062	102,108	143,256	142,944	142,635	142,328
Taxes, other than income taxes	36,900	38,558	75,516	77,781	80,114	82,518
Administration	6,604	8,790	40,055	36,077	31,980	27,760
	395,682	**430,405**	**1,407,240**	**1,433,160**	**1,437,594**	**1,450,330**
Operating income	**82,322**	**67,684**	**1,611,548**	**1,670,605**	**1,744,364**	**1,813,726**
Equity AFUDC	704,334	1,096,450	-	-	-	-
Interest expense, net of capitalized	(82,352)	(381,345)	(1,262,668)	(1,196,084)	(1,109,434)	(1,025,377)
Other, net	1,934	1,688	-	-	-	-
Foreign exchange (loss) gain	1,835	-	-	-	-	-
Tax recovery (expense)	(174,076)	(193,598)	(85,650)	(116,495)	(155,875)	(193,539)
Net income	**533,997**	**590,879**	**263,230**	**358,026**	**479,055**	**594,809**
Adjusted EBITDA	186,653	180,018	2,418,386	2,476,218	2,551,029	2,621,481

Trans Mountain Corporation
Proforma Consolidated Statements of Cash Flow
For the years ended December 31, 2022 to 2027
Cdn$ thousands

	2022 Actual	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Operating activities						
Net income (loss) for the year	533,997	590,879	263,230	358,026	479,055	594,809
Items not affecting cash						
Depreciation and amortization	104,331	112,334	806,838	805,613	806,666	807,755
Equity allowance for funds used during construction	(704,334)	(1,096,450)	-	-	-	-
Deferred income taxes	174,484	193,598	85,650	116,495	155,875	193,539
Changes in non-cash working capital items	429,555	(97,332)	(971,485)	(25,632)	58,547	60,406
	538,033	(296,971)	184,233	1,254,502	1,500,142	1,656,509
Investing activities						
Capital expenditures	(8,807,391)	(8,115,977)	(559,076)	(51,036)	(52,717)	(59,448)
Internal use software expenditures	(10,981)	-	-	-	-	-
Purchase Restricted Investments	(16,162)	(15,162)	(26,827)	(27,452)	(28,092)	(28,746)
	(8,834,534)	(8,131,139)	(585,903)	(78,488)	(80,809)	(88,194)
Financing activities						
Issuance (repayment) of loans	7,114,750	8,397,546	323,093	(1,132,040)	(1,392,351)	(1,550,126)
Capital contributions	1,235,250	-	-	-	-	-
Debt issuance costs	(2,553)	-	-	-	-	-
Dividends	-	-	-	-	-	-
	8,347,447	8,397,546	323,093	(1,132,040)	(1,392,351)	(1,550,126)
Effects of FX translation on cash balances	1,555	-	-	-	-	-
Net increase (decrease) in Cash and Restricted cash	52,501	(30,564)	(78,577)	43,975	26,982	18,189
Cash and Restricted cash, beginning of period	188,501	241,003	210,439	131,862	175,837	202,819
Cash and Restricted cash, end of period	241,003	210,439	131,862	175,837	202,819	221,008
Cash, beginning of period	115,740	162,489	131,925	53,348	97,323	124,305
Restricted cash, beginning of period	72,761	78,514	78,514	78,514	78,514	78,514
Cash and Restricted cash, beginning of period	188,501	241,003	210,439	131,862	175,837	202,819
Cash, end of period	162,489	131,925	53,348	97,323	124,305	142,494
Restricted cash, end of period	78,514	78,514	78,514	78,514	78,514	78,514
Cash and Restricted cash, end of period	241,003	210,439	131,862	175,837	202,819	221,008

Appendix 3: Borrowing Plan

Trans Mountain Corporation
Proforma Supporting Schedules
Financial Funding Plan

		2022 Actual	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
TMP Finance Funding Agreement							
Opening balance		9,175,000	10,325,000	-	-	-	-
Funding Request		2,745,000	-	-	-	-	-
Repayment		(1,595,000)					
Closing balance		10,325,000	10,325,000	-	-	-	-
TMP Finance Equity Contribution	45%	1,235,250	-	-	-	-	-
TMP Finance Debt Funding							
Construction Facility							
Opening balance		5,046,250	5,346,418	5,743,964	6,167,057	6,167,057	6,167,057
Draw	55%	1,510,000	-	-	-	-	-
Repayment		(1,595,000)	-	-	-	-	-
Paid in kind interest		385,168	397,546	423,093			
Closing balance		5,346,418	5,743,964	6,167,057	6,167,057	6,167,057	6,167,057
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
Government Guaranteed Bank Facility							
Opening balance		-	7,200,000	13,000,000	13,000,000	13,000,000	13,000,000
Draw (repayment)		7,200,000	5,800,000	-	-	-	(1,071,836)
Closing balance		7,200,000	13,000,000	13,000,000	13,000,000	13,000,000	11,928,164
Government Guaranteed Bank Facility Limit		10,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000
3rd Party Reserve Facility							
Opening balance		-	-	2,200,000	2,300,000	1,388,395	230,773
Draw (repayment)		-	2,200,000	100,000	(911,605)	(1,157,622)	(230,773)
Closing balance		-	2,200,000	2,300,000	1,388,395	230,773	-
3rd Party Secured Facility							
Opening balance		-	-	-	-	-	-
Draw (repayment)		-	-	-	-	-	-
Closing balance		-	-	-	-	-	-
3rd Party Secured Facility		-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
CER Financial Resource Requirement Facility							
Opening balance		-	-	-	-	-	-
Draw (repayment)		-	-	-	-	-	-
Closing balance		-	-	-	-	-	-
Facility Limit		500,000	500,000	500,000	500,000	500,000	500,000

In addition to the Government Guaranteed Bank Facility an additional $3.0 billion to $5.0 billion of funding will be required and has not been fully identified.

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

Leases

In prior years, TMC committed to leases that will continue through 2023 and, in some cases, TMC may exercise extensions/amendments of these leases to align with the planned completion of TMEP. The estimated amount of these extensions/amendments for 2023 is approximately $76 million.

TMC is seeking authority to enter new leases in 2023 with annual payments up to approximately $4.6 million for new vehicles and equipment required to support the growing workforce. The financial commitments of rental/lease agreements in respect of TMEP are included in the borrowing requirements for TMEP.

Year:	2022 Actual	2023 Plan	2023 (at Dec 31) Projected	2024 (at Dec 31) Projected	2025 (at Dec 31) Projected	2026 (at Dec 31) Projected	2027 (at Dec 31) Projected
Right-of-use asset class: Land (Workspace, warehouse, laydown space, pumping stations)							
Space to receive, store, and work on materials and equipment along the pipeline							
Liability - New contracts ($ million)	450,000	-	-	-	-	-	-
Liability - Extensions/Amendments ($ million)	12,132,000	19,325,000	8,150,000	123,000	-	-	-
Total liability ($ million)	**12,582,000**	**19,325,000**	**8,150,000**	**123,000**	**-**	**-**	**-**
Expected number of years remaining	**2.00**	**2.00**	**0.48**	**0.01**	**-**	**-**	**-**
Right-of-use asset class: Buildings (Office space etc.)							
Primarily Office space - Various Locations							
Liability - New contracts ($ million)	-	-	-	-	-	-	-
Liability - Extensions/Amendments ($ million)	804,000	14,142,000	13,432,000	12,096,000	8,736,000	4,704,000	672,000
Total liability ($ million)	**804,000**	**14,142,000**	**13,432,000**	**12,096,000**	**8,736,000**	**4,704,000**	**672,000**
Expected number of years remaining	**1.00**	**4.00**	**2.66**	**2.57**	**1.85**	**1.00**	**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							
Liability - New contracts ($ million)	1,724,000	4,603,000	4,143,000	3,222,000	2,301,000	1,380,000	459,000
Liability - Extensions/Amendments ($ million)	-	42,483,000	4,247,000	-	-	-	-
Total liability ($ million)	**1,724,000**	**47,086,000**	**8,390,000**	**3,222,000**	**2,301,000**	**1,380,000**	**459,000**
Expected number of years remaining	**5.00**	**5.00**	**0.05**	**0.03**	**0.02**	**0.01**	**0.00**

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 2023 Corporate Plan

FOR THE YEARS 2023 – 2027

December 7, 2022

Table of Contents

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 (along with all other HSE Unit Owners) is subject to future adjustment anticipated in 2025 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. 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.

CHHC derives its cash flow solely from the Hibernia assets which include its share of Hibernia crude oil production and a small portion of incidental revenue from the Hibernia drilling and production facilities. Cash flow primarily fluctuates depending on Hibernia production volumes, the price of crude oil, royalty and NPI payments, operating costs, income taxes, and major capital expenditures. Cash flow in excess of business needs is returned to the shareholder (CDEV) by way of dividends, declared at the discretion of CHHC's Board of Directors. 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. By the end of 2022, CHHC forecasts to have paid cumulative dividends of $2.50 billion[1], $336 million in federal Net Profits Interest (NPI) and $757 million in federal income tax.

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 legal and 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.

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

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 an 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 2023

CHHC's major business objectives for 2023 are to deliver operating and financial performance in accordance with the Corporate Plan, develop climate-related disclosures compliant with the Task Force on Climate-Related Financial Disclosures (TCFD) framework and support GHG reduction opportunities at Hibernia, participate in all committees overseeing the Hibernia Project's strategic direction, support the operator in upcoming facility debottlenecking, platform drill rig upgrades, asset life extension activities, 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 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 8 producer companies operating in East Coast Canada) share in the use of shuttle tankers to transport oil to the Newfoundland Transshipment Ltd. (NTL) terminal. The oil stored at NTL is then transferred to "second leg" tankers which transport the oil to market.

5.0 Organization

Since its inception in 1993, CHHC has been staffed by a small team of experienced energy industry professionals. At year-end 2022, the staff is forecast to consist of 8 total full and part-time employee positions (6.1 full-time equivalent or FTE), and 1 part-time contractor.

6.0 Risks

Key financial risks include volatility in oil prices, volatility in the USD/CAD exchange rate, and credit risk from counterparties to CHHC's oil sales.

Key non-financial risks include climate change risks, operational and technical risks associated with an offshore oil operation (including physical platform damage from fire or explosion, marine transportation risks, drilling complexities, and production risks), safety, health and environmental risks (including oil spills, safety incidents, helicopter crashes), information technology and cyber security risks, availability of insurance related to the aforementioned risks, and loss of key personnel.

7.0 Financial Section

Refer to Schedules I, II, III for complete financial statements	**2021 Actual**	**2022 Forecast**	**2023 Plan**	**2024 Plan**	**2025 Plan**	**2026 Plan**	**2027 Plan**
Volumes *(units as noted)*							
Average Daily Production - Gross Hibernia (bopd) *% HSE Unit*	99,106 *35%*	75,900 *34%*	77,700 *37%*	86,100 *32%*	95,100 *21%*	102,800 *14%*	109,500 *23%*
Average Daily Production - Net CHHC share (bopd)	7,483	5,723	5,800	6,548	7,519	8,324	8,590
Sales Volume (MBO/yr.)	2.71	2.29	2.12	2.39	2.74	3.04	3.14
Prices *(units as noted)*							
Dated Brent (US$/bbl)	70.77	102.02	90.00	80.00	75.00	75.00	75.00
Realized Price (US$/bbl)	69.44	103.02	90.00	80.00	75.00	75.00	75.00
Realized Price (Cdn$/bbl)	86.74	132.03	116.10	103.20	96.75	96.75	96.75
Exchange Rate (USD/CAD)	1.25	1.28	1.29	1.29	1.29	1.29	1.29
Financial, CHHC WI *(Cdn$ millions)*							
Crude Oil Sales Revenue	235	314	246	247	265	294	303
Royalty and NPI Payments	84	118	80	76	82	91	94
Effective royalty + NPI rate	*36%*	*38%*	*33%*	*31%*	*31%*	*31%*	*31%*
Operating, Transportation and Marketing Expenses	24	27	27	30	29	30	31
Administrative Expenses	4	2	3	3	3	3	3
Income Taxes	29	41	32	33	36	42	41
Capital Expenditures	8	20	29	33	30	31	33
Abandonment Fund Contributions	10	-	-	-	-	-	-
Dividends	**86**	**105**	**71**	**81**	**81**	**93**	**96**

Notes:
- bopd is barrels oil per day and MBO is millions of barrels of oil
- Forecast results for 2022 are based on eight months of actual results and four months of forecast results. Accordingly, actual full year results may differ from this forecast. Notably, the actual timing of cargo deliveries can have a substantial effect on the actual year end numbers

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 2022

As shown in the table above, gross daily average production volumes of 75,900 bopd in 2022 (5,723 bopd CHHC share) are forecast to be 23% lower than 2021. The decrease is due to natural production declines, as no new wells have been drilled since June 2020 and accordingly no new wells were brought onto production in 2022. Sales volumes are likewise lower in 2022.

CHHC typically sells its oil with reference to the Dated Brent benchmark price. CHHC is forecasting a realized oil price of $103.02 USD per bbl in 2022, reflecting a $1.00 USD per bbl premium to Dated Brent. This is an improvement from the $69.44 USD per bbl realized oil price and $1.33 USD per bbl discount to Dated Brent in 2021. Oil prices have improved significantly in 2022 with increased demand and supply constraints resulting from geopolitical events. CHHC's forecasted realized oil price in Canadian dollars of $132.03 per bbl in 2022 reflects an average USD/CAD exchange rate of 1.28. In 2021, the average exchange rate was 1.25. The weaker Canadian dollar in 2022 has a favorable impact on oil price realizations in Canadian dollars.

Crude oil sales revenue is forecast to increase by 34% in 2022 over 2021, due to higher oil prices which more than offset the impact of lower sales volumes. Royalty and NPI payments are forecast to increase by 41% in 2022 over 2021 due to the impact of higher oil prices, as the NPI rate and 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 $3 million or 11% in 2022 compared to 2021, due higher operating costs for logistics, R&D, and incremental costs associated with the platform turnaround.

Administrative expenses are forecast to decrease in 2022 from 2021 due a lower staff size.

Capital expenditures are forecast to be $12 million higher in 2022 compared to 2021, due to the restart of the drilling program, drilling rig upgrades, and gas compression upgrades. There was no drilling in 2021 and minimal equipment and facility expenditures.

Dividends are forecast to be $105 million in 2022, which is a $19 million or 22% increase from 2021. The increase is due mainly to higher crude oil sales revenue driven by higher oil prices, partially offset by higher royalties, NPI, and income taxes.

Plan 2023

Gross daily average production volumes in 2023 are projected to increase by 2% to 77,700 bopd over the 2022 forecast, reflecting production gains from new drilling partially offset by continued natural production declines. CHHC's net share of production increases by 1% to 5,800 bopd in 2023 from 5,723 bopd in 2022, due to a decline in Hibernia Main Field production where CHHC has a higher (8.5%) working interest. The small production gains in 2023 come from the HSE Unit where CHHC has a lower (5.67%) WI. Sales volumes are forecast to decline by 7% to 2.12 MBO in 2023, due to smaller forecasted draws from oil in inventory compared to 2022.

CHHC is forecasting a realized oil price of $90.00 USD per bbl in 2023, which is 12% lower than the $102.02 USD per bbl realized oil price forecast in 2022. CHHC's forecasted realized oil price in Canadian dollars of $116.10 per bbl in 2023 is likewise 12% lower than the $132.02 per bbl forecast in 2022, as there is no material change in the average USD/CAD exchange rate at 1.29 in 2023 and 1.28 in 2022. CHHC reviewed third party oil price and foreign exchange rate forecasts in developing its assumptions.

Crude oil sales revenue is forecast to decrease by 22% in 2023 over the 2022 forecast due to the decline in oil prices and sales volumes. Royalty and NPI payments are forecast to decrease by 32% over the same period, due to the decrease in crude oil sales revenue combined with the impact of higher capital cost deductions from revenue in the royalty and NPI calculations. As a result, the combined effective royalty and NPI rate declines to 33% in 2023 from 38% in 2022. The lower crude oil sales revenue also drives a decrease in taxable income and resulting lower income taxes.

There is no change in operating, transportation and marketing expenses, estimated at $27 million in both 2023 and 2022.

Administrative expenses increase to $3 million in 2023 from $2 million in 2022, due to inflationary cost pressures and higher activity levels for reservoir engineering and business travel.

Capital expenditures are forecast to increase to $29 million in 2023 from $20 million in 2022, as the result of a full year of drilling in 2023 compared to only two months of drilling in 2022. Approximately 75% of the 2023 capital budget is allocated to drilling capital with the remaining 25% allocated to facilities capital.

Dividends are forecast to decrease by $34 million to $71 million in 2023 from $105 million in 2022. The decrease is driven by lower crude oil sales revenue and higher capital expenditures, partially offset by lower royalties, NPI, and income taxes.

Plan 2024-2027

Gross daily average production volumes increase over the 2024-2027 Plan period, reflecting new wells brought onto production from a continuous drilling program during this period. CHHC's net share of production and resulting sales volumes likewise increase steadily over the 2024-2027 Plan period.

CHHC is assuming a Dated Brent benchmark oil price of $80.00 USD per bbl in 2024 and $75.00 USD per bbl in years 2025-2027. CHHC is assuming a flat USD/CAD exchange rate forecast of 1.29 for the 2024-2027 period. On a Canadian dollar basis, CHHC is forecasting a realized oil price $103.20 per bbl in 2024 and $96.75 per bbl in years 2025-2027. CHHC reviewed third party oil price and foreign exchange rate forecasts in developing its assumptions.

Crude oil sales revenue increases in 2024 due to an increase in sales volumes which more than offsets a decrease in realized oil price. Crude oil sales revenue increases each year during the 2025-2027 period due to increases in sales volumes, while the realized oil price remains flat. The combined effective royalty and NPI rate is expected to be consistent at 31% (of crude oil sales revenue). 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 2024-2027 period, forecasted between $29 million and $31 million per year. Administrative expenses during this period are expected to be consistent at $3 million per year.

Capital expenditures are relatively consistent at between $30 million and $33 million per year during the 2024-2027 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 one well planned to be drilled from the platform in the HSE Unit. There are no major projects over the 2024-2027 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 2024-2027 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.

Sensitivity Analysis
Key assumptions that are most likely to significantly impact CHHC's forecasts of cash flow and resulting dividends are oil prices and production rates. The table below shows the impact to cash flow available for dividends from changes to these variables, assuming all other factors remain equal (for example, the USD/CAD exchange rate):

		Change in cash flow available for dividends (after-tax)
Variable	**Change**	**2023 Plan ($millions)**
Dated Brent Oil Price	+/- US $1/bbl	+/- $1
Dated Brent Oil Price	+/- US $10/bbl	+/- $12
Average daily Hibernia production (bopd)	+/- 10%	+/- $12

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 2023-2027 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 and Financial Statements

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.

Following are Schedules I, II and III.

Canada Hibernia Holding Corporation **Schedule I**

Proforma Statements of Financial Position

December 31, 2021 To 2027

Cdn$ millions

	2021 Actual	2022 Plan	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Assets								
Current assets:								
Cash and short term investments	63.07	60.02	60.98	60.58	60.13	60.29	60.78	60.37
Accounts receivable	17.43	14.57	18.56	21.05	3.50	3.50	3.50	3.50
Prepaid expenses	0.29	0.31	0.29	0.29	0.29	0.29	0.29	0.29
Inventory	4.35	4.17	4.35	4.35	4.35	4.35	4.35	4.35
Total current assets	**85.14**	**79.07**	**84.18**	**86.27**	**68.27**	**68.43**	**68.92**	**68.51**
Property and equipment:								
Hibernia project facilities and wells at cost	564.47	639.21	556.59	590.72	626.94	660.92	694.64	732.36
Right-of-use lease assets	14.18	15.31	11.34	13.50	10.66	7.82	5.98	13.14
Less accumulated depletion and depreciation	(470.59)	(497.33)	(491.79)	(511.42)	(533.58)	(559.20)	(587.77)	(617.75)
Net property and equipment	**108.06**	**157.19**	**76.14**	**92.80**	**104.02**	**109.54**	**112.85**	**127.75**
Other assets:								
Deferred tax asset	-	-	-	-	-	-	-	-
Cash held in escrow	8.50	10.50	8.73	8.73	8.73	8.73	8.73	8.73
Abandonment and risk fund	173.06	178.64	175.74	181.85	188.07	194.51	201.17	208.06
Total other assets	**181.56**	**189.14**	**184.47**	**190.58**	**196.80**	**203.24**	**209.90**	**216.79**
	374.76	**425.40**	**344.79**	**369.65**	**369.09**	**381.21**	**391.67**	**413.05**
Liabilities and Shareholder's Equity								
Current liabilities:								
Accounts payable and accrued liabilities	14.22	10.05	13.85	14.66	8.95	8.95	8.95	8.95
Income taxes payable	1.28	(1.37)	0.64	1.26	1.27	1.27	1.27	1.28
Total current liabilities	**15.50**	**8.68**	**14.49**	**15.92**	**10.22**	**10.22**	**10.22**	**10.23**
Other liabilities:								
Lease liabilities	14.76	15.99	11.65	13.38	10.10	6.82	4.54	11.26
Deferred tax liability	-	-	-	-	-	-	-	-
Decommissioning liability	119.31	153.85	94.00	97.57	101.32	105.26	109.40	113.75
Total other liabilities	**134.07**	**169.84**	**105.65**	**110.95**	**111.42**	**112.08**	**113.94**	**125.01**
Shareholder's equity:								
Retained earnings	225.19	246.88	224.65	242.78	247.45	258.91	267.51	277.81
Total shareholder's equity	**225.19**	**246.88**	**224.65**	**242.78**	**247.45**	**258.91**	**267.51**	**277.81**
	374.76	**425.40**	**344.79**	**369.65**	**369.09**	**381.21**	**391.67**	**413.05**

Canada Hibernia Holding Corporation **Schedule II**
Proforma Statements Of Income And Retained Earnings
Years Ended December 31, 2021 To 2027
Cdn$ millions

	2021 Actual	2022 Plan	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Revenue								
Crude oil sales	234.76	157.17	313.78	245.74	246.65	265.48	293.93	303.31
Royalty	(69.10)	(29.84)	(91.23)	(61.46)	(59.20)	(63.72)	(70.54)	(72.79)
Net profits interest	(14.94)	(7.99)	(26.89)	(18.46)	(17.27)	(18.58)	(20.57)	(21.23)
Net crude oil revenue	150.72	119.34	195.66	165.82	170.18	183.18	202.82	209.29
Interest income	1.04	1.07	4.16	9.21	8.38	8.60	8.82	9.05
Net facility use and processing fee income	1.01	1.18	1.79	1.80	1.60	1.10	0.80	0.60
Total revenue	**152.77**	**121.59**	**201.61**	**176.83**	**180.16**	**192.88**	**212.44**	**218.94**
Expenses								
Field operating	18.37	21.72	20.96	20.76	23.53	22.85	23.60	25.06
Transportation and marketing	5.53	4.83	5.56	5.98	6.01	6.04	6.07	6.08
Administration	3.53	3.37	2.40	3.14	2.99	3.02	3.30	2.82
Depletion and depreciation	29.10	22.79	24.04	22.47	25.00	28.46	31.41	32.82
Accretion	2.67	2.85	3.40	3.57	3.75	3.94	4.14	4.35
Interest expense	0.15	0.20	0.24	0.24	0.24	0.24	0.24	0.24
Other	(0.16)	-	(0.36)	-	-	-	-	-
Total expenses	**59.19**	**55.76**	**56.24**	**56.16**	**61.52**	**64.55**	**68.76**	**71.37**
Net income before tax	**93.58**	**65.83**	**145.37**	**120.67**	**118.64**	**128.33**	**143.68**	**147.57**
Income taxes								
Deferred income tax	-	-	-	-	-	-	-	-
Current income tax	29.48	15.05	40.91	31.54	32.97	35.87	42.08	41.27
Total income taxes	29.48	15.05	40.91	31.54	32.97	35.87	42.08	41.27
Net income	**64.10**	**50.78**	**104.46**	**89.13**	**85.67**	**92.46**	**101.60**	**106.30**
Retained earnings:								
Beginning of year	247.09	231.10	225.19	224.65	242.78	247.45	258.91	267.51
Dividends	(86.00)	(35.00)	(105.00)	(71.00)	(81.00)	(81.00)	(93.00)	(96.00)
End of year	**225.19**	**246.88**	**224.65**	**242.78**	**247.45**	**258.91**	**267.51**	**277.81**

Canada Hibernia Holding Corporation

Schedule III

Proforma Statements Of Cash Flow

Years Ended December 31, 2021 To 2027

Cdn$ millions

	2021 Actual	2022 Plan	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Operating activities:								
Net income for the year	64.10	50.78	104.46	89.13	85.67	92.46	101.60	106.30
Depletion and depreciation	29.10	22.79	24.04	22.47	25.00	28.46	31.41	32.82
Accretion	2.67	2.85	3.40	3.57	3.75	3.94	4.14	4.35
Interest (net)	(0.89)	(0.87)	(3.92)	(8.97)	(8.14)	(8.36)	(8.58)	(8.81)
Income tax expense	29.48	15.05	40.91	31.54	32.97	35.87	42.08	41.27
Abandonment activities	(0.03)	(1.70)	(0.85)	(4.76)	(3.57)	(3.66)	(2.49)	(4.59)
Income taxes paid	(27.63)	(14.29)	(41.55)	(30.92)	(32.96)	(35.87)	(42.08)	(41.26)
Changes in non-cash working capital	10.05	6.71	(1.50)	(1.68)	11.84	-	-	-
Cash from operating activites	**106.85**	**81.32**	**124.99**	**100.38**	**114.56**	**112.84**	**126.08**	**130.08**
Investing activities:								
Hibernia capital expenditures	(7.50)	(36.80)	(19.98)	(29.37)	(32.65)	(30.32)	(31.23)	(33.13)
Interest received	1.04	1.07	4.16	9.21	8.38	8.60	8.82	9.05
Cash held in escrow	-	(2.00)	(0.23)	-	-	-	-	-
Abandonment and risk fund	(10.54)	(5.60)	(2.68)	(6.11)	(6.22)	(6.44)	(6.66)	(6.89)
Changes in non-cash working capital	0.10	-	-	-	-	-	-	-
Cash used in investing activities	**(16.90)**	**(43.33)**	**(18.73)**	**(26.27)**	**(30.49)**	**(28.16)**	**(29.07)**	**(30.97)**
Financing activities:								
Payment of lease liabilities	(3.56)	(3.64)	(3.35)	(3.51)	(3.52)	(3.52)	(3.52)	(3.52)
Dividends paid to CDEV	(86.00)	(35.00)	(105.00)	(71.00)	(81.00)	(81.00)	(93.00)	(96.00)
Cash used in financing activities	**(89.56)**	**(38.64)**	**(108.35)**	**(74.51)**	**(84.52)**	**(84.52)**	**(96.52)**	**(99.52)**
Change in cash	**0.39**	**(0.65)**	**(2.09)**	**(0.40)**	**(0.45)**	**0.16**	**0.49**	**(0.41)**
Cash, beginning of year	**62.68**	**60.67**	**63.07**	**60.98**	**60.58**	**60.13**	**60.29**	**60.78**
Cash, end of year	**63.07**	**60.02**	**60.98**	**60.58**	**60.13**	**60.29**	**60.78**	**60.37**

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

2023 to 2027
CORPORATE PLAN SUMMARY

and

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APRIL 2023

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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 2023, CEEFC expects its primary focus to be loan administration as it no longer processes new LEEFF applications.

In 2021, CEEFC's mandate expanded to include LEEFF loans to airlines for reimbursement of cancelled flights (voucher loans) and LEEFF loans to large airlines under a specialized term sheet.

In July 2022, the Minister directed CEEFC to no longer accept or process new LEEFF loan applications.

As at September 2022, CEEFC has made seven LEEFF liquidity loans, four voucher loans, and one "large airline" loan, with total commitments of $7.4 billion. A total of $3.0 billion has been drawn on these loans. $0.4 billion in loans have been repaid, and $4.2 billion in loan commitments have been cancelled or expired. CEEFC currently holds $2.6 billion in loans outstanding and Air Canada shares valued at $0.4 billion.

The financial projections provided in this plan assume no further loan agreements are signed and existing loans are repaid over the next five years, with assumptions for loan losses depending on the characteristics of the loan and averaging 17% for the portfolio. The assumptions on size, timing and financial results in this document are only for planning purposes.

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 has been to evaluate loan applications in accordance with the LEEFF terms and conditions approved by the Minister and to administer loans issued. Those terms can be periodically amended or supplemented by the Minister. Initial terms of LEEFF loans were provided by the Minister to CEEFC in May 2020. In April 2021, the Minister authorized two new sets of LEEFF terms applicable to borrowers that are air carriers. In February 2022, the Minister authorized amendments to CEEFC’s loan agreements with mid-sized air carriers to mitigate the effects of the Omicron COVID-19 wave at that time.

In July 2022, the Minister directed that CEEFC accept no new applications after July 29, 2022. This decision was publicly announced on July 29. The focus of the CEEFC board and management is now to administer approved and issued loans.

The approval of loans under the May 2020 term sheet was based on an assessment of the eligibility and the cash needs of the applicant. If an applicant was able to meet the eligibility requirements and the prescribed terms, the applicant qualified for a LEEFF loan, provided that the loan formed part of projections indicating a return to financial stability.

2.2 Business Overview

Historically, CEEFC has been 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).

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. The basic elements of the process for approving a potential loan under the May 2020 term sheet were as follows:

1. CEEFC conducts an initial review of applications and refers qualifying applications to the Ministers of Finance and Innovation, Science, and Industry.

2. If determined to be acceptable by the Ministers, CEEFC conducts due diligence and enters into negotiations with the borrower. When an agreement is reached, the agreement is signed and the loan is funded and administered by CEEFC.

The May 2020 term sheet governs all LEEFF loans other than certain airline-related LEEFF loans. Canadian corporations were eligible under the term sheet if they satisfied specified eligibility criteria, including having over $300 million in revenue and requiring at least $60 million in loans. To compensate taxpayers, in addition to interest CEEFC has received warrants from public companies and fees from private companies.

In April 2021, the Minister of Finance directed that two new supplemental term sheets – one for large air carriers and the other for voucher reimbursements be considered approved LEEFF terms for the purpose of the Directive.

As of July 29, 2022, by direction of the Minister of Finance, CEEFC no longer accepts new LEEFF applications. As there are no outstanding active applications, CEEFC does not expect to process or approve any further LEEFF applications unless further direction to that effect is received from the Minister.

2.4 Loan Administration

With the closing of LEEFF to new applications, 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.

2.5 Equity Holdings

CEEFC holds 21,570,942 common shares in Air Canada which were obtained as part of Air Canada’s LEEFF loan. CEEFC does not regard itself as a long-term holder of Air Canada equity. CEEFC intends to divest the shares when appropriate.

CEEFC also holds Air Transat warrants which were obtained as part of Air Transat’s LEEFF loan. These may be exercised at maturity or at an earlier date, divested at an appropriate time, or called by Air Transat.

3.0 CORPORATE GOVERNANCE AND OPERATING ENVIRONMENT

CEEFC’s board of directors consists of three directors of CDEV (including the President and CEO of CDEV), three independent directors of CEEFC, and the President and CEO of CEEFC. In January 2021, Mr. Zoltan Ambrus, a Vice President of CDEV, was appointed by the CEEFC board to serve as President and CEO. Mr. Ambrus serves on a secondment from CDEV.

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 to allow CDEV to meet its obligations as a parent Crown corporation.

An Organization Chart is provided in Appendix A-1.

3.1 Cash Management and Dividend Policy

As loans are repaid, CEEFC may accumulate surplus cash. CEEFC intends to retain sufficient funds to meet it expected obligations, with an additional cushion to allow for further funding of existing LEEFF borrowers if needed (e.g., in a restructuring). Funds above this amount will be returned to the government through the redemption of preferred shares.

3.2 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. The Omicron wave of late 2021 and early 2022 adversely affected CEEFC’s loans to airlines, and resulted in the amendments to those loans authorized by the Minister in February 2022.

If another COVID-19 resurgence were to cause greater than anticipated economic hardship on LEEFF borrowers, the financial results of CEEFC are likely to be impacted significantly through related loan losses and potentially through higher loan volumes if LEEFF were re-opened to new applications. However, COVID-19 is not expected to have an impact on CEEFC’s operations, beyond the recovery on LEEFF loans and equity instruments.

4.0 CORPORATE PERFORMANCE

4.1 Assessment of 2022 Results to date

CEEFC's actual performance in 2022 as compared to the objectives outlined in the 2022-2026 Corporate Plan is as follows:

2022 Objectives	2022 Results
Manage enquiries from potential program applicants	CEEFC received a small number of enquiries from interested potential applicants in 2022. These were handled in a timely fashion and none resulted in loan applications being filed. CEEFC is not accepting new applications as of July 29, 2022.
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 2022, before the closing of LEEFF to new applications, CEEFC successfully executed loan agreements with one borrower representing additional loan facilities of approximately $193 million. All loans were funded in compliance within timelines set out in the agreements.
Evaluate any subsequent loan advance requests from borrowers	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 several requests for consents and amendments in 2022, some resulting from the Minister's February 2022 guidance on terms for mid-sized airlines. All requests were given due consideration and where appropriate, consents and amendments were given.
Monitor loans and deal with borrower defaults if any occur	CEEFC continuously monitors its loans under its loan monitoring process. To date, no loans have defaulted, and CEEFC monitors for events that may increase the risk of default.
Evaluate the status of loans on a regular basis	In 2022, CEEFC followed its framework to assess the status of the loans in its portfolio.

Enforce compliance with legal and policy requirements of LEEFF loans where appropriate	All LEEFF loans were compliant in 2022. No enforcement actions were needed.
Exercise rights associated with equity instruments as appropriate	In 2022, CEEFC negotiated the cancellation of its Air Canada warrants after Air Canada exercised its call right.
Manage surplus cash within short-term investment policy	Cash balances were kept to a minimum and invested in accordance with CEEFC's short-term investment policy.
Consider opportunities for divestiture or monetization of particular CEEFC assets where appropriate	CEEFC monetized its Air Canada warrants in 2022.

The financial projections for 2022, which were prepared in Q4 2021, forecast that CEEFC would fund $3.7 billion in loans by the end of 2021. Current estimates are that CEEFC's portfolio will consist of $2.7 billion in loans and $0.4 billion in equity at the end of 2022.

5.0 CEEFC - OBJECTIVES AND STRATEGIES FOR THE PERIOD 2023 TO 2027

CEEFC's overarching objective is to manage LEEFF. With the closing of LEEFF to new applications, CEEFC no longer has any objectives relating to new applications and loans. CEEFC does not expect to process any new loans or loan applications in 2023.

For 2023 onward, CEEFC's prime function is managing existing loans and other assets. 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 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;
- Contain costs at a reasonable level given level of activity of the corporation
- 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 three primary risks below that warrant the greatest attention given their impact on the company. Other risks continue to be evaluated and mitigated.

Portfolio Credit Risk: CEEFC's portfolio is inherently exposed to weak credit profiles, unsecured positions and heavy concentrations to certain borrowers and sectors. CEEFC accounts for this risk in its financials and adjusts expectations when appropriate. CEEFC maintains a coordinated approach with key stakeholders to ensure portfolio risks are clear.

Macro-Economic Risk: Prolonged adverse economic conditions can cause borrowers to fail despite LEEFF liquidity provided. This risk has been mitigated by sizing loans based on possible downside scenarios, obtaining the ability to extend the draw period and offering other structural flexibilities to borrowers in sectors disproportionately impacted by macro-economic risks.

Portfolio Climate Risk: CEEFC has provided financial support to companies which will be impacted by the transition to a lower carbon economy and the physical impacts of climate change. CEEFC manages this risk by requiring each borrower to report on its climate-related risks using the Task Force for Climate-Related Financial Disclosures (TCFD) framework.

6.0 FINANCIAL SECTION

6.1 Financial Overview for 2022

As at September 2022, CEEFC holds $2.6 billion in loans outstanding, and has $270 million in as-yet undrawn loan commitments. In 2022, $35 million in loans were repaid by September 2022, in addition to the $380 million repaid in 2021. $4.2 billion in loan commitments have been cancelled or expired, with over $3 billion of that from Air Canada.

Of the loans outstanding, $833 million are regular LEEFF loans (secured and unsecured) issued under the May 2020 Term Sheet, as amended. $1.7 billion are voucher reimbursement loans with 7-year terms.

For CEEFC's operations in 2022, forecast operating costs are estimated at $80 million, with $76 million of that resulting from the modifications to the mid-sized airline loans prescribed by the Minister in February 2022. Forecast interest and fee revenue are estimated at $115 million, supplemented by an $82 million gain on the dispositions of warrants. Cumulative loans issued by December 31, 2022 are estimated to be $2.7 billion (including paid-in kind interest).

Revenue booked under Public Sector Accounting Standards (PSAS) will vary from billed interest and fees due to effective interest method accounting which factors in all loan fees and interest through the life of the loan and recognizes all revenue over the life of the loan. In the attached schedules, the expected cash interest and fees are calculated using the effective interest method and the expected loan losses are recognized at the expected time of impairment and write-off.

See Appendix A-2 for the pro forma financial projections (December year-end):

Schedule 1 - Statements of Financial Position
Schedule 2 - Statements of Cash Flows
Schedule 3 - Statements of Comprehensive Income
Schedule 4 - Statement of Remeasurement Gains and Losses

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

6.2 Financial and other reporting

In 2021, 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.

Starting in 2022, in accordance with Public Sector Accounting Standard PS3450, CEEFC fair values financial instruments. The resulting gain or loss is recognized for each period in CEEFC's financial statements.

6.3 Commentary, Highlights and Key Assumptions in Financial Projections

The financial projections attached are based on an assumption that no further LEEFF loans will be issued, such that the financials are driven by the existing loan portfolio.

Since inception, CEEFC granted loans to seven borrowers. As at September 2022, CEEFC had made seven LEEFF liquidity loans, four voucher loans, and one "large airline" loan, with total commitments made of $7.4 billion. A total of $3.0 billion has been drawn on these loans, including $0.4 billion that has been repaid. In addition to the loans, CEEFC purchased $500 million in shares of Air Canada and was issued warrants in Air Canada (cancelled in January 2022) and Air Transat.

Partial repayments totalling $35 million were made on two LEEFF loans in 2022 (as at September 2022).

All voucher loan facilities are now closed and no further funds may be drawn. At September 21, 2022, Air Canada owes $1.27 billion on its facility, Transat owes $353 million, Sunwing owes $100 million and Porter owes $10 million.

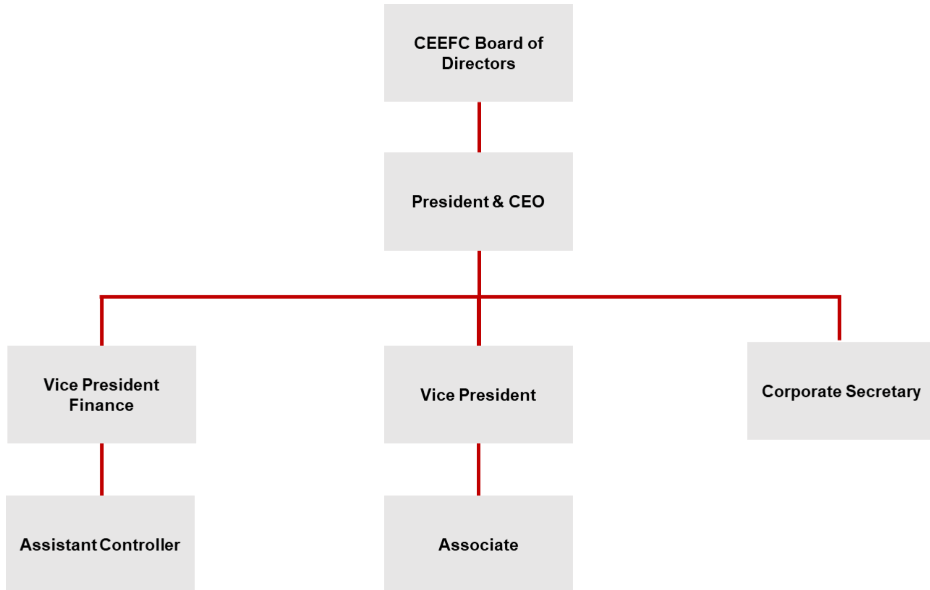
At 2022 year-end, it is estimated that CEEFC will have undrawn commitments of $120 million.

Based on an analysis of CEEFC's existing portfolio of borrowers, the expected combined credit loss of the portfolio is 17%. We note that currently no loans are in default and no loan losses have been incurred. The accounting framework only recognizes loan losses on an incurred basis when defaults or events of similar effect occur.

6.4 Capital Budget

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

Appendix A-1 – Organization Chart and Board of Directors



Directors	Current / Past Experience
Sandra Rosch	• Chair of CEEFC • EVP and Director, Labrador Iron Ore Royalty Corporation • Former President of Stonecrest Capital Inc. • CDEV Director
Jennifer Reynolds	• President & CEO of Women Corporate Directors Foundation l • CDEV Director
Jim McArdle	• Former Senior Executive at Export Development Canada
Nathalie Bernier	• Former CFO and SVP Strategy for PSP Investments • Former Regional Managing Partner of KPMG - Quebec
Zoltan Ambrus	• President and CEO of CEEFC • Vice President of CDEV
Barry Pollock	• Former Global Head of Corporate Banking at BMO
Elizabeth Wademan	• President & CEO of CDEV • CDEV Director

Appendix A-2 – CEEFC Pro-Forma Financial Statements 2021 - 2027

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION **Schedule 1**
Proforma Statement of Financial Position **PSAS**
Years ended December 31, 2021 to 2027
Cdn$ '000

	2021 Actual	2022 Plan	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Financial Assets								
Current assets:								
Cash and short term investments	332,928	10,031	29,493	200,301	208,988	203,375	209,810	206,977
Total current assets	332,928	10,031	29,493	200,301	208,988	203,375	209,810	206,977
Other assets:								
Loans receivable	2,348,236	2,960,574	2,734,205	2,306,249	2,326,218	2,319,148	1,732,889	1,633,638
Equities	500,000	500,000	345,998	345,998	345,998	345,998	345,998	345,999
Warrants	-	-	26,597	26,597	26,597	26,597	26,597	26,597
Interest and Other receivables	67	-	-	-	-	-	-	-
Total other assets	2,848,303	3,460,574	3,106,800	2,678,844	2,698,813	2,691,743	2,105,484	2,006,234
Total Assets	**3,181,231**	**3,470,605**	**3,136,293**	**2,879,145**	**2,907,801**	**2,895,118**	**2,315,294**	**2,213,211**
Financial Liabilities								
Current liabilities:								
Accounts payable and accrued liabilities	2,069	-	-	-	-	-	-	-
Deferred Liability	-	-	3,524	-	-	-	-	-
Total current liabilities	2,069	-	3,524	-	-	-	-	-
Net Financial Assets and Accumulated Surplus	**3,179,162**	**3,470,605**	**3,132,769**	**2,879,145**	**2,907,801**	**2,895,118**	**2,315,294**	**2,213,211**
Accumulated surplus is comprised of								
Accumulated operation surplus	3,179,162	3,470,605	3,296,553	3,042,929	3,071,585	3,058,902	2,479,078	2,376,995
Accumulated remeasurement (loss)	-	-	(163,784)	(163,784)	(163,784)	(163,784)	(163,784)	(163,784)
	3,179,162	**3,470,605**	**3,132,769**	**2,879,145**	**2,907,801**	**2,895,118**	**2,315,294**	**2,213,211**

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION **Schedule 2**

Proforma Statement Of Cash Flow **PSAS**

Years ended December 31, 2021 to 2027

Cdn$ '000

	2021 Actual	2022 Plan	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Operating activities:								
Net operating profit/(loss)	2,989,704	58,009	117,391	(253,623)	28,655	(12,683)	(579,824)	(102,083)
Adj. for non-cash items	(88,246)	(55,276)	(83,617)	(40,642)	(64,160)	(6,560)	63,823	13,895
Loss on adjustment due to modifications of loans			75,521					
Provision for credit loss	-	-	-	34,977	-	-	175,236	29,355
Changes in non-cash working capital								
Due from Shareholder	187	-	-	-	-	-	-	-
Trade and Other Payables	(3,591)	-	(2,002)	-	-	-	-	-
Cash from operating activities	**2,898,054**	**2,733**	**107,293**	**(259,289)**	**(35,505)**	**(19,243)**	**(340,765)**	**(58,833)**
Investing activities:								
Loans issued, net of transaction fees	(2,568,225)	(150,000)	(445,309)	(50,000)	-	-	-	-
Repayment of Loans - received	420,426	144,512	34,582	480,096	44,192	13,630	347,200	56,000
Purchase of Air Canada stock	(500,000)	-	-	-	-	-	-	-
Cash from investing activities	**(2,647,799)**	**(5,488)**	**(410,727)**	**430,096**	**44,192**	**13,630**	**347,200**	**56,000**
Cash, beginning of year	82,673	12,786	332,928	29,493	200,301	208,988	203,375	209,810
Change in cash	250,255	(2,755)	(303,435)	170,808	8,687	(5,613)	6,435	(2,833)
Cash, end of year	332,928	10,031	29,493	200,301	208,988	203,375	209,810	206,977

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION **Schedule 3**

Proforma Statement of Operations and Accumulated Surplus **PSAS**

Years ended December 31, 2021 to 2027

Cdn$ '000

	2021 Actual	2022 Plan	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Revenue								
Interest income	105,570	132,569	115,293	96,914	85,215	83,877	41,972	23,832
Gain from Sale of warrants	-	-	82,214	-	-	-	-	-
Gain on share sale	-	-	-	-	-	-	-	-
Total revenue	**105,570**	**132,569**	**197,507**	**96,914**	**85,215**	**83,877**	**41,972**	**23,832**
Operating expenses								
Professional fees [1]	4,737	2,000	3,362	4,000	5,000	5,000	5,000	5,000
Management fee	679	1,000	680	680	680	680	680	680
Salaries and benefits	283	680	211	200	200	200	200	200
Loss on adjustment due to modifications of loans	-	200	75,521	-	-	-	-	-
Other expenses	167	680	342	680	680	680	680	680
Total operating expenses	**5,866**	**4,560**	**80,116**	**5,560**	**6,560**	**6,560**	**6,560**	**6,560**
Provision for credit loss	-		-	(34,977)	-	-	(175,236)	(29,355)
Op. profit (loss) before government contribution	**99,704**	**128,009**	**117,391**	**56,377**	**78,655**	**77,317**	**(139,824)**	**(12,083)**
Government contribution	2,890,000	300,000	-	-	-	-	-	-
Government repayment	-	(370,000)	-	(310,000)	(50,000)	(90,000)	(440,000)	(90,000)
Net operating profit/(loss)	**2,989,704**	**58,009**	**117,391**	**(253,623)**	**28,655**	**(12,683)**	**(579,824)**	**(102,083)**
Accumulated surplus (deficit), beginning of period	189,458	3,412,596	3,179,162	3,296,553	3,042,929	3,071,585	3,058,902	2,479,078
Accumulated surplus (deficit), end of period	**3,179,162**	**3,470,605**	**3,296,553**	**3,042,929**	**3,071,585**	**3,058,902**	**2,479,078**	**2,376,995**

[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.

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION **NEW Schedule 4**
Proforma Statement of Remeasurement Gains and Losses **PSAS**
Years ended December 31, 2022 to 2027 **adopted in Q1 2022**
Cdn$ '000

	2022 Forecast	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Accumulated remeasurement gains, beginning of period adjusted	24,770	(163,784)	(163,784)	(163,784)	(163,784)	(163,784)
Remeasurement gains arising during the period						
Unrealized (losses) on equity investments	(109,796)	-	-	-	-	-
Unrealized gains on warrants	3,456	-	-	-	-	-
Amount reclassified to the statement of operations and accumulated surplus						
Realized gains on Warrants	(82,214)	-	-	-	-	-
Net remeasurement gains/losses, for the period	(188,554)	-	-	-	-	-
	-	-	-	-	-	-
Accumulated remeasurement losses end of period	**(163,784)**	**(163,784)**	**(163,784)**	**(163,784)**	**(163,784)**	**(163,784)**

Appendix A-3 – Planned results for 2023

Expected Outcomes	**Performance Indicators or Targets**
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.
Monitor all loans	Ensure quarterly reporting and regular evaluation of all loans is up to date.
Manage requests for consents and amendments on loans	Requests considered on a timely basis and accorded or rejected with results consistent with LEEFF objectives.
Manage loans to minimize losses, and mange 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. Ensure CEEFC is aware of and prepared to handle any restructuring needs of borrowers or to deal with borrower defaults if any occur.
Contain costs	CEEFC Efficiency Ratio maintained below 10% and below that of lending Crown corporation peers. (Efficiency ratio is operating expenses as a percentage of revenue, excluding one-time gains and losses.)
Cash Management	Manage cash in compliance with CEEFC policy and ensure that funds are available for client draw requests within contracted time frame.