Canada Development Investment Corporation

La Corporation de développement des investissements du Canada

Third Quarter Report
September 30, 2020

Canada Development Investment Corporation

La Corporation de développement des investissements du Canada

Contents

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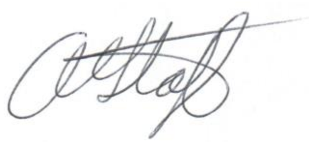
Statement of Management Responsibility by Senior Officials

Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with *IAS* 34, *Interim Financial Reporting* and for such internal controls as management determines are necessary to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the interim condensed consolidated financial statements.

Based on my knowledge, these unaudited interim condensed consolidated financial statements present fairly, in all material respects, the financial position, the financial performance and cash flows of the Corporation, as at the date of and for the periods presented in the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 17, 2020.



Andrew G. Stafl, CPA, CA
Vice-President, Finance

Toronto, Ontario
November 17, 2020

The public communications of Canada Development Investment Corporation ("CDEV"), including this quarterly report, may include forward-looking statements that reflect management's expectations regarding CDEV's objectives, strategies, outlooks, plans, anticipations, estimates and intentions.

By their nature, forward-looking statements involve numerous factors and assumptions, and they are subject to inherent risks and uncertainties, both general and specific. In particular, any predictions, forecasts, projections or other elements of forward-looking statements may not be achieved. A number of risks, uncertainties and other factors could cause actual results to differ materially from what we currently expect.

This Management Discussion and Analysis of Results is as of November 17, 2020 and should be read in conjunction with CDEV's unaudited interim condensed consolidated financial statements for the period ended September 30, 2020 and CDEV's Annual Report for the year ended December 31, 2019.

Corporate Overview

CDEV, a federal Crown corporation, was incorporated in 1982 to provide a commercial vehicle for Government equity investment and to manage commercial holdings of the Government. CDEV's primary objective is to carry out its activities in the best interests of Canada, operating in a commercial manner. In addition to certain activities of our own, we have four historic wholly-owned subsidiaries for which we are responsible: Canada Hibernia Holding Corporation ("CHHC"), Canada Eldor Inc. ("CEI"), Canada TMP Finance Limited ("TMP Finance") and its subsidiary Trans Mountain Corporation ("TMC"). CHHC owns and manages the federal government's interests in the Hibernia Development Project ("Hibernia"). CEI has no operations, but has responsibility for servicing liabilities, chiefly arising from an agreement of purchase and sale with Cameco Inc. entered into in 1988. TMP Finance's primary responsibility is to provide financing to TMC. TMC has a mandate to operate the existing Trans Mountain Pipeline and to complete the Trans Mountain Expansion Project ("TMEP") in a timely and commercially viable manner. As of August 2019, CDEV receives and is responsible for Net Profit Interest ("NPI") payments from the Hibernia Project Owners after it signed a Memorandum of Understanding with Natural Resources Canada.

On May 11, 2020 CDEV incorporated a new subsidiary, Canada Enterprise Emergency Funding Corporation ("CEEFC"), to help implement the Government's new Large Employer Emergency Financing Facility ("LEEFF") program designed to provide bridge financing to Canada's largest employers. The financial results for CEEFC have not been included in CDEV's consolidated results as discussed in the financial statements note 2. As this is the first full quarter of operations for CEEFC and CEEFC is still finalizing its accounting policies and form of financial disclosure, the complete financial statements for CEEFC are not available. However, selected details of the financial and operating results of CEEFC are included below.

Canada Development Investment Corporation

CDEV management is working closely with the board and management of TMC to further the development of the TMEP. This includes setting up procedures to monitor progress of TMEP, arranging necessary financing for TMC and producing meaningful financial information.

Upon the closing of the sale of Ridley Terminals Inc. in December 2019, CDEV received $350 million from the purchaser on behalf of the Government. CDEV paid $240 million to the Government and paid $12 million to CDEV to recover costs of the transaction. During the first nine months of 2020, a further $28 million was paid in relation to the closing of the transaction, plus a further $20 million was paid to the government. As at September 30, 2020 $50 million was still held on behalf of the Government.

In the period ended September 30, 2020, CDEV received $89 million in NPI payments, $8 million of which was received from CHHC and eliminated upon consolidation resulting in an increase in the NPI reserve of $80 million before a dividend payment of $55 million in March 2020.

Trans Mountain Corporation

In the nine months ended September 30, 2020 TMC generated $333 million in revenue and $155 million in earnings before interest, taxes, and depreciation ("EBITDA"). In the comparative period TMC generated $348 million in revenue and $184 million in EBITDA. We note that under TMC's continuing use of US GAAP, revenue and EBITDA were $317 million and $141 million respectively compared to $308 million and $145 million in the comparative period. For details see notes 13 and 18 of the interim condensed consolidated financial statements.

In the current nine-month period TMC spent approximately $2.2 billion on the TMEP, excluding financing costs, in addition to the $1.3 billion spent through to December 2019 under CDEV ownership. Activity in Q3 2020 included continued work at the Burnaby and Westridge terminals located in the Lower Mainland, BC and the Edmonton terminal in Alberta as well as work in various stages of construction along the pipeline route in Alberta. Pipeline sections have been substantially completed heading west from Edmonton.

In June, the pipeline incurred a release of approximately 1,000 barrels of light crude oil near Sumas, BC. The pipeline was shut down for one day. Clean-up costs of $14 million were accrued in the period.

Subsequent to September 30th, an employee of a TMEP contractor was fatally injured at a work site near Edmonton, Alberta.

For further details please see the TMC Q3 2020 financial report at www.transmountain.com.

Canada TMP Finance Limited

Canada TMP Finance Limited provides funding to TMC at a ratio of 45% equity and 55% debt. To finance these advances, TMP Finance borrows from the Canada Account administered by Export Development Canada. Certain financial requirements of TMC are provided by TMP Finance to TMC through an undrawn credit facility with the Canada Account. On January 1, 2020, the facility limit for the Construction Facility increased to $4 billion in accordance with the Amended Credit Agreement of July 30, 2019. On October 1, 2020, an amendment to the Construction Facility was executed which increases the facility limit to $5.1 billion through to December 31, 2020 and $6.1 billion at January 1, 2021. Further financing sources will be required by TMP Finance to continue to finance TMC's TMEP before March 31, 2021 and TMP Finance is in discussion with the Department of Finance in this regard.

Canada Hibernia Holding Corporation

CHHC's after-tax income of $8 million in the three months ended September 30, 2020 was higher than $2 million recorded in the comparative quarter due to an increase in production and resulting net crude oil revenue, as Hibernia production was shut-down for most of the third quarter of 2019. CHHC's after-tax income of $18 million recognized in the nine months ended September 30, 2020 was lower than the $40 million recognized in the comparative period, due to a decrease in net crude oil revenue which was only partially offset by lower expenses and income taxes.

Net crude oil revenue, calculated as crude oil sales less royalties and net profits interest ("NPI"), decreased by 26% to $86 million in the nine months ended September 30, 2020 from $117 million in the comparative period, driven by a 42% decrease in CAD crude oil sales price, partially offset by a 13% increase in sales volume. Royalty and NPI expenses were likewise lower. Net crude oil revenue increased by 96% to $34 million in the three months ended September 30, 2020 from $17 million in the comparative period, due to a 194% increase in sales volume partially offset by a 31% decrease in CAD crude oil sales price. Royalty and NPI expenses were likewise higher in the quarter.

The sales volume increase in both periods was the result of better production uptime, as Hibernia production was shut-down for most of the third quarter of 2019 to respond to two oil discharge incidents. Gross Hibernia oil production averaged 108,700 barrels per day in the third quarter of 2020 compared to only 30,100 barrels per day in the comparative quarter. In the nine month period ended September 30, 2020, gross Hibernia production averaged 119,800 barrels per day compared to 93,400 barrels per day in the comparative period.

CHHC sells its oil based on the Dated Brent benchmark price for crude oil, in US dollars. The price of Dated Brent crude declined 31% to average US $43.02 per barrel in Q3 2020 from US $61.93 per barrel in Q3 2019. For the nine-month period, the price declined 37% to US $40.81 per barrel. CHHC realized price discounts to Dated Brent on its sales in the 2020 periods compared to price premiums to Dated Brent on its sales in the 2019 periods.

During the nine months ended September 30, 2020, capital investment was $14 million. The platform drilling rig was demobilized in June and there is no further drilling of new wells planned for 2020, while oil production of existing wells continues.

Canada Eldor Inc.

There was no significant change in the management of CEI's liabilities. During the third quarter, we transferred twenty of the mine site properties to the Institutional Control Program of the Province of Saskatchewan. A plan is in place to transfer the remaining properties within four years. During the first nine months of 2020, $1.7 million was spent on site restoration efforts and there was no significant change in the estimated cost for site restoration in the period.

Canada Enterprise Emergency Funding Corporation

Since March 2020, management of CDEV has assisted in implementing the LEEFF program on behalf of the government through CEEFC, including the retention of financial and legal advisors. During the second quarter of 2020, a board of directors was appointed for CEEFC and a President and CEO was hired to lead CEEFC.
On May 20, 2020, CEEFC and CDEV received a mandate letter and term sheet from the Minister of Finance detailing the objective for LEEFF to help protect Canadian jobs, help Canadian businesses weather the current economic downturn and avoid bankruptcies of otherwise viable firms where possible. As well, Orders in Council were received regarding the establishment of the CEEFC subsidiary.

CEEFC is financed through preferred shares issued directly to the government in addition to any interest income received or loan repayments. On June 18, 2020, CEEFC entered into a Funding Agreement with Her Majesty in Right of Canada, as represented by the Minister of Finance to provide financing to CEEFC by way of subscription for preference shares of CEEFC for the administration and implementation of the program. On August 7, 2020 CEEFC received $100 million through the issuance of 100 thousand Class A preferred shares pursuant to the Funding Agreement.

During the second and third quarters, CEEFC received and analyzed several loan applications from Canadian companies. On September 25, 2020, CEEFC made a loan commitment for $200 million and advanced $60 million. Subsequent to quarter end, CEEFC received an additional $100 million through the issuance of 100 thousand Class A preferred shares pursuant to the Funding Agreement and made a loan commitment for $120 million of which it advanced $50 million.

As discussed in note 2(d) of the consolidated financial statements, CEEFC has not been consolidated within CDEV as CDEV is not deemed to have control over CEEFC based on the criteria outlined in IFRS 10. The financial results for CEEFC in the year to date period including certain costs incurred in relation to the LEEFF loan program prior to incorporation of CEEFC on May 11, 2020 are shown below.

($ Millions)	Third Quarter 2020	Year to date 2020
Loan commitment made	200	200
Loan issued	60	60
Preferred shares issued	100	100
Revenue	n.m.	n.m.
Professional fee expenses	3.8	7.5
Other expenses	1.2	1.4
Total Expenses	5.0	8.9

n.m. = not meaningful

The professional fees incurred are primarily for financial and legal advisors for services related to setting up the LEEFF program and investigating potential loans to Canadian companies. We note that the professional fees directly related to the loans issued have been recovered from the borrower and are not included above. The loan commitments are valid for one year after a loan is initially funded. Interest income is not meaningful in the periods ending September 30 since there were only 5 days of interest earned in the period.

For more information on CEEFC please see www.ceefc-cfuec.ca.

Analysis of External Business Environment

The ongoing management of our holdings will depend on overall market and economic conditions as well as factors specific to the underlying company or investment. Material changes have been identified since December 31, 2019 as described in the 2019 Annual Report related to the changing economic conditions brought on by the recent global outbreak of the novel coronavirus (COVID-19) and the sharp decrease in world crude oil prices.

Risks and Contingencies

Further to the risks and contingencies identified and disclosed in the Annual Report for the year ended December 31, 2019, the Corporation has updated its risk exposures and analysis as a result of the COVID-19 pandemic. Given the nature of TMC's operations, it is not anticipated that the COVID-19 outbreak will have a material impact on TMC's financial results. The development of TMEP faces various legal and regulatory challenges. The COVID-19 pandemic may increase certain risks related to development of the TMC expansion project schedule. At this time, these are not expected to have a material impact on the project's completion schedule or project cost. The significant fluctuations in global crude oil prices experienced period to date in 2020 have a significant impact on the financial results of CHHC thus increasing financial risks for the Corporation. While CEEFC is subject to significant credit risk through potential credit losses on the loans it issues to borrowers, the maximum exposure to CDEV is its common share investment in CEEFC of $1 as discussed in note 2(d). The other risks and contingencies described in the 2019 Annual Report remain unchanged.

Financial Statements for the Period Ended September 30, 2020

The interim condensed consolidated financial statements for the three and nine months ended September 30, 2020 with comparative figures for Q3 2019, have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to interim periods, including IAS 34, *Interim Financial Reporting*.

TMC prepares its financial statements in accordance with US GAAP. To read the US GAAP Q3 2020 TMC financial statements please go to www.transmountain.com. Note 18 in CDEV's consolidated financial statements presents TMC financial results in US GAAP, adjustments made to the statements to convert these results to IFRS and the TMC financial results in IFRS as consolidated into CDEV. The most significant differences in accounting treatment are described in note 18.

Consolidated revenue for the nine months ended September 30, 2020 was $425 million, compared to revenue of $466 million in the comparative period. The decrease is largely due to a $27 million decrease in net crude oil revenue, and a $17 million decrease in transportation revenue . The decrease in transportation revenue is due to lower tariffs as well as the product mix and delivery points of shipments. Puget throughput was lower in the nine months due to decreased demand from Washington state refineries, which allowed for more deliveries to Westridge dock. These deliveries are generally heavier crude which results in lower throughput on the mainline pipeline. The decrease in net crude oil revenue is due to a 42% decrease in crude oil prices partly offset by a 13% increase in sales volume. For the three month period ended September 30, 2020 revenue of $141 million declined by 4% from the comparative period due to a decrease in transportation revenue due to lower tariffs as well as the product mix and product delivery points of shipments, offset by a $16 million increase in net crude oil revenue due higher oil sales volume partly offset by lower crude oil prices.

Total expenses for the nine month period, excluding finance costs, were $323 million, compared to $318 million in the comparative period. The increase is primarily due an $8 million increase in pipeline operating expenses of TMC, due to $14 million in remediation costs related to the oil release in the second quarter offset by decreased pipeline integrity and power costs. A $7 million increase in salaries and benefits for the nine-month period at TMC was due to higher costs associated with an increased workforce to support TMC's transition to a stand-alone organization. Professional fees in the nine-month period totaled $5 million compared to $8 million in the comparative period. As noted, the professional fees for CEEFC are not consolidated. We note that $4 million in professional fees related to the LEEFF program were included in CDEV's second quarter results but these have been eliminated in the third quarter results as CEEFC is no longer consolidated into CDEV. The decline in total expenses in the three months ended September 30, 2020 was driven by lower pipeline and crude oil operating costs, net of higher depletion and depreciation and the removal of the CEEFC professional fees resulting in a net recovery of professional fees.

Interest expense in the nine-month period ended September 30, 2020 decreased by $34 million to $123 million as an increase of $59 million in gross interest costs was offset by higher capitalized interest of $95 million. In the quarter ended September 30, 2020 interest costs increased slightly from the comparative period, also due to higher loan balances partly offset by higher capitalization of interest costs.

Loss before income taxes for the nine-month period ended September 30, 2020 was $15 million, compared to a loss of $5 million in the comparative period primarily due to lower net interest expense of TMP Finance of $34 million related to the higher capitalization of interest expense in the period and a $26 million decrease in pre-tax income of CHHC due to lower oil sales partly offset by higher pre-tax income of TMC by $11 million. Pre-tax income in the three-month period ended September 30, 2020 declined by $2 million from the comparative period mainly due to lower transportation revenue partly offset by higher net crude oil revenue and lower expenses in the current period.

The change in tax expense for the nine-month period ended September 30, 2020 was an increase of $51 million primarily related to a $58 million deferred tax recovery in the comparative period. In the three months ended September 30, 2020, there was an $8 million increase relative to the comparative period due to higher income before taxes of CHHC and TMC.

Cash and cash equivalents as at September 30, 2020 increased to $601 million compared to $587 million at December 31, 2019 mainly due to cash expenditures on property, plant and equipment of $2,073 million largely related to TMEP and dividends paid of $62 million, offset by the increase in borrowing from the Canada account of $2,020 million in the period and operating cash flow in the period of $98 million, primarily generated by CHHC and TMC.

Accounts receivable of $61 million decreased by $58 million as at September 30, 2020 from year end, due to the decrease in receivables of $42 million at CHHC due to lower sales outstanding and a $16 million decrease in TMC accounts receivable.

Property, plant, and equipment of $8,091 million increased $2,037 million since year end primarily due to $2,073 million in capital expenditures primarily by TMC, including capitalized interest, net of depletion and depreciation of $118 million.

Other non-current assets increased $156 million as at September 30, 2020 from year end primarily due to a $123 million increase in prepaid construction advances.

Trade and other payables increased $130 million since year end primarily due to a $150 million increase at TMC primarily due to increased payables for construction costs and $19 million decrease at CHHC due to lower accruals for royalties, NPI, capital costs and operating costs. .

Other non-current liabilities decreased $41 million primarily due to a $57 million decrease in dock premiums payable, net of a $19 million increase in the pipeline abandonment trust liability which increases as surcharges are collected from shippers and invested in the trust.

Loans payable increased $2,020 million since year end due to $2,020 million in draws on the Construction Facility.

Interim Condensed Consolidated Financial Statements of

CANADA DEVELOPMENT INVESTMENT CORPORATION

Three and nine months ended September 30, 2020

(Unaudited)

CANADA DEVELOPMENT INVESTMENT CORPORATION

Interim Condensed Consolidated Statement of Financial Position (Unaudited)

(Thousands of Canadian Dollars)

		September 30, 2020		December 31, 2019
Assets				
Current assets:				
Cash and cash equivalents	$	600,628	$	587,109
Trade and other receivables (note 16)		61,417		119,271
Accounts receivable, related party (note 17)		1,670		-
Income taxes receivable		3,357		4,173
Other current assets		24,146		19,583
Investments held for future obligations		2,927		3,552
		694,145		733,688
Non-current assets:				
Property, plant, and equipment (note 5)		8,091,291		6,054,065
Goodwill (note 7)		1,015,862		1,015,781
Investments held for future obligations		161,738		159,745
Restricted cash (note 4)		84,823		71,515
Restricted investments		91,042		70,911
Right-of-use assets (note 6)		84,987		90,289
Other assets		251,550		95,675
		9,781,293		7,557,981
	$	10,475,438	$	8,291,669
Liabilities and Shareholder's Equity				
Current liabilities:				
Trade and other payables	$	462,078	$	331,758
Interest payable		90,517		813
Current portion of provision for decommissioning obligations (note 8(a))		-		3,659
Current portion of provision for site restoration (note 8(c))		2,695		3,351
Current portion of lease liabilities (note 6)		21,001		20,258
Other current liabilities		174,040		194,390
		750,331		554,229
Non-current liabilities:				
Loans payable (note 9)		8,075,000		6,055,000
Deferred income taxes		509,202		507,498
Provision for decommissioning obligations (note 8(a), (b))		620,375		609,901
Lease liabilities (note 6)		66,703		71,662
Provision for site restoration (note 8(c))		5,819		6,419
Defined benefit obligation		100,078		88,694
Other non-current liabilities		51,050		91,702
		9,428,227		7,430,876
Shareholder's equity:				
Share capital		1		1
Contributed surplus		603,294		603,294
Net Profits Interest reserve (note 10)		26,633		826
Accumulated deficit		(324,360)		(286,965)
Accumulated other comprehensive income		(8,688)		(10,592)
		296,880		306,564
	$	10,475,438	$	8,291,669

Commitments (note 14)

Contingencies (note 15)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

On behalf of the Board: ____________________Director ____________Director

CANADA DEVELOPMENT INVESTMENT CORPORATION

Interim Condensed Consolidated Statement of Comprehensive Income (loss)
(Unaudited)
(Thousands of Canadian Dollars)

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Revenue:				
Transportation revenue (note 13)	$ 88,444	$ 113,061	$284,359	$ 301,041
Net crude oil revenue (note 12)	35,312	17,620	90,583	117,709
Lease revenue (note 13)	15,942	15,121	47,705	45,025
Other revenue (note 13)	1,228	551	2,823	1,863
	140,926	146,353	425,470	465,638
Other income:				
Facility use and processing fees, net of incidental net profits interest	513	82	1,508	1,352
Foreign exchange gains and other	714	2,002	3,963	3,465
	142,153	148,437	430,941	470,455
Expenses:				
Pipeline operating expenses (note 13)	37,971	42,082	117,439	109,909
Depletion and depreciation (note 5,6)	39,791	33,488	118,122	118,674
Salaries and benefits	19,204	17,532	60,561	52,937
Crude oil operating, transportation, and marketing (note 12(b))	5,138	8,461	17,381	23,017
Professional fees	(2,451)	2,453	5,120	8,568
Foreign exchange losses	1,126	299	3,578	2,348
Change in provision for site restoration (note 8)	213	622	367	622
Other administrative expenses	(327)	(36)	356	2,021
	100,665	104,901	322,924	318,096
Finance expenses (income):				
Interest expense (note 9)	41,719	40,182	123,395	157,177
Interest income	(1,871)	(2,240)	(6,729)	(8,755)
Unwind of discount on decommissioning obligations (note 8(a,b))	1,550	3,307	5,946	9,128
Unwind of discount on provision for site restoration (note 8(c))	27	37	82	111
	41,425	41,286	122,694	157,661
Net income (loss) before income taxes	63	2,250	(14,677)	(5,302)
Income taxes:				
Current income tax expense (recovery)	2,507	64	12,067	20,460
Deferred income tax expense (recovery)	8,382	2,302	3,651	(55,829)
	10,889	2,366	15,718	(35,369)
Net income (loss)	$ (10,826)	$ (116)	$ (30,395)	$ 30,067
Other comprehensive income (loss):				
Items that may be reclassified subsequently to profit or loss				
Currency translation adjustment	(6,515)	3,543	7,725	(8,845)
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit obligations	(41)	391	(5,821)	(11,579)
	(6,556)	3,934	1,904	(20,424)
Comprehensive income (loss)	$ (17,382)	$ 3,818	$ (28,491)	$ 9,643

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CANADA DEVELOPMENT INVESTMENT CORPORATION

Interim Condensed Consolidated Statement of Changes in Shareholder's Equity
(Unaudited)
(Thousands of Canadian Dollars)

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Share capital				
Balance, beginning and end of period	$ 1	$ 1	$ 1	$ 1
Contributed surplus				
Balance, beginning and end of period	603,294	603,294	603,294	603,294
Net Profits Interest Reserve				
Balance, beginning of period	12,835	-	826	-
Net Profits Interest received	13,798	-	80,436	-
Dividends	-	-	(54,629)	-
Balance, end of period	26,633	-	26,633	-
Accumulated deficit				
Balance, beginning of period	(313,534)	(239,719)	(286,965)	(269,902)
Net income	(10,826)	(116)	(30,395)	30,067
Dividends	-	-	(7,000)	-
Balance, end of period	(324,360)	(239,835)	(324,360)	(239,835)
Accumulated other comprehensive income				
Balance, beginning of period	(2,132)	(13,600)	(10,592)	10,758
Other comprehensive income (loss)	(6,556)	3,934	1,904	(20,424)
Balance, end of period	(8,688)	(9,666)	(8,688)	(9,666)
Total shareholder's equity	$ 296,880	$ 353,794	$ 296,880	$ 353,794

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CANADA DEVELOPMENT INVESTMENT CORPORATION

Interim Condensed Consolidated Statement of Cash Flows
(Unaudited)
(Thousands of Canadian Dollars)

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Cash provided by (used in):				
Operating activities:				
Net income (loss)	$ (10,826)	$ (116)	$ (30,395)	$ 30,067
Adjustments for:				
Depletion and depreciation	39,791	33,488	118,122	118,674
Income tax expense	10,889	2,366	15,718	(35,369)
Net change in defined benefits	1,367	829	2,424	1,812
Lease interest expense	420	1,222	1,358	2,656
Interest income	(1,987)	(2,240)	(6,839)	(8,755)
Change in provision for site restoration	213	696	367	622
Unrealized foreign exchange loss (gain) on lease	-	(61)	-	(210)
Unwind of discount on provisions	1,577	3,344	6,028	9,239
Payment of lease liabilities, interest portion	(980)	(1,222)	(3,016)	(2,656)
Interest received	1,980	2,240	6,838	8,755
Provisions settled	(321)	(466)	(2,998)	(2,994)
Income taxes recovered (paid)	897	(9,516)	(12,855)	(27,830)
	43,020	30,564	94,752	94,011
Change in non-cash working capital (note 11)	(2,401)	5,473	3,341	22,156
	40,619	36,037	98,093	116,167
Financing activities:				
Proceeds from loans payable	830,000	320,000	2,020,000	565,000
Repayments of loans payable	-	-	-	(500,000)
Dividends paid	-	-	(61,629)	-
Capital contributions	-	-	(1)	-
Net Profits Interest received	13,798	-	80,436	-
Payment of lease liabilities, principal portion	(5,199)	(3,802)	(15,724)	(10,379)
	838,599	316,198	2,023,082	54,621
Investing activities:				
Purchase of property, plant, and equipment	(826,253)	(388,936)	(2,073,225)	(683,158)
Working capital settlement from acquisition	-	-	-	37,020
Internal use software expenditures	(3,294)	(3,559)	(9,033)	(6,572)
Withdrawal from CRF	-	-	-	5,000
Change in restricted cash	(15,422)	(10,176)	(13,308)	487,765
Purchase of restricted investments	(2,799)	(3,473)	(11,729)	(10,861)
Change in investments held for future obligations	(311)	(646)	(1,368)	(1,923)
	(848,079)	(406,790)	(2,108,663)	(172,729)
Effects of FX translation on cash	(1,256)	409	1,007	(488)
Change in cash and cash equivalents	29,883	(54,146)	13,519	(2,429)
Cash and cash equivalents, beginning of period	570,745	396,574	587,109	344,857
Cash and cash equivalents, end of period	$ 600,628	$ 342,428	$ 600,628	$ 342,428
Represented by:				
Cash	$ 545,055	$ 267,473	$ 545,055	$ 267,473
Cash equivalents	55,573	74,955	55,573	74,955
	$ 600,628	$ 342,428	$ 600,628	$ 342,428

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

1. Reporting entity:

The Corporation is comprised of its parent, Canada Development Investment Corporation ("CDEV") and its wholly-owned subsidiaries: Canada Eldor Inc. (“CEI”), Canada Hibernia Holding Corporation (“CHHC”), Canada TMP Finance Ltd. (“TMP Finance”), Trans Mountain Corporation (“TMC”), and Canada Enterprise Emergency Funding Corporation (“CEEFC”).

Canada Development Investment Corporation ("the Corporation" or "CDEV") was incorporated in 1982 under the provisions of the *Canada Business Corporations Act* and is wholly owned by Her Majesty in Right of Canada. The Corporation is an agent Crown corporation listed in Schedule III, Part II of the *Financial Administration Act* and is not subject to the provisions of the *Income Tax Act*. In November 2007, the Minister of Finance informed CDEV that its mandate “should reflect a future focused on the ongoing management of its current holdings in a commercial manner, providing assistance to the Government of Canada 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.

On May 10, 2020 CDEV was issued a directive (P.C. 2020-305) to incorporate a subsidiary CEEFC.

In July 2015, CDEV was issued a directive (P.C. 2015-1107) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments in a manner that is consistent with CDEV’s legal obligations and to report on the implementation of the directive in its next corporate plan. CDEV aligned its policies, guidelines, and practices as of October 2015.

The address of the Corporation’s registered office is 79 Wellington Street West, Suite 3000, Box 270, TD Centre, Toronto, Ontario, M5K 1N2. The address of the Corporation’s principal place of business is 1240 Bay Street, Suite 302, Toronto, Ontario, M5R 2A7.

Subsidiaries

Trans Mountain Corporation and Canada TMP Finance Ltd. were incorporated under the provisions of *the Canada Business Corporations Act*. The companies are subject to the *Financial Administration Act* and are agents of Her Majesty in Right of Canada. TMC is also subject to the *Income Tax Act*.

TMC owns and operates the Trans Mountain pipeline (“TMPL”), the Puget Sound pipeline (“Puget Sound”) as well as certain rights, designs, plant, property and equipment and construction contracts related to the expansion of the TMPL known as the Trans Mountain Expansion Project (“TMEP”).

TMP Finance is the parent company of TMC. It also provides debt and equity financing to TMC funded by loans from Her Majesty in Right of Canada, administered by Export Development Canada (“EDC”). See note 9 for loan details.

1. Reporting entity (continued):

CEI was incorporated under the provisions of the *Canada Business Corporations Act*. It is subject to the *Financial Administration Act*, is an agent of Her Majesty in Right of Canada and is not subject to the provisions of *the Income Tax Act*. During 1988, CEI sold substantially all of its assets and operations to Cameco Corporation ("Cameco") in exchange for share capital of the purchaser and a promissory note. As a result of the sale of the Cameco shares and the assumption of certain of CEI's remaining debt by the Government in 1995, CEI is left with the net cash proceeds from the final sale of Cameco shares as its only significant asset. CEI's remaining obligations include site restoration and retiree defined benefit obligations.

CHHC was incorporated under the provisions of the *Canada Business Corporations Act* and was acquired by CDEV in March 1993. CHHC is subject to the *Financial Administration Act* and the *Income Tax Act*. CHHC's sole purpose is the holding and management of its interest in the Hibernia Development Project ("Hibernia Project") which is an oil development and production project located offshore Newfoundland and Labrador. The Hibernia Project comprises the original Hibernia Development Project area, where CHHC has an 8.5% working interest, and the Hibernia Southern Extension Unit ("HSE Unit"), where CHHC has a current 5.6% working interest. CHHC's working interest in the HSE Unit is subject to adjustment in accordance with the applicable provisions in the HSE Unit Agreement.

An account is maintained on behalf of the working interest owners of each the Hibernia Development Project and the HSE Unit by its operator, Hibernia Management and Development Company Ltd. ("HMDC") and ExxonMobil Canada Properties, respectively, acting as agent (a "joint account"). All common project expenditures are charged to the joint account which is owned and funded by the participants in proportion to their working interests.

Canada Enterprise Emergency Funding Corporation ("CEEFC") was incorporated on May 11, 2020, under the *Canada Business Corporations Act*, in accordance with a directive issued to CDEV under section 89 of the *Financial Administration Act*, to administer, approve and fund transactions in accordance with terms approved by the Minister of Finance in relation to the Government's Large Employer Emergency Financing Facility ("LEEFF") program designed to provide bridge financing to Canada's largest employers in response to the COVID-19 emergency. CEEFC is subject to the *Financial Administration Act* and is not subject to the provisions of the *Income Tax Act*. CEEFC has not been consolidated within CDEV as CDEV is not deemed to have control over CEEFC based on the criteria outlined in IFRS 10. (See note 2 (d), Use of estimates and judgments.)

2. Basis of preparation:

a) Statement of compliance:

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to interim periods, including International Accounting Standard ("IAS") 34, *Interim Financial Reporting.* These interim condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements and notes for the year ended December 31, 2019.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 17, 2020.

b) Basis of measurement:

The interim condensed consolidated financial statements have been prepared on the historical cost basis.

c) Functional and presentation currency:

Unless otherwise noted, amounts are presented in Canadian dollars, which is the functional currency of the Corporation's operations, except for the Puget Sound pipeline which uses the U.S. dollar as its functional currency.

d) Use of estimates and judgments:

The preparation of the Corporation's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ materially from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. Critical judgments and key sources of estimation uncertainty are the same as those disclosed in note 3(v) of the Corporation's annual consolidated financial statements for the year ended December 31, 2019, except for new significant judgements and key sources of estimation uncertainty described below.

Recent developments and impacts on estimates and judgments:

In March 2020, the World Health Organization declared a global pandemic following the outbreak of a novel strain of the coronavirus ("COVID-19"). Responses to the spread of COVID-19 have resulted in a significant increase in economic uncertainty, with more volatile commodity prices and foreign exchange rates, and a marked decline in long-term interest rates. Particularly, current forecasts estimate an unprecedented global crude oil demand reduction for 2020 that has resulted in a significant decrease in current and forecasted crude oil prices. The current information surrounding the global economic impacts of COVID-19 and the estimated length of the pandemic continues to evolve.

2. Basis of preparation (continued):

d) Use of estimates and judgments (continued):

Market conditions improved in the period ended September 30, 2020 as nations have eased lockdown restrictions; however, the COVID-19 pandemic continues to present challenges to our operations and business environment.

The COVID-19 outbreak has increased the complexity of estimates and assumptions used to prepare the interim condensed consolidated financial statements, particularly related to the following:

- **Impairment:** The impact of COVID-19 on the Corporation’s customers or operations may change cash flows and impact the recoverability of the Corporation’s assets. Furthermore, COVID-19 is a rapidly evolving situation and may have an impact on management’s ability to accurately use historical sales trends and cash flows to forecast future results, leading to additional estimation uncertainty with respect to impairment testing. Impairment testing is further discussed in note 5 to the interim condensed consolidated financial statements.
- **Credit risk**: COVID-19 may cause more of the Corporation’s customers to experience liquidity issues and this may result in higher expected credit losses or slower collections. The estimation of such credit losses is complex because of limited historical precedent for the current economic situation. The Corporation will continue to reassess forward looking information and the impact on our customers in subsequent periods. Credit risk is further discussed in note 16 to the interim condensed consolidated financial statements.

CDEV has an investment in an unconsolidated structured entity, CEEFC. Management exercises judgment in determining whether or not the Corporation has control of CEEFC, its wholly-owned subsidiary, and consequently whether or not it should consolidate the financial results of CEEFC.

CDEV and the Government of Canada both have an investment in CEEFC: the former through its common voting share investment and the latter through its significant preferred share investments. The preferred shares are issued at the request of CEEFC directly with the Government pursuant to a Funding Agreement between CEEFC and the Government.

CDEV through its common voting interest has power over certain relevant activities of CEEFC. While the Government has control over CDEV and thus can indirectly control CEEFC, it cannot explicitly do so directly by virtue of its preferred shares interest or direct interests/arrangements with CEEFC. CDEV is however not meaningfully exposed to variability returns from CEEFC’s operations.

Accordingly, while CDEV has power over certain relevant activities of CEEFC it is not able to use those powers to influence its returns. Therefore, although the Corporation owns the outstanding common shares of CEEFC, it does not consolidate its operations because the Corporation does not have the ability to affect the returns from the common share investment through its power over the entity.

2. Basis of preparation (continued):

d) Use of estimates and judgments (continued):

At September 30, CEEFC had loans receivable with a face value of $60,000 and preferred shares issued with a face value of $100,000. The maximum exposure to loss is determined by considering the nature of the interest in the unconsolidated structured entity. At September 30, 2020, the maximum exposure to CDEV for financial risk related to CEEFC is reflected by the carrying amounts of its investment in the consolidated statement of financial position of $1.

3. Significant accounting policies:

These interim condensed consolidated financial statements have been prepared following the same accounting policies and methods of application as those presented in note 3 of the annual audited consolidated financial statements for the year ended December 31, 2019, except for those policies which have changed as a result of the adoption of new accounting standards, amendments or interpretations effective January 1, 2020, as described below. In addition, income taxes on earnings or loss in the interim periods are accrued using the income tax rate that would be applicable to the expected total annual earnings or loss.

a) Changes in accounting policies:

The following accounting standards, amendments to standards and interpretations issued by the International Accounting Standards Board (“IASB”), are effective for the first time in the current financial period and have been adopted in accordance with the applicable transitional provisions: The application of these amendments had no impact on the Corporation’s interim condensed consolidated financial statements.

(i) Amendments to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* (Definition of Material)

The amendments clarify and align the definition of “material” and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS. The changes emphasize that information should not be aggregated or disaggregated in a way that obscures material information, and highlight that materiality applies to all aspects of financial statements, including the primary statements, the notes and specific disclosures required by individual IFRSs.

(ii) Revised Conceptual Framework for Financial Reporting

Issued in October 2018, the revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies other important concepts. While not a standard, and none of the concepts override the concepts or requirements in any standard, the Conceptual Framework assists standard setters in developing standards and helps preparers develop consistent accounting policies where there is no applicable standard in place.

(All dollar amounts are stated in thousands of Canadian dollars unless otherwise stated)

3. Significant accounting policies (continued):

b) Basis of consolidation:

The consolidated financial statements include the assets, liabilities, results of operations and cash flows of the Corporation and all of its subsidiaries after the elimination of intercompany transactions and balances. Subsidiaries are defined as corporations controlled by CDEV. CDEV controls an entity when it is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the entity.

c) Unconsolidated structured entities

A structured entity is designed to achieve a specific business purpose. A structured entity is one that has been set up so that any voting rights or similar rights are not the dominant factor in deciding who controls the entity. An example is when voting rights relate only to administrative tasks and the relevant activities are directed by contractual arrangements.

Structured entities are not consolidated when the substance of the relationship between CDEV and the structured entities indicate that the structured entities are not controlled by CDEV, as discussed above.

4. Restricted cash:

	September 30, 2020	December 31, 2019
Restricted cash – TMC held for future abandonment costs	$ 1,131	$ 2,501
Restricted cash – TMC letters of credit	73,992	59,314
Restricted cash – TMC held as security	1,200	1,200
Restricted cash – CHHC letters of credit	8,500	8,500
	$ 84,823	$ 71,515

(All dollar amounts are stated in thousands of Canadian dollars unless otherwise stated)

5. Property, plant, and equipment:

	Construction work in progress	Pipeline	Oil development assets and production facilities	TOTAL
Cost:				
Balance at December 31, 2018	$ 1,277,356	$ 3,426,781	$ 542,787	$ 5,246,924
Additions for the period	1,255,436	-	34,161	1,289,597
Transfers	(50,866)	50,866	-	-
Decommissioning adjustments	-	70,496	5,676	76,172
Retirements	-	(2,370)	-	(2,370)
Foreign exchange movements	(8)	(15,134)	-	(15,142)
Balance at December 31, 2019	$ 2,481,918	$ 3,530,639	$ 582,624	$ 6,595,181
Additions for the period	2,128,715	-	13,972	2,142,687
Transfers	(45,762)	45,762	-	-
Decommissioning adjustments	-	(524)	1,537	1,013
Foreign exchange movements	5	7,961	-	7,966
Balance at September 30, 2020	$ 4,564,876	$ 3,583,838	$ 598,133	$ 8,746,847
Accumulated depletion and depreciation:				
Balance at December 31, 2018	$ -	$ 33,992	$ 358,311	$ 392,303
Depletion and depreciation	-	107,546	43,994	151,540
Retirements	-	(2,370)	-	(2,370)
Foreign exchange movements	-	(357)	-	(357)
Balance at December 31, 2019	$ -	$ 138,811	$ 402,305	$ 541,116
Depletion and depreciation	-	76,208	38,001	114,209
Foreign exchange movements	-	231	-	231
Balance at September 30, 2020	$ -	$ 215,250	$ 440,306	$ 655,556
Carrying amounts:				
At December 31, 2019	$ 2,481,918	$ 3,391,828	$ 180,319	$ 6,054,065
At September 30, 2020	$ 4,564,876	$ 3,368,588	$ 157,827	$ 8,091,291

At September 30, 2020, oil development property and equipment costs subject to the calculations of depletion and depreciation included future development costs of $509,798 ($472,000 - December 31, 2019).

During the period ended September 30, 2020 capitalized interest of $118,763 was included in additions to construction work in progress – pipeline (2019 - $22,624).

At September 30, 2020, an assessment of indicators of impairment was conducted for the Corporation’s cash generating units (“CGUs”). No indicators were noted for the oil transportation assets, including goodwill, and accordingly an impairment test was not required. The impact of COVID-19 and crude oil market conditions on Transportation revenue has not been material. However, if COVID-19 remains a worldwide health emergency, there may be an impact on the construction schedule of the pipeline expansion project and, in future periods, the Corporation will consider if this represents an indicator of impairment. See also Goodwill note 7.

5. Property, plant, and equipment (continued):

An assessment of indicators of impairment of oil development property and equipment was conducted at September 30, 2020 for the Corporation's CGU. No new indicators were noted and accordingly an impairment test was not required.

For details on decommissioning adjustments, see note 8, Provisions.

6. Right-of-use assets and leases:

The Corporation leases certain assets including office buildings, land and equipment.

The category of equipment includes CHHC's proportionate working interest share of three support vessels leased by HMDC on behalf of the Hibernia Project owners. The leases comprise monthly fixed payments, extend to the year 2027 and a portion of the lease payments are incurred in US dollars. Equipment leases also include a power substation, vehicles, and office equipment.

Land includes lease for space at the Westridge marine terminal which consists of land and water area as well as land for pump stations and temporary construction space and extend up to the year 2105.

The category of buildings includes the monthly fixed lease payments made for the Corporation's office building spaces in Alberta, B.C. and Ontario. It also includes CHHC's proportionate working interest share of HMDC's office building space in St. John's, NL. The leases extend to the year 2025.

Certain contracts contain renewal options. The execution of such options is not reasonably certain and will depend on future market conditions and business needs at the time when such options are to be exercised. Some leases are subject to annual changes in Consumer Price Index ("CPI") and the lease liability is remeasured when there are changes to the CPI. Additionally, some real estate leases contain variable lease payments related to operating costs.

The Corporation is not exposed to any significant additional potential cash outflows that are not included in the reported amount of the lease liabilities, other than certain termination penalties which the Corporation considers not reasonably certain to be incurred as at September 30, 2020.

(All dollar amounts are stated in thousands of Canadian dollars unless otherwise stated)

6. Right-of-use assets and leases (continued):

Statement of Financial Position:

Details of right-of-use assets are as follows:

	Equipment and Vehicles	Land and Buildings	Total
January 1, 2019			
Initial Recognition	$ 26,664	$ 52,990	$ 79,654
Additions	1,047	27,801	28,848
Lease modifications	(946)	-	(946)
Depreciation	(4,065)	(13,121)	(17,186)
Foreign exchange movements	(81)	-	(81)
December 31, 2019	$ 22,619	$ 67,670	$ 90,289
Additions	1,846	9,569	11,415
Lease modifications	-	48	48
Depreciation	(2,998)	(13,809)	(16,807)
Foreign exchange movements	42	-	42
September 30, 2020	$ 21,509	$ 63,478	$ 84,987

Details of lease liabilities are as follows:

	Nine months ended September 30, 2020	Year ended December 31, 2019
Lease liabilities, beginning of period	$ 91,920	$ 79,654
Additions	11,415	28,849
Lease modification	48	(946)
Interest expense	3,017	3,726
Lease payments	(18,742)	(19,128)
Foreign exchange movements	46	(235)
Lease liabilities, end of period	$ 87,704	$ 91,920
Current portion	$ 21,001	$ 20,258
Long-term portion	66,703	71,662
	$ 87,704	$ 91,920

Maturity analysis – contractual undiscounted cash flows:

	2020	2021-2024	Thereafter	Total
Lease liabilities	$ 9,824	$ 43,825	$ 114,293	$ 167,942

(All dollar amounts are stated in thousands of Canadian dollars unless otherwise stated)

6. Right-of-use assets and leases (continued):

Statement of Comprehensive Income and Statement of Cash Flows:

	Nine months ended September 30, 2020	September 30, 2019
Statement of Comprehensive Income:		
Interest on lease liabilities	$ 3,017	$ 2,656
Less: capitalized lease liabilities	1,661	1,084
Statement of Cash Flows:		
Total cash outflow for leases	$ (18,742)	$ (13,035)

7. Goodwill:

a) The movements in the net carrying amount of goodwill are as follows:

Balance at December 31, 2018	$ 1,016,582
Effect of foreign exchange	(801)
Balance at December 31, 2019	1,015,781
Effect of foreign exchange	81
Balance at September 30, 2020	$ 1,015,862

b) Impairment test

For the purposes of impairment testing, goodwill has been allocated to TMC's CGU. The recoverable amount of this CGU was based on the fair value of the reporting unit which was estimated using the expected cash flows. The estimate of fair value required the use of significant unobservable inputs representative of a Level 3 fair value measurement, including assumptions related to timing of TMEP project construction and in-service date. At September 30, 2020, an assessment of indicators of impairment was conducted for the Corporation's cash generating units. Despite changes in the macroeconomic environment, neither TMC's existing operations nor TMEP construction has been materially impacted to date. No indicators were noted and accordingly an impairment test at September 30, 2020 was not required.

(All dollar amounts are stated in thousands of Canadian dollars unless otherwise stated)

8. Provisions:

Changes to provisions for decommissioning obligations and site restoration were as follows:

	Decommissioning Obligations			
	Pipeline	Wells & Facilities	Total	Site restoration
Balance at December 31, 2018	$ 387,610	$ 141,531	$ 529,141	$ 10,138
Additional provisions	-	-	-	1,510
Changes in estimates	(126,967)	(14,603)	(141,570)	(405)
Obligations settled	-	(2,083)	(2,083)	(1,665)
Changes in discount rate	197,463	20,279	217,742	45
Effect of foreign exchange	(2,394)	-	(2,394)	-
Unwind of discount	10,039	2,685	12,724	147
Balance at December 31, 2019	$ 465,751	$ 147,809	$ 613,560	$ 9,770
Changes in estimates	(524)	(25,953)	(26,477)	-
Obligations settled	-	(1,293)	(1,293)	(1,705)
Changes in discount rate	-	27,490	27,490	367
Effect of foreign exchange	1,149	-	1,149	-
Unwind of discount	4,770	1,176	5,946	82
Balance at September 30, 2020	$ 471,146	$ 149,229	$ 620,375	$ 8,514
Current	-	-	-	2,695
Non-current	471,146	149,229	620,375	5,819
Provisions at September 30, 2020	$ 471,146	$ 149,229	$ 620,375	$ 8,514

a) Provision for decommissioning obligations of wells and facilities:

The provision for decommissioning obligations is based on CHHC's net ownership interest in wells and facilities and management's estimate of costs to abandon and reclaim those wells and facilities as well as an estimate of the future timing of the costs to be incurred. CHHC estimates the total future undiscounted liability to be $198,817 at September 30, 2020 ($237,259 - December 31, 2019). Estimates of decommissioning obligation costs can change significantly based on factors such as operating experience and changes in legislation and regulations.

These obligations will be settled based on the expected timing of abandonment, which currently extends up to the year 2049 and is based upon the useful lives of the underlying assets. The provision was calculated at September 30, 2020 using an average inflation rate of 1.03% (1.75% - December 31, 2019) and was discounted using an average risk-free rate of 1.03% (1.75% - December 31, 2019).

8. Provisions (continued):

b) Provision for decommissioning obligations of pipeline:

The provision for decommissioning obligations for the pipeline properties is based on management's estimate of costs to abandon which is estimated to be $471,146 at September 30, 2020 (December 31, 2019 - $465,751) discounted at a risk-free rate of 1.11% (December 31, 2019 - 1.76%). The undiscounted decommissioning liability is estimated to be $1,400,000 (December 31, 2019 - $2,600,000), with an inflation rate of 1.11% and an expected remaining useful life of 98 years.

The decommissioning provision reflects the discounted cash flows expected to be incurred to decommission TMC's pipeline system. The estimated economic life of assets covered by the decommissioning is estimated at 98 years. The estimated economic life is used to determine the undiscounted cash flows at the time of decommissioning and is reflective of the expected timing of economic outflows relating to the provision.

c) Provision for site restoration:

Under the terms of the purchase and sale agreement in 1988 between CEI and Cameco, CEI is responsible for obligations relating to the sale of assets to Cameco. Provision for site restoration as at the date of the interim condensed consolidated statement of financial position is related to the decommissioning of a former mine site. Cameco is responsible for the monitoring and management of this site. CEI accrues for these costs based on estimates provided by Cameco. These estimates are based on variables and assumptions which are subject to uncertainty including the time to completion and the costs over this period. The future estimate of costs for site restoration has been discounted at a rate of 0.25% (December 31, 2019 – 1.69%) and an inflation rate of 0.25% was used to calculate the provision at September 30, 2020 (December 31, 2019 – 2.00%).

9. Loan payable:

On August 29, 2018, TMP Finance entered into Credit Agreements with Her Majesty in Right of Canada. The facilities are part of the Canada Account of the Government of Canada, administered by EDC. The Acquisition Facility was used to fund the acquisition of the Trans Mountain Pipeline entities. The Construction Facility is used primarily to finance the TMEP construction.

The availability of the Construction Credit Facility is limited to any borrowing authority issued by the Minister of Finance. On July 30, 2019, an Amended Credit Agreement was executed between Her Majesty in Right of Canada, as administered by EDC and Canada TMP Finance Ltd. The Construction Facility limit until December 31, 2019 was $2,587,000, increasing to $4,000,000 in January 2020, until December 31, 2020 as detailed in a revised borrowing authority letter received from the Minister of Finance.

Subsequent to period end, on October 1, 2020, a Second Amending Agreement was executed in which results in an increase to the available credit on the Construction Facility to $5.1 billion on October 1, 2020 and to $6.1 billion on January 1, 2021.

(All dollar amounts are stated in thousands of Canadian dollars unless otherwise stated)

9. Loan payable (continued):

On March 25, 2019 TMP Finance entered into an amended NEB Credit Agreement which allows TMP Finance to borrow funds for the purpose of providing financial assurance for the TMPL as required by the Canada Energy Regulator ("CER").

The loans are due on the respective maturity dates and may be repaid early without premium or penalty subject to certain conditions.

Details of the facilities at September 30, 2020 are as follows:

Facility	Total Available Credit September 30, 2020	Outstanding Amounts September 30, 2020	Outstanding Amounts December 31, 2019	Interest Rate Disbursed amounts	Standby Fee Undisbursed amounts	Maturity Date
Acquisition	$ 4,670,000	$ 4,670,000	$ 4,670,000	4.7%	0.065%	August 29, 2023
Construction	4,000,000	3,405,000	1,385,000	4.7%	0.065%	August 29, 2023
CER*	500,000	-	-	4.7%	0.30%	August 29, 2025
		$ 8,075,000	**$ 6,055,000**			

*Previously referred to as the NEB Facility.

Total interest expense for the periods ended September 30 is comprised of the following:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Interest on Loan payables	$ 88,368	$ 61,673	$ 237,101	$ 179,254
Interest on leases	984	926	3,017	2,656
Interest capitalized	(48,197)	(23,049)	(118,763)	(26,049)
Standby fees	564	632	2,040	1,316
	$ 41,719	$ 40,182	$ 123,395	$ 157,177

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Corporation's general borrowings during the year of 4.7% (2019 – 4.7%).

10. Net Profits Interest Reserve

NPI payments received under the NPI agreements for the nine months ended September 30, 2020 totalled $88,706 of which $8,271 was received from CHHC and eliminated upon consolidation (2019 – $,2098, of which $532 was eliminated).

(All dollar amounts are stated in thousands of Canadian dollars unless otherwise stated)

11. Supplemental cash flow disclosure:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Trade and other receivables	$ (3,945)	$ 38,977	$ 56,184	$ 59,061
Inventory	(375)	564	(1,180)	1,543
Other current assets	9,043	1,366	(1,183)	(13,171)
Deferred charges and other assets	(92,796)	(32,157)	(155,763)	(39,633)
Trade and other payables	72,238	(7,901)	131,924	132,593
Interest payable	89,487	62,310	89,704	61,097
Other current liabilities	(17,673)	616	(20,350)	83,865
Other deferred credits	(14,020)	(14,762)	(49,055)	(78,330)
Change in non-cash working capital items	$ 41,959	$ 49,013	$ 50,281	$ 207,025
Relating to:				
Operating activities	$ (2,401)	$ 5,473	$ 3,341	$ 22,156
Investing activities	44,360	43,540	46,940	184,869
	$ 41,959	$ 49,013	$ 50,281	$ 207,025

Property, plant, and equipment ("PPE") expenditures comprise the following:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
PPE additions (note 5)	$ (878,545)	$ (419,215)	$(2,142,687)	$ (880,826)
Change in non-cash investing working capital related to PPE	47,655	30,279	55,974	197,668
Capitalized lease amortization and interest	4,637	-	13,488	-
Cash used for PPE expenditures	$ (826,253)	$ (388,936)	$(2,073,225)	$ (683,158)

12. Net crude oil revenue and production and operating expenses:

a) Net crude oil revenue for the periods ended September 30 is comprised as follows:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Crude oil sales	$ 44,196	$ 21,622	$ 113,873	$ 173,386
Less: royalties	(8,884)	(3,577)	(23,290)	(43,744)
Less: net profits interest	-	(425)	-	(11,933)
Net crude oil revenue	$ 35,312	$ 17,620	$ 90,583	$ 117,709

(All dollar amounts are stated in thousands of Canadian dollars unless otherwise stated)

12. Net crude oil revenue and production and operating expenses (continued):

Crude oil sales represent the entirety of CHHC's revenue generated from contracts with customers. The following table illustrates the disaggregation of gross crude oil revenue by primary geographical market:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
United States	$ 35,095	$ 21,622	$ 63,095	$ 145,596
Canada	227	–	18,178	13,140
Europe	8,874	–	17,359	14,650
Asia	–	–	15,241	–
	$ 44,196	$ 21,622	$ 113,873	$ 173,386

b) Operating, transportation and marketing expenses comprise the following:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Hibernia Project operating expenses	$ 4,011	$ 7,273	$ 12,147	$ 19,763
Crude oil transportation and transshipment	1,033	1,160	4,882	2,963
Crude oil marketing	94	28	352	291
	$ 5,138	$ 8,461	$ 17,381	$ 23,017

(All dollar amounts are stated in thousands of Canadian dollars unless otherwise stated)

13. Revenue and operating expenses from pipeline operations:

For the period ended September 30 revenues and operating expenses from TMC's operations, disaggregated by revenue source and type of revenue, are comprised as follows:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Transportation revenue	$ 88,444	$ 113,061	$ 284,359	$ 301,041
Lease revenue	15,942	15,121	47,705	45,025
Other revenue	428	552	1,273	1,863
Total	$ 104,814	$ 128,734	$ 333,337	$ 347,929
Operating and production expenses	$ 37,971	$ 42,082	$ 117,439	$ 109,909
Salaries and benefits	18,364	16,759	57,867	50,554
Other general and administration costs	(110)	(113)	1,700	2,775
Total operating expenses excluding finance costs and depreciation	$ 56,225	$ 58,728	$ 177,006	$ 163,238

Revenues from TMC pipeline operations are primarily earned in Canada with less than 10% originating outside of Canada.

14. Commitments:

CDEV's commitments at September 30, 2020 are summarized in the table below and include TMC's purchase of Plant, Property and Equipment ("PPE"), crude oil transportation and transshipment service arrangements, and CHHC's share of Hibernia Project contractual commitments related to capital investments and operations.

	Remainder 2020	2021-2024	Thereafter	Total
Crude oil transportation and transshipment services	$ 1,139	$ 17,266	$ 24,355	$ 42,760
Hibernia Project contracts	477	4,919	3,363	8,759
Pipeline PPE	133,212	-	–	133,212
Other operating commitments	-	871	4,665	5,536
Total Commitments	$ 134,828	$ 23,056	$ 32,383	$ 190,267

15. Contingencies:

The Corporation or its subsidiaries, in the normal course of its operations, may become subject to a variety of legal and other claims against the Corporation.

CEI is co-defendant with the Province of Ontario, the Attorney General of Canada, the Canadian Nuclear Safety Commission and BOC Canada Limited in a proposed class action lawsuit brought by certain residents of the municipality formerly known as Deloro in the County of Hastings, Ontario. The lawsuit is based on the alleged contamination of certain properties. CEI has filed a notice of intent to defend. While no liability is admitted, the financial impact on the Corporation, if defence against the action is unsuccessful, is currently not determinable.

The TMEP has been subject to various legal actions to challenge the federal government's approval of the TMEP.

On April 25, 2018, the B.C. Lieutenant Governor in Council referred a question to the B.C. Court of Appeal regarding the constitutionality of draft legislation seeking to impose a requirement for a "hazardous substance permit" on all persons having possession, charge or control of a certain volume of "heavy oil" in the course of operating an industry, trade or business. The draft legislation, if enacted, would likely apply to TMEP. On June 18, 2018, the Court granted 20 persons participatory status in the reference matter, including Trans Mountain Pipeline ULC. The Court heard the reference case on March 18 to March 22, 2019. On May 24, 2019, the Court unanimously opined that it is not within the authority of the B.C. Legislature to enact the proposed legislation. The Province of B.C. filed its Notice of Appeal to the Supreme Court of Canada ("SCC") on June 14, 2019. The SCC set a hearing date of January 16, 2020. The SCC rendered a decision on the appeal from the bench, dismissing the appeal for the reasons stated by the BC Court of Appeal.

On August 30, 2018, the Federal Court of Appeal ("FCA" or "the Court") released its judgment in the matter of *Tsleil-Waututh* Nation et al. v. Attorney General of Canada et al. ("*Tsleil-Waututh*"). In its decision, the Court quashed the Order in Council approving the TMEP and remitted the matter to the Governor in Council ("GIC") to remedy two areas: the scope of the National Energy Board's ("NEB", now known as the CER) review, and Phase III consultation of Indigenous peoples. On the scope of the NEB's review, the Court decided that the NEB's review of the TMEP unjustifiably excluded TMEP-related shipping from TMEP's definition. The Court determined the GIC must require the NEB to reconsider its recommendation and related conditions.

On Phase III consultation of Indigenous peoples, the Court determined that the Government of Canada must re-do its Phase III consultations before it submitted again to the GIC for approval. the TMEP could be submitted again to the GIC for approval. It is uncertain, however, if the GIC will grant its approval and issue a new Order in Council or, in the event the GIC issues a new Order in Council, whether that Order in Council will contain additional conditions separate and apart from any conditions imposed by the NEB.

15. Contingencies (continued):

On February 22, 2019, the NEB released its Reconsideration report, in which the NEB concluded that the TMEP is in the Canadian public interest. The NEB recommended that the GIC approve the TMEP subject to 156 conditions, which are measures that the NEB can enforce upon TMPL and the TMEP under its authority as regulator. The NEB's report also contained 16 recommendations to the GIC, which relate to items outside the scope of the NEB's authority and beyond the control of TMPL or the TMEP, but within the authority of the GIC. Management believes the conditions are reasonable and has incorporated these conditions into the TMEP project execution plan.

On June 18, 2019, the GIC issued a new Order in Council approving the TMEP and directing the NEB to grant a Certificate of Public Convenience and Necessity ("CPCN") for the TMEP. The NEB issued the amended CPCN on June 21, 2019, subject to 156 conditions. Further, following consideration of public comments, on July 19, 2019, the NEB issued its decision that it would rely on decisions and orders with respect to the TMEP that were issued prior to the FCA's decision in *Tsleil-Waututh*.

Twelve parties/groups filed motions with the FCA for leave (the "Leave Motions") to judicially review the new Order in Council re-approving the TMEP. In general, the Leave Motions argue that the NEB, the Government of Canada, and/or the GIC failed to comply with the FCA's decision in *Tsleil-Waututh* in the NEB's Reconsideration hearing and the Phase III consultation process. On September 4, 2019, the FCA dismissed six of the Leave Motions and granted Leave to Appeal for the other six applications. Two of the six parties for whom Leave to Appeal was granted withdrew from further proceedings with the FCA. The final argument was heard on December 16-18, 2019. The FCA released its decision on February 4, 2020, dismissing the applications of all four remaining applicants.

On November 4, 2019, five of the six applicants for whom the Leave Motions were dismissed by the FCA had filed appeals to the SCC. The Attorney General of Alberta filed corresponding motions for leave to intervene. On March 5, 2020, the SCC dismissed with costs all 5 of the applications for leave to appeal.

Following the February 4, 2020 Decision of the FCA above, the four unsuccessful FCA applicants filed Leave Motions with the SCC on April 6, 2020 and Trans Mountain filed a Response opposing the Leave applications. On July 2, 2020, the SCC issued its decision dismissing all applications for Leave. This matter is now concluded.

In addition to the judicial reviews of the NEB Recommendation report and GIC's order at the FCA, two judicial review proceedings were commenced at the Supreme Court of B.C. by the Squamish Nation and the City of Vancouver. The petitions alleged a duty and failure to consult or accommodate First Nations, and generally, among other claims, that the Province did not conduct a proper provincial environmental assessment before issuing the Provincial Environmental Assessment Certificate ("EAC"). The Squamish and Vancouver judicial review proceedings were heard in October and November 2017, respectively, and on May 24, 2018, the court dismissed both proceedings. Appeals to the B.C. Court of Appeal ("BCCA") were filed by Vancouver and Squamish and were heard together on May 6 to May 8, 2019. The BCCA released its decision on September 17, 2019. The BCCA

15. Contingencies (continued):

dismissed the applications to quash the EAC but allowed both appeals for the limited extent of remitting the conditions to the respective provincial Ministers for reconsideration and consequent adjustment in light of the changes the NEB made to its original report in the reconsideration. The BCCA stated that provincial authority did not extend to “order[ing] assessments that the [NEB] expressly refused to order” and must be limited to conditions within the province’s jurisdiction. The Court dismissed all other claims including those related to additional provincial assessment, public consultation, and Indigenous consultation and accommodation. In April 2020, the B.C. Environmental Assessment Office (“EAO”) announced a process for the reconsideration of any consequential adjustments.

16. Risks to the Corporation:

The nature of CDEV’s consolidated operations expose the Corporation to risks arising from its financial instruments that may have a material effect on cash flows, profit, and comprehensive income (loss). A description of the nature and extent of risks arising from the Corporation’s financial assets and liabilities can be found in the notes to the Corporation’s annual consolidated financial statements as at December 31, 2019.

CDEV is exposed to financial risks including market risk relating to commodity prices, foreign exchange rates and interest rates, as well as credit and contract risk and liquidity risk.

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Corporation’s trade and other receivables.

i. For its crude oil sales contracts, the Corporation has assessed the risk of non-collection of funds as low, as it shares cargos with its marketing agent, generally contracts with large purchasers with established credit history and utilizes credit risk mitigation tools when necessary. The marketing agent maintains credit surveillance over all pre-approved purchasers.

ii. For the oil shipment sales contracts, the Corporation limits its exposure to credit risk by requiring shippers who fail to maintain specified credit ratings or a suitable financial position to provide acceptable security generally in the form of guarantees from credit worthy parties or letters of credit from well rated financial institutions. A majority of the Corporation’s customers operate in the oil and gas exploration and development, or energy marketing or transportation industries. The reduction in global crude oil demand resulting from the COVID-19 pandemic and oversupply concerns has resulted in significant decreases in crude oil prices globally and in the Western Canadian Sedimentary Basin. There may be exposure to long-term downturns in energy commodity prices, including the price for crude oil, and economic instability from these events or other credit events impacting these industries and customers’ ability to pay for services.

(All dollar amounts are stated in thousands of Canadian dollars unless otherwise stated)

16. Risks to the Corporation (continued):

As at September 30, 2020 and December 31, 2019 there were no significant accounts receivable past due or impaired.

The composition of the Corporation's trade and other receivables is as follows:

		September 30, 2020		December 31, 2019
Contracts with pipeline shippers	$	13,841	$	39,131
Contracts with crude oil customers		10,961		49,805
Hibernia joint arrangement		2,511		5,593
HST/GST input tax credits		18,456		16,461
Other		15,648		8,281
Trade and other receivables	$	61,417	$	119,271
Amount outstanding greater than 90 days	$	2,135	$	785

The Corporation applies a simplified approach to providing for expected credit losses ("ECLs"), using the lifetime ECLs provision for all trade receivables. To measure the ECLs provision related to trade receivables, the Corporation applies a provision matrix based on the number of days past due. Due to the high credit quality of the Corporation's counterparties, the ECL provision at September 30, 2020 is insignificant.

The Corporation's cash and cash equivalents (including those held in escrow and investments held for future abandonment and risk fund) are exposed to investment-grade Canadian banks and financial institutions and the Government of Canada. All cash equivalents and short-term investments are purchased from issuers with a credit rating of R1 High by Dominion Bond Rating Service. Accordingly, the ECLs provision at September 30, 2020 related to cash and cash equivalents and investments is insignificant.

The Corporation realized no actual impairment losses during the three months ended September 30, 2020 or 2019.

Liquidity risk is the risk that the Corporation will not be able to meet its work commitments and/or other financial obligations as they become due. The Corporation's approach to managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due.

The Corporation forecasts cash requirements to ensure funding is available to settle financial liabilities when they become due. The primary sources of liquidity and capital resources are funds generated from operations and the credit facilities.

(All dollar amounts are stated in thousands of Canadian dollars unless otherwise stated)

16. Risks to the Corporation (continued):

While the decrease in current and forecasted crude oil prices is expected to negatively impact the Corporation's financial performance and position, the Corporation continues to retain cash and short-term investments that provide it with financial flexibility to meet its obligations as they come due. To enhance its liquidity, the Corporation may adjust dividends paid to its shareholder, and some planned capital expenditures for CHHC for the remainder of 2020 have been reduced. The Corporation may be exposed to long-term downturns in the energy industry and economic volatility which is mitigated by the current regulatory frameworks governing the Corporation's pipeline operations and the competitive position of the Corporation's pipeline and oil producing assets. Expected future cash flow from the present operations currently exceeds estimated operating expenses and future capital expenditures, aside from TMEP. Given significant expenditures in connection with the TMEP, the Corporation will require the continued availability of future financing in order to complete the project.

Fair value of financial instruments:

The following table shows the carrying amounts and fair values of restricted investments and loans payable including their levels in the fair value hierarchy at September 30, 2020 and December 31, 2019:

			Carrying amounts		Fair value	
	Classification	Hierarchy	2020	2019	2020	2019
Financial assets						
Restricted investments	FVTPL	Level 2	$ 91,042	$ 70,911	$ 91,042	$ 70,911
Financial liabilities						
Loans payable	Amortized cost	Level 2	$8,075,000	$ 6,055,000	$ 8,590,496	$ 6,159,000

Fair values for the restricted investments are determined based on observable prices and inputs for similar instruments available in the market, utilizing widely accepted cash flow models to value such instruments. The fair value of loans payable is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Corporation for similar financial instruments.

The carrying amounts of cash and cash equivalents, restricted cash, short term investments, trade and other receivables, investments held for future obligations and trade and other payables are a reasonable approximation of their fair value due to their short term to maturity.

There were no movements between levels in the fair value hierarchy during the period.

17. Related party transactions:

The Corporation is related in terms of common ownership to all Canadian federal government departments, agencies, and Crown corporations. The Corporation may enter into transactions with some of these entities in the normal course of business under its stated mandate.

CDEV paid dividends to the Government of Canada during the three and nine months ended September 30, 2020 of $nil and $61,629 respectively (2019 - nil).

On July 15, 2020, CEEFC and CDEV entered into a Service Agreement whereby CDEV provides executive, administrative, banking, financial and support services, and other administrative services to facilitate the organization and functioning of CEEFC and CEEFC's administration of the LEEFF program. In the period from May to September 2020, CDEV earned management fees of $800 from CEEFC. At September 30, 2020 CDEV has a related party receivable from CEEFC of $1,670 (2019- nil).

(All dollar amounts are stated in thousands of Canadian dollars unless otherwise stated)

18. Supplementary information:

The following presents a breakdown of the primary operating entities comprising CDEV. CDEV corporate, CEI, and TMP Finance are grouped as Others:

	Nine months ended September 30, 2020						
	TMC (US GAAP)	**IFRS Adjustments**	**TMC (IFRS)**	**CHHC**	**Others**	**Eliminations**	**Consolidated**
Statement of Comprehensive Income:							
Revenues:							
Transportation revenue	$ 267,922	$ 16,437 (1)	$ 284,359				$ 284,359
Lease revenue	47,705		47,705				47,705
Net crude oil revenue				$ 86,367	$ -	$ 4,216	90,583
Other income/ FX	1,272		1,272	5,343	3,261	(1,582)	8,294
	316,899	**16,437**	**333,336**	**91,710**	**3,261**	**2,634**	**430,941**
Expenses:							
Depletion and depreciation	73,411	6,046 (2)	79,457	38,583	82		118,122
Operating and production	117,879	(440)	117,439	17,381	-		134,820
Salaries and benefits	54,673	3,194 (3)	57,867	1,279	1,415		60,561
Other general and admin	6,510	(3,414)	3,096	2,861	3,576	(112)	9,421
	252,473	**5,386**	**257,859**	**60,104**	**5,073**	**(112)**	**322,924**
Finance Costs:							
Equity AFUDC	123,544	(123,544) (4)	-	-	-	-	-
Unwind of discount	-	(4,770) (4)	(4,770)	(1,176)	(82)		(6,028)
Net Interest (expense)	(63,322)	290 (4)	(63,032)	1,920	15,551	(71,105)	(116,666)
	60,222	**(128,024)**	**(67,802)**	**744**	**15,469**	**(71,105)**	**(122,694)**
Net income before income taxes	124,648	**(116,973)**	7,675	32,350	13,657	(68,359)	(14,677)
Income taxes (recovery)	30,239	(28,824) (5)	1,415	14,303	-		15,718
Net Income	**$ 94,409**	**(88,149)**	**$ 6,260**	**$ 18,047**	**$ 13,657**	**$ (68,359)**	**$ (30,395)**
Other Comprehensive Income	**$ 8,290**	**$ (6,386)** (6)	**$ 1,904**	**$ -**	**$ -**		**$ 1,904**
Statement of Financial Position:							
Assets:							
Current assets	$ 428,585	$ (4,613) (7)	$ 423,972	$ 145,256	$ 176,674	$ (51,757)	$ 694,145
Non-current assets	9,236,305	118,096 (8)	9,354,401	336,627	8,341,704	(8,251,439)	9,781,293
	$ 9,664,890	**$ 113,483**	**$ 9,778,373**	**$ 481,883**	**$ 8,518,378**	**$ (8,303,196)**	**$ 10,475,438**
Liabilities							
Current liabilities	$ 701,202	$ (3,395)	$ 697,807	$ 10,815	$ 93,911	$ (52,202)	$ 750,331
Non-current liabilities	5,190,610	323,330 (9)	5,513,940	164,442	8,082,195	(4,332,350)	9,428,227
	$ 5,891,812	**$ 319,935**	**$ 6,211,747**	**$ 175,257**	**$ 8,176,106**	**$ (4,384,552)**	**$ 10,178,558**
Shareholder's Equity	**$ 3,773,078**	**$ (206,452)** (10)	**$ 3,566,626**	**$ 306,626**	**$ 342,272**	**$ (3,918,644)**	**$ 296,880**
	$ 9,664,890	**$ 113,483**	**$ 9,778,373**	**$ 481,883**	**$ 8,518,378**	**$ (8,303,196)**	**$ 10,475,438**

(All dollar amounts are stated in thousands of Canadian dollars unless otherwise stated)

18. Supplementary information (continued):

	Nine months ended September 30, 2019						
	TMC (US GAAP)	IFRS Adjustments	TMC (IFRS)	CHHC	Others	Eliminations	Consolidated
Statement of Comprehensive Income:							
Revenues:							
Transportation revenue	$ 261,485	$ 39,556 (1)	$ 301,041	$ -	$ -		$ 301,041
Lease Revenue	$ 45,025		$ 45,025				$ 45,025
Net Crude oil revenue				$ 117,177	$ -	$ 532	$ 117,709
Other income/ FX	$ 1,862		$ 1,862	$ 3,251	$ 3,536	$ (1,969)	$ 6,680
	$ 308,372		$ 347,928	$ 120,428	$ 3,536	$ (1,437)	$ 470,455
Expenses:							
Depletion and depreciation	$ 75,270	$ 6,728 (2)	$ 81,998	$ 36,595	$ 81		$ 118,674
Operating and production	$ 110,464	$ (555)	$ 109,909	$ 23,017	$ -		$ 132,926
Salaries and Benefits	$ 48,073	$ 2,481 (3)	$ 50,554	$ 1,279	$ 1,104		$ 52,937
Other and FX	$ 5,503	$ (1,969)	$ 3,534	$ 2,870	$ 7,266	$ (111)	$ 13,559
	$ 239,310		$ 245,995	$ 63,761	$ 8,451	$ (111)	$ 318,096
Finance Costs							
Equity AFUDC	$ 62,447	$ (62,447) (4)	$ -		$ -		$ -
Unwind of Discount	$ -	$ (7,209) (4)	$ (7,209)	$ (1,919)	$ (111)		$ (9,239)
Net Interest (expense)	$ (64,210)	$ (35,542) (4)	$ (99,752)	$ 3,199	$ (50,014)	$ (1,855)	$ (148,422)
	$ (1,763)		$ (106,961)	$ 1,280	$ (50,125)	$ (1,855)	$ (157,661)
Earnings/loss before tax	$ 67,299		$ (5,028)	$ 57,947	$ (55,040)	$ (3,181)	$ (5,302)
Taxes (recovery)	$ (39,975)	$ (12,887) (5)	$ (52,862)	$ 17,493	$ -		$ (35,369)
Net Income	$ 107,274		$ 47,834	$ 40,454	$ (55,040)		$ 30,067
Other Comprehensive Income	$ (8,832)	$ (11,592) (6)	$ (20,424)	$ -	$ -		$ (20,424)
Statement of Financial Position:							
Assets:							
Current	$ 211,648	$ (5,064) (7)	$ 206,584	$ 147,878	$ 130,379	$ (36,833)	$ 448,008
Non-Current	6,528,413	529,158 (8)	7,057,571	398,120	5,593,817	(5,565,312)	7,484,196
	$ 6,740,061	**$ 524,094**	**$ 7,264,155**	**$ 545,998**	**$ 5,724,196**	**$ (5,602,145)**	**$ 7,932,204**
Liabilities							
Current liabilities	$ 502,733	$ (6,587)	$ 496,146	$ 14,724	$ 66,958	$ (36,833)	$ 540,995
Non-current liabilities	3,749,611	634,319 (9)	4,383,930	189,881	5,363,204	(2,899,600)	7,037,415
	$ 4,252,344	**$ 627,732**	**$ 4,880,076**	**$ 204,605**	**$ 5,430,162**	**$ (2,936,433)**	**$ 7,578,410**
Equity	**$ 2,487,717**	**$ (103,638) (10)**	**$ 2,384,079**	**$ 341,393**	**$ 294,034**	**$ (2,665,712)**	**$ 353,794**
	$ 6,740,061	**$ 524,094**	**$ 7,264,155**	**$ 545,998**	**$ 5,724,196**	**$ (5,602,145)**	**$ 7,932,204**

18. Supplementary information (continued):

TMC prepares its financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). IFRSs require that a parent shall prepare its consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. As a result, TMC adjusted its financial data under US GAAP, to conform to IFRS. These accounting adjustments are presented in the column "Adjustments - IFRS" and are detailed below:

1) Transportation revenue: Under US GAAP, TMC applies the provisions of ASC 980 Regulated Operations under which the timing of recognition and treatment of certain revenues may differ from that otherwise expected under IFRS. Under IFRS, revenue is recognized in accordance with IFRS 15. Under US GAAP TMC recognizes TMPL transportation revenue ratably over time based on TMPL's annual revenue requirement, as adjusted for spending on flow through items included in TMPL's Incentive Toll Settlement ("ITS") agreement. The difference between revenue requirement under the ITS and tolls invoiced leads to an adjustment which will either debit revenue (if tolls invoiced are higher than revenue requirement under the ITS) or credit revenue (if tolls invoiced are lower than revenue requirement under the ITS). Under IFRS, revenue is recognized based on volume shipped and tolls invoiced, with no adjustments for over or under-collection of revenue requirement.

2) Depreciation is higher under IFRS due to a higher fixed asset base as a result of the recognition of an Asset Retirement Obligation ("ARO") and the corresponding asset retirement cost. Due to the significant uncertainty around the timing and scope of abandonment, no ARO is recorded under US GAAP, resulting in a correspondingly lower fixed asset base, and lower depreciation under US GAAP.

3) Salaries and benefits expense is higher under IFRS due to differences in the recognition of pension expense under the two accounting frameworks. Under IFRS, remeasurements of plan assets and liabilities are reflected immediately in net income, while under US GAAP certain gains and losses within the plans are recognized in other comprehensive income and amortized into net income over a longer period.

4) Under US GAAP ASC 980, an Allowance for Funds Used During Construction ("AFUDC") is included in the cost of property, plant and equipment and is depreciated over future periods as part of the total cost of the related asset. AFUDC includes both an interest component and, if approved by the regulator, a cost of equity component which are both capitalized based on rates set out in a regulatory agreement. The interest component of AFUDC results in a reduction in interest expense and the equity component of AFUDC is recognized as finance income. Under IFRS, there is no recognition of AFUDC, and only interest incurred on debt drawn to fund qualifying capital expenditures is capitalized as defined in IAS 23 *Borrowing Costs*. An unwind of a discount of the decommissioning obligation under IFRS is also included in finance cost IFRS adjustments. Under US GAAP there is no decommissioning obligation to unwind.

5) Taxes under IFRS are lower due to the adjustments noted above in revenue, depreciation expense, salary and benefit expense, and AFUDC.

18. Supplementary information (continued):

6) Other Comprehensive Income under IFRS differs due to different treatment of pension plan adjustments recognized under US GAAP.

7) Current assets under IFRS are reduced primarily due to timing differences in the revenue recognition between US GAAP and IFRS.

8) Non-current assets are higher under IFRS primarily due to adjustments to goodwill and property, plant, and equipment. Upon TMC's acquisition, goodwill was recognized for the excess of the fair value of the consideration paid over the estimated fair value of the net assets acquired. There are differences in the fair value of the net assets under US GAAP and IFRS primarily related to ARO, regulatory liabilities, and deferred taxes upon acquisition. Following the acquisition, property, plant, and equipment is higher due to the recognition of the ARO and the corresponding asset retirement cost. TMC also records proceeds from certain contracts (Firm 50 premiums) as contributions in aid of construction under US GAAP ASC980, which reduces fixed assets. These contributions are recognized as revenue under IFRS.

9) Non-current liabilities are higher under IFRS primarily due to the recognition of an ARO. TMC does not record an ARO under US GAAP as the timing and scope of abandonment are indeterminate. There are also adjustments to deferred taxes under IFRS. The differences between US GAAP and IFRS upon acquisition have a related tax effect which results in lower deferred tax on acquisition. Additionally, there is an ongoing difference in deferred income taxes related to differences in net income and the tax expense recognized.

10) The cumulative impact of the IFRS adjustments to shareholder's equity total $206.5 million with $95 million being the impact on the YTD 2020 net income and OCI, and the balance due to the adjustments to equity in prior periods.