CDEV

Canada Development Investment Corporation

La Corporation de développement des investissements du Canada

Third Quarter Report
September 30, 2023

Canada Development Investment Corporation

La Corporation de développement des investissements du Canada

Contents

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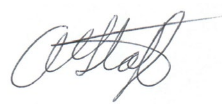
Statement of Management Responsibility by Senior Officials

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 20, 2023.



Elizabeth A. Wademan	Andrew G. Stafl, CPA, CA
President & Chief Executive Officer	Chief Financial Officer

Toronto, Ontario
November 20, 2023

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 September 30, 2023 and should be read in conjunction with CDEV's unaudited interim condensed consolidated financial statements for the period ended September 30, 2023 and CDEV's Annual Report for the year ended December 31, 2022. Management draws attention to the going concern discussion below under the financial statements discussion and in note 2 of the interim condensed consolidated financial statements.

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 activities of our own, primarily financial advisory to the Government, CDEV has the following 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"), Canada Enterprise Emergency Funding Corporation ("CEEFC"), Canada Growth Fund Inc. ("CGF") formed in 2022, and Canada Innovation Corporation ("CIC") formed in February 2023.

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 2020, CDEV receives and is responsible for Net Profits 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 Canada Enterprise Emergency Funding Corporation ("CEEFC"), to help implement the 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 note 4c) of the consolidated financial statements for December 31, 2022. For CEEFC's financial report for the period ending September 30, 2023 please see www.ceefc-cfuec.ca.

CDEV incorporated CGF as a subsidiary in December 2022. CGF has engaged the services and expertise of the Public Sector Pension Investment Board ("PSP") and its personnel in the implementation of the CGF mandate. PSP (through a wholly-owned subsidiary, Canada Growth Fund Investment Management Inc.) will act as the independent investment manager of CGF. CGF has been formed for the purpose of making 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 the path to net-zero. During the period ended September 30, 2023, CGF did not make any investments and continued the operationalization of the fund. On October 25, 2023, CGF announced a $90M investment in Eavor Technologies Inc. ("Eavor"), a Canadian geothermal energy company that has developed an innovative technology solution to produce clean, reliable baseload heat and power using a proprietary closed loop geothermal system. CGF's investment takes the form of a direct commitment of $90M of Series B preferred equity in Eavor, which will allow the company to scale up its business while retaining intellectual property and creating jobs in Canada.

CDEV incorporated CIC as a subsidiary in February 2023. CIC's mandate is to help to maximize business investment in research and development across all sectors and in all regions of Canada to promote innovation-driven economic growth. An interim CIC team has been established to build up the Corporation's internal capabilities and processes, including the activities required to prepare for transition to operate as a parent Crown corporation and initial development of a proposed framework for CIC's inaugural suite of programming. CDEV has initiated the recruitment for the Corporation's Chair and CEO in coordination with government. CDEV will continue to support the CIC in its recruitment of leadership positions. The interim team at CIC will continue stand up activities, including the onboarding of internal services systems and processes to ensure that CIC funding programming can be delivered as soon as leadership is onboarded.

In July of 2023, CDEV released its inaugural Taskforce on Climate-Related Financial Disclosures (TCFD) report which is posted on CDEV's website.

Canada Development Investment Corporation

CDEV management continues to work 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. Specifically, CDEV assisted TMC in negotiating an increase in an amended and restated Equator Principles 4 ("EP4") compliant syndicated loan facility limit to $16 billion in July 2023. CDEV continues to work with TMC and financial advisors to obtain the financing needed to complete the TMEP project.

In the nine months ended September 30, 2023 CDEV received $150 million in NPI payments from the Hibernia Project Owners, $12 million of which was received from CHHC and eliminated upon consolidation. The receipts are recorded as an increase in the NPI reserve. At September 30, 2023, CDEV recorded a provision for NPI refunds of $4 million to settle a dispute, which is reflected as a decrease to the NPI reserve.

We paid no dividends in the first nine months of 2023 compared to $123 million in the comparative period. We retain suitable levels of cash and cash equivalents and short-term investments to remain prepared to undertake future activities and to fund potential contingencies.

Trans Mountain Corporation

In the nine months ended September 30, 2023, TMC generated $558 million in revenue and $305 million in earnings before interest, taxes, and depreciation and goodwill impairment ("Adjusted EBITDA"). In the comparative period TMC generated $499 million in revenue and $294 million in Adjusted EBITDA. We note that under TMC's continuing use of US GAAP, revenue and Adjusted EBITDA were $398 million and $143 million respectively compared to $343 million and $134 million in the comparative period. For details see note 20 of the interim condensed consolidated financial statements.

In the current nine-month period of 2023 TMC spent approximately $7.2 billion on the TMEP, excluding financing costs, in addition to the $18 billion spent through to December 2022 under CDEV ownership. Capital expenditures for the nine-month period ended September 30, 2023 increased significantly over the comparative period, due to increased construction activity on the TMEP as the project begins to finish off spreads and prepare for construction completion at the end of the year. At September 30, 2023, project construction reached approximately 97% completion, and less than 16 km of pipe left to install. Mechanical completion is anticipated to occur in early 2024 with commercial service of the TMEP anticipated to occur near the end of the first quarter of 2024.

During the three and nine month periods ended September 30, 2023, a goodwill impairment loss of $1.0 billion was recognized for the full carrying value of goodwill. Goodwill previously related to the acquisition of the TMPL and the Puget Pipeline on August 31, 2018. For further details see note 8 of the Interim Condensed Consolidated Financial Statements at September 30, 2023.

For further details please see the TMC Q3 2023 financial report at www.transmountain.com.

Financing for TMC

TMP Finance is the parent of TMC and its entities. Until Q1 2022, TMP Finance provided funding to TMC at a ratio of 45% equity and 55% debt. To finance these advances, TMP Finance borrowed 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. At September 30, 2023, the available limit on the Construction Facility was $13.5 billion and the outstanding amount on the Construction Facility was $11.8 billion with the addition of paid in kind (“PIK") interest. After an amendment to the credit facilities, there are no other required payments on the borrowings until maturity, no further cash draws and interest is PIK’d and added to the loan balance when interest is due.

On March 24, 2023, the Corporation amended and restated the Syndicated Credit Agreement to include a letter of credit facility (“LC Facility”) for $100 million and to amend the Syndicated Facility. The Syndicated Facility was amended to a two-year senior unsecured EP4 compliant revolving facility and the available credit was increased to $10.9 billion in the first quarter then to $12.9 billion in the second quarter and $15.9 billion in the third quarter of 2023. EP4 is a risk management framework adopted by financial institutions for identifying, assessing, and managing environmental and social risks for large infrastructure projects. The facilities under the Syndicated Credit Agreement mature March 24, 2025, with the ability to request certain extension terms up to August 31, 2025, and have a combined available credit from July 20, 2023 onwards of $16.0 billion.

In the nine months ended September 30, 2023 gross loan interest and fee expense was $1,070 million, of which $953 million was capitalized and added to the capital cost of the project and will be depreciated over the useful life of the pipeline. In the comparative period gross interest was $588 million with $502 million capitalized. The increase is due to higher loan balances and higher interest rates in 2023.

Canada Hibernia Holding Corporation

CHHC’s after-tax income of $59 million in the nine months ended September 30, 2023 was lower than $97 million recorded in the comparative period due mainly to lower net crude oil revenue and higher depletion and depreciation expenses, partially offset by lower operating expenses and income taxes.

Net crude oil revenue, calculated as crude oil sales less royalties and net profits interest (“NPI”), decreased by 31% to $113 million in the nine months ended September 30, 2023 from $163 million in the comparative period, driven by a 21% decrease in sales volume combined with 21% decrease in average realized oil price partially offset by lower royalty and NPI expense. (On consolidation, Net crude oil revenue for the first nine months of 2023 was $126 million (2022-$186 million) due to the elimination of NPI payments made to CDEV.)

Sales volumes decreased by 21% to 1.49 million barrels of oil in the first nine months of 2023 compared to the first nine months of 2022, due to a 12% decline in field production combined with a smaller draw of inventory volumes. Gross field production volumes of 70,546 barrels per day in the first nine months of 2023 were 12% lower than the first nine months of 2022, due to unscheduled downtime, drilling delays, and natural production declines.

CHHC typically sells its oil based on the Dated Brent benchmark price for crude oil, in US dollars. CHHC's average realized price in USD decreased by 25% to US$83.05/bbl in the first nine months of 2023 over the first nine months of 2022, due to a 22% decrease in Dated Brent combined with a smaller premium to Dated Brent than in the prior year period. On a Canadian dollar basis, CHHC's realized oil price decreased by 21% to $111.83/bbl in the nine months ended September 30, 2023, over the comparative period of 2022, due to the price decrease on a USD basis partially offset by the positive impact of a weaker Canadian dollar in relation to the US dollar.

Drilling and facilities capital expenditures in the nine months ended 2023 of $17 million were focused on drilling activities in both the Hibernia Main Field and Hibernia Southern Extension Unit. Facilities and project costs were comprised of upgrades to the second drilling rig and various flowline and equipment upgrades.

Canada Eldor Inc.

There was no significant change in the management of CEI's liabilities. CEI continues to pay for costs relating to the decommissioning of former mine site properties in Saskatchewan and for retiree benefits of certain former employees. A plan is in place that should allow for the transfer of the remaining mine site properties to the Institutional Control Program within two years. During the first nine months of 2023, obligations settled were $0.6 million for site restoration efforts and there was no significant change in the estimated cost for site restoration. CEI holds cash and cash equivalents plus funds within the Consolidated Revenue Fund totaling $11 million to pay for CEI's total estimated liabilities of $4 million.

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. Please refer to the CEEFC 2022 Annual Report and 2023 Q2 report for more details on CEEFC's website at www.ceefc-cfuec.ca.

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. CEEFC prepares its financial statements using Public Sector Accounting Standards. Costs incurred by CDEV related to the development of LEEFF have been recovered from CEEFC. For details on the financial and operating results of CEEFC please see the CEEFC Annual Report at www.ceefc-cfuec.ca. Select financial results for CEEFC are shown below:

($ Millions)	2020	2021	2022	YTD 2023	Total to September 30, 2023
Loan commitments made	320	7,108	193	-	7,621
Loans funded	110	2,588	405	-	3,103
Equity Investments [1]	-	500	-	-	500
Loan Principal Repayments	-	380	35	313	728
Preferred shares issued	200	2,890	-	-	3,090

[1] As part of a financing agreement with Air Canada, CEEFC purchased $500 million worth of Air Canada Class B Voting shares.

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. No material changes have been identified since December 31, 2022 as described in the 2022 Annual Report.

Risks and Contingencies

TMP Finance is a borrower of over $16 billion which creates financial risk for CDEV. As the loans are from the Government, this risk is assessed as low. TMC also is a borrower of over $14 billion from commercial banks. This debt is guaranteed by the Government which reduces the financial risk to CDEV. At September 30, 2023, there is a refinancing risk as TMC does not have financing in place to complete the TMEP (see note 2 of the interim condensed consolidated financial statements. As noted in the interim condensed consolidated financial statements for the period ended September 30, 2023, TMC expects the external financing will be obtained in a timely manner and on terms satisfactory to TMC. However, there is no assurance that external financing will be obtained. As at September 30, 2023, there is material uncertainty that the Corporation has sufficient financial resources to meet its obligations for the next 12 months as they become due. The above factors cause material uncertainty that casts significant doubt as to the Corporation's ability to continue as a going concern. Completion of the TMEP will require significant capital expenditures, and TMC will require the continued availability of financing in order to complete the TMEP. TMC's ability to service existing and future debt may depend on a number of factors, including future financial and operating performance of TMC, project execution on the TMEP, overall economic conditions, and financial, regulatory, and other factors, many of which are beyond TMC's direct control. The outcome of the Canada Energy Regulator's consideration of the Application for Interim Commencement Date Tolls may have future impacts on TMC's cash flows. Once TMEP is in-service, TMC's operating cash flow will improve as will its ability to service its debt.

The other risks and contingencies described in the 2022 Annual Report remain unchanged.

Financial Statements for the Period Ended September 30, 2023

The interim condensed consolidated financial statements for the nine months ended September 30, 2023 with comparative figures for the first nine months of 2022, have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to interim periods, including IAS 34, *Interim Financial Reporting*. As described in note 2 of the interim condensed consolidated financial statements there is significant doubt as to the Corporation's ability to continue as a going concern. Efforts are being made to resolve the going concern issue through negotiations with potential lenders and the Government to secure the required financing to allow the Corporation to service its existing debt and to fund future capital expenditures to complete the TMEP.

TMC prepares its financial statements in accordance with US GAAP. To read the US GAAP Q3 2023 TMC financial statements please go to www.transmountain.com. Note 20 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.

Consolidated revenue for the nine months ended September 30, 2023 was $685 million, compared to revenue of $689 million in the comparative period. An increase in transportation revenue was offset by a decrease in net crude oil revenue. The increase in transportation revenue is mainly due to higher throughput, including higher deliveries to Westridge dock, as well as higher overall tariffs compared to prior year. Additionally, there were re-contracted Firm 50 contracts which included higher premiums for firm capacity. Net crude oil revenue decreased to $126 million from $186 million in the comparative period due to a 21% decrease in sales volumes and a 21% decrease in realized oil price, net of lower royalty expenses.

Total expenses for the nine-month period, excluding finance costs, were $1,422 million, compared to $338 million in the comparative period. The increase is primarily due to a $1 billion goodwill impairment expense. There was also a $36 million increase in pipeline operating expenses related to risk management costs and higher power costs plus a $9 million increase in depletion and depreciation and a $12 million increase in salaries and benefits largely due to higher costs associated with an increased workforce to prepare TMC for its expanded asset post-TMEP and TMEP in service as well as costs related to the new subsidiaries.

Interest expense of $141 million in the nine-month period ended September 30, 2023 increased from $118 million in the prior year period. Gross interest expense increased for the period due to a higher loan amount outstanding offset by higher capitalized interest which is based on the level of construction costs incurred to date and higher interest rates in the current period.

We recorded a net loss before income taxes for the nine-month period ended September 30, 2023 of $859 million compared to net income of $244 million in the comparative period due to lower TMC income before taxes largely due to the write off of goodwill and lower CHHC net income before taxes.

Income taxes for the nine months ended September 30, 2023 of $75 million is lower than the $85 million recorded in the comparative period.

Cash and cash equivalents and short-term investments as at September 30, 2023 increased to $491 million compared to $342 million at December 31, 2022 mainly due to financing activities of $7.6 billion, less cash used in investing activities of $7.5 billion and negative operating cash flow of $40 million.

Property, plant, and equipment of $31.9 billion increased by $8.1 billion since year end primarily due to $8.29 billion in capital expenditures related to the TMEP including capitalized interest, net of depletion and depreciation of $96 million.

Trade and other payables of $1.4 billion increased by $253 million from December 31, 2022 primarily due to increased TMC capital accruals and payables related to the TMEP.

Loans payable increased to $30.9 billion from $16.1 billion at year end due to $7.5 billion in draws on the syndicated credit facility. The amount of $7.2 billion that was shown as a current liability in the comparative period at December 31, 2022 has been reclassified in the current period to a long-term liability since the new loan facility matures in over one year.

The long-term provision for decommissioning obligations decreased to $354 million at September 30, 2023 from $503 million at December 31, 2022 due to an increase in the discount rate during the period.

Interim Condensed Consolidated Financial Statements of

CANADA DEVELOPMENT INVESTMENT CORPORATION

Three and nine months ended September 30, 2023

(Unaudited)

CANADA DEVELOPMENT INVESTMENT CORPORATION

Interim Condensed Consolidated Statement of Financial Position (Unaudited)
(Thousands of Canadian Dollars)

	September 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 402,244	$ 309,906
Short-term investments	88,263	31,625
Trade and other receivables (note 18)	140,769	160,543
Income taxes recoverable	-	1,695
Other current assets	38,047	26,009
Current portion of Investments held for future obligations	1,921	1,428
	671,244	531,206
Non-current assets:		
Property, plant and equipment (note 6)	31,853,095	23,822,098
Goodwill (note 8)	-	1,015,862
Investments held for future obligations	133,758	149,850
Restricted cash (note 5)	9,713	87,246
Restricted investments	95,695	90,481
Right-of-use assets (note 7)	73,561	82,108
Other assets	330,124	325,671
	32,495,946	25,573,316
	$ 33,167,190	$ 26,104,522
Liabilities and Shareholder's Equity		
Current liabilities:		
Trade and other payables	$ 1,397,461	$ 1,144,192
Income tax payable	222	-
Current portion of loans payable (note 11)	-	7,199,232
Current portion of lease liabilities (note 7)	25,958	33,537
Current portion of provision for decommissioning obligations (note 10(a), (b))	3,342	3,988
Current portion of provision for site restoration (note 10)	1,793	1,300
Net Profits Interest ("NPI") provision (note 12)	4,000	-
Other current liabilities (note 9)	52,595	89,793
	1,485,371	8,472,042
Non-current liabilities:		
Loans payable (note 11)	30,858,604	16,127,573
Long-term interest payable	250,160	36,808
Deferred income taxes	672,276	624,190
Provision for decommissioning obligations (note 10(a), (b))	353,652	502,814
Lease liabilities (note 7)	64,813	64,473
Provision for site restoration (note 10)	2,132	2,831
Defined benefit obligation	50,544	51,522
Other non-current liabilities	51,341	46,813
	32,303,522	17,457,024
Shareholder's equity:		
Share capital	1	1
Contributed surplus	603,294	603,294
NPI reserve (note 12)	139,442	5,463
Accumulated deficit	(1,416,201)	(483,038)
Accumulated other comprehensive income	51,761	49,736
	(621,703)	175,456
	$ 33,167,190	$ 26,104,522

Going Concern (note 2)
Commitments (note 16)
Contingencies (note 17)

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	
	2023	2022	2023	2022
Revenue:				
Transportation revenue (note 15)	$ 175,036	$ 164,555	$ 501,834	$ 446,165
Net crude oil revenue (note 14)	42,810	58,200	125,588	185,920
Lease revenue (note 15)	17,761	16,293	53,005	50,192
Other revenue	1,053	832	5,034	6,542
	236,660	239,880	685,461	688,819
Other income:				
Facility use and processing fees	336	335	1,146	1,325
Foreign exchange gains	728	4,321	1,818	7,737
	237,724	244,536	688,425	697,881
Expenses:				
Goodwill Impairment (note 8)	1,015,862	-	1,015,862	-
Depletion and depreciation (note 6,7)	34,317	31,966	104,926	95,913
Pipeline operating expenses (note 15)	60,166	50,243	168,147	132,054
Crude oil operating, transportation and marketing (note 14)	5,384	8,333	18,400	21,433
Salaries and benefits	34,322	24,082	86,557	74,126
Professional fees	6,438	5,639	15,785	12,653
Foreign exchange losses	25	875	2,059	2,894
Change in provision for site restoration (note 10)	410	(646)	326	(717)
Other administrative	3,372	1,006	9,847	(539)
	1,160,296	121,498	1,421,909	337,817
Finance expenses (income):				
Interest expense (note 11)	50,358	39,018	141,074	117,995
Interest income	(10,761)	(6,703)	(29,878)	(12,260)
Unwind of discount on provisions (note 10)	4,935	4,095	13,850	10,535
	44,532	36,410	125,046	116,270
Net income (loss) before income taxes	(967,104)	86,628	(858,530)	243,794
Income taxes:				
Current	11,375	11,016	27,316	33,690
Deferred	14,637	19,928	47,317	51,056
	26,012	30,944	74,633	84,746
Net income (loss)	$ (993,116)	$ 55,684	$ (933,163)	$ 159,048
Other comprehensive income (loss):				
Items that may be reclassified subsequently to profit or loss				
Currency translation adjustment	5,506	15,028	(352)	18,760
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit obligations	7,360	(6,116)	2,377	34,595
	12,866	8,912	2,025	53,355
Comprehensive income (loss)	$ (980,250)	$ 64,596	$ (931,138)	$ 212,403

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	
	2023	2022	2023	2022
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	98,179	117,306	5,463	19,455
NPI provision, addition for the period (note 12)	(4,000)	-	(4,000)	(5,869)
NPI received	45,263	86,206	137,979	239,926
Dividends	-	-	-	(50,000)
Balance, end of period	139,442	203,512	139,442	203,512
Accumulated deficit				
Balance, beginning of period	(423,085)	(519,369)	(483,038)	(549,733)
Net income (loss)	(993,116)	55,684	(933,163)	159,048
Dividends	-	-	-	(73,000)
Balance, end of period	(1,416,201)	(463,685)	(1,416,201)	(463,685)
Accumulated other comprehensive income				
Balance, beginning of period	38,895	47,295	49,736	2,852
Other comprehensive income	12,866	8,912	2,025	53,355
Balance, end of period	51,761	56,207	51,761	56,207
Total shareholder’s equity	$ (621,703)	$ 399,329	$ (621,703)	$ 399,329

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	
	2023	2022	2023	2022
		Note 20		Note 20
Operating activities:				
Net income (loss)	$ (993,116)	$ 55,684	$ (933,163)	$ 159,048
Adjustments for:				
Goodwill impairment	1,015,862	-	1,015,862	-
Depletion and depreciation	34,317	31,966	104,926	95,913
Loss (gain) on derecognition of assets	440	727	1,790	(321)
Income tax expense	26,012	30,944	74,633	84,746
Interest income	(10,761)	(6,632)	(29,878)	(12,217)
Non-capitalized unpaid interest	1,481	-	3,412	-
Net change in defined benefits	2,112	2,007	1,280	3,941
Lease interest expense	573	(542)	1,709	1,421
Change in provision for site restoration	410	(647)	326	(717)
Unwind of discount on provisions	4,935	4,095	13,850	10,535
Payment of lease liabilities, interest portion	(632)	542	(1,709)	(1,421)
Interest received	11,309	6,703	29,449	12,260
Provisions settled	(488)	(480)	(2,581)	(1,304)
Income taxes paid	(6,871)	(16,974)	(21,824)	(30,725)
	85,583	107,393	258,082	321,159
Change in non-cash working capital (note 13)	12,434	(271,634)	(297,927)	65,272
	98,017	(164,241)	(39,845)	386,431
Financing activities:				
Proceeds from loans	2,275,000	2,250,000	7,538,803	7,594,000
Repayment of debt	-	-	-	(1,595,000)
Debt issuance costs	(2,651)	(460)	(9,534)	(2,253)
Dividends paid	-	-	-	(123,000)
NPI received	45,263	86,206	137,979	239,926
NPI refunds paid	-	-	-	(5,869)
Payment of lease liabilities, principal portion	(8,525)	(14,724)	(27,995)	(45,208)
	2,309,087	2,321,022	7,639,253	6,062,596
Investing activities:				
Purchase of property, plant and equipment	(2,397,057)	(2,111,414)	(7,523,866)	(6,130,603)
Insurance proceeds	200	6,250	2,705	6,250
Internal use software expenditures	(4,160)	(2,599)	(11,486)	(7,301)
Purchase of Short-term investments	(62,676)	(56,384)	(119,504)	(108,499)
Sale of Short-term investments	31,488	31,115	63,291	83,061
Change in restricted cash	(61)	3,563	77,533	(6,985)
Purchase of restricted investments	(3,534)	(7,132)	(11,405)	(13,168)
Change in investments held for future obligations	(19,987)	(874)	15,599	(1,434)
	(2,455,787)	(2,137,475)	(7,507,133)	(6,178,679)
Effects of FX translation on cash	1,285	1,975	63	2,328
Change in cash and cash equivalents	(47,398)	21,281	92,338	272,676
Cash and cash equivalents, beginning of period	449,642	550,927	309,906	299,532
Cash and cash equivalents, end of period	$ 402,244	$ 572,208	$ 402,244	$ 572,208
Represented by:				
Cash	$ 402,244	$ 537,918	$ 402,244	$ 537,918
Cash equivalents	-	34,290	-	34,290
	$ 402,244	$ 572,208	$ 402,244	$ 572,208

Total interest and standby fees paid on the loans payable for the three and nine months ended September 30, 2023 was $219,590 and $484,101, respectively (2022 - $23,876 and $36,087, respectively).

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 ("the Corporation" or "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"), Canada Growth Fund Inc. ("CGF") and Canada Innovation Corporation ("CIC"). The subsidiary Canada Enterprise Emergency Funding Corporation ("CEEFC") is not consolidated.

Parent

Canada Development Investment Corporation 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* 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 ("GoC") 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".

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. CDEV aligned its policies, guidelines and practices as of October 2015 and will continue to report on the status of the directive in its corporate plan.

In August 2019, the GoC transferred to CDEV its activities related to the management of the Net Profits Interest ("NPI") and Incidental Net Profits Interest ("INPI") agreements under the Hibernia Development Project which were previously managed by Natural Resources Canada.

The address of CDEV's registered office is 79 Wellington Street West, Suite 3000, Box 270, TD Centre, Toronto, Ontario, M5K 1N2. The address of CDEV's principal place of business is 161 Bay Street, Suite 4540, Toronto, Ontario, M5J 2S1.

Subsidiaries

Trans Mountain Corporation and Canada TMP Finance Ltd. were incorporated in 2018 under the provisions of the *Canada Business Corporations Act*. The companies are subject to the *Financial Administration Act* and are agents of His Majesty in Right of Canada. TMC is also subject to the *Income Tax Act*. TMC is a non-agent Crown corporation which allows it to borrow from parties other than the GoC.

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

1. Reporting entity (continued):

TMP Finance is the parent company of TMC. Up until the second quarter of 2022, it provided debt and equity financing to TMC funded by loans from His Majesty in Right of Canada, administered by Export Development Canada ("EDC"). The existing loans remain outstanding. See note 11 for loan details.

CEI was incorporated under the provisions of the *Canada Business Corporations Act*. It is subject to the *Financial Administration Act*, is an agent of His 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 5.67% 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. As a result of the Unit operator's implementation of the HSE Unit First Redetermination, CHHC's working interest increased from 5.63% to 5.67% effective March 1, 2021.The Hibernia Project is of strategic importance to CHHC as it is CHHC's sole business activity from which it derives all of its crude oil revenues.

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.

On May 10, 2020, CDEV was issued a directive (P.C. 2020-305) pursuant to section 89 of the *Financial Administration Act* to incorporate a subsidiary, and to take such steps as are necessary to facilitate the subsidiary's administration of a credit support program for large Canadian companies in response to COVID-19 emergency, in accordance with any directive that may be given to that Subsidiary. On May 11, 2020, CEEFC was incorporated in compliance with the directive. CEEFC was incorporated under the *Canada Business Corporations Act* to administer, approve and fund transactions in accordance with terms approved by the Minister of Finance in relation to the Large Employer Emergency Financing Facility program ("LEEFF") which was 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*.

1. Reporting entity (continued):

Consistent with the 2022 Fall Economic Statement, CDEV was issued a directive (P.C. 2022-1269) on December 2, 2022 under section 89 of the *Financial Administration Act* to incorporate a wholly-owned subsidiary to be named Canada Growth Fund Inc. and to take such steps as necessary to facilitate the subsidiary's establishment as a new public investment fund making investment decisions within its mandate, on an arm's length basis from the GoC, and in accordance with the terms of directive (P.C. 2022-1272) given to the subsidiary. On December 13, 2022, Canada Growth Fund Inc. was incorporated under the *Canada Business Corporations Act* and authorized to issue Common Shares and Class A Preference Shares. CGF Inc. had no activity in 2022. CGF's mandate is 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 the path to net-zero. CGF has engaged the services and expertise of the Public Sector Pension Investment Board ("PSP") and its personnel in the implementation of the CGF mandate. PSP will act as the independent investment manager of CGF.

CDEV was issued a directive (P.C. 2023-39) on January 31, 2023 under section 89 of the *Financial Administration Act* to incorporate a wholly-owned subsidiary and to take such steps as necessary to facilitate the subsidiary's implementation of its objects. On February 8, 2023 the Corporation incorporated Canada Innovation Corporation ("CIC") under the *Canada Business Corporations Act.* In the first half of 2023, work began to establish the CIC's initial operations. CIC's mandate is to help to maximize business investment in research and development across all sectors and in all regions of Canada to promote innovation driven economic growth. The *Canada Innovation Act* will come into force on a day fixed by order of the Governor in Council and at that time CIC will become a parent Crown corporation.

2. Going Concern:

The interim condensed consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"). The going concern basis of presentation assumes that the Corporation will continue in operation for at least one year after the date of the interim condensed consolidated statement of financial position and contemplates the realization of assets and settlement of liabilities as they become due in the normal course of business.

The Corporation's ability to continue as a going concern is dependent upon its ability to service its existing debt and fund the remaining construction costs of the TMEP. On February 18, 2022, the Deputy Prime Minister and Minister of Finance reaffirmed the Government's commitment to complete the TMEP, however, the Minister stated that the Corporation needed to secure external financing to fund the remaining costs of the project. As a result, TMC entered into a credit agreement with a syndicate of lenders (the "Syndicated Credit Agreement") which as of September 30, 2023 contains two facilities with a total combined available credit of $16.0 billion and matures on March 24, 2025. See Note 11 for details on TMC's debt.

2. Going Concern (continued):

In order to meet obligations as they become due, TMC will require additional funding through external financing. The Corporation expects the external financing will be obtained in a timely manner and on terms satisfactory to the Corporation. However, there is no assurance that external financing will be obtained. As at September 30, 2023, there is material uncertainty that the Corporation has sufficient financial resources to meet its obligations for the next 12 months as they become due. See note 11 for details on the external financing. The above factors cause material uncertainty that casts significant doubt as to the Corporation's ability to continue as a going concern.

These interim condensed consolidated financial statements do not include any adjustments to the carrying value of the assets and liabilities, the reported revenues and expenses or the consolidated statement of financial position classifications that might be necessary if the Corporation was unable to obtain the necessary funds to service its existing debt and finance the remaining construction costs of the TMEP. Such adjustments could be material.

3. 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, 2022.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 20, 2023.

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 Pipeline which uses the U.S. dollar as its functional currency.

4. 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 4 of the annual audited consolidated financial statements for the year ended December 31, 2022, except for those policies which have changed as a result of the adoption of new accounting standards, amendments or interpretations effective January 1, 2023, 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.

4. Significant accounting policies (continued):

a) Changes in accounting policies:

The following accounting standards, amendments to standards and interpretations issued by the International Accounting Standards Board ("IASB"), and set out in the CPA Canada Handbook, are effective for the first time in the current financial year and have been adopted effective January 1, 2023 in accordance with the applicable transitional provisions. The application of these amendments had no impact on the Corporation's consolidated financial statements.

(i) Amendments to IAS 1, *Presentation of Financial Statements – Disclosure of Accounting Policies*

The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements, by applying materiality judgments and require entities to disclose "material" accounting policy information rather than "significant" accounting policies.

(ii) Amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

The amendments introduce a definition of an accounting estimate and clarify the distinction between changes in accounting estimates and changes in accounting policies.

(iii) Amendments to IAS 12, *Income Taxes*, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments require entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings (or other components of equity, as appropriate) at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

b) 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 4(y) of the Corporation's annual consolidated financial statements for the year ended December 31, 2022.

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

5. Restricted cash:

	September 30, 2023	December 31, 2022
Restricted cash – TMC held for future abandonment costs	$ 231	$ 1,444
Restricted cash – TMC letters of credit	-	76,320
Restricted cash – TMC held as security	750	750
Restricted cash – CHHC letters of credit	8,732	8,732
	$ 9,713	$ 87,246

6. Property, plant and equipment:

	Construction work in progress	Pipeline	Oil development assets, production facilities and corporate	Total
Cost				
Balance at December 31, 2021	$ 11,109,858	$ 3,632,752	$ 564,468	$ 15,307,078
Additions	9,504,480	-	11,926	9,516,406
Transfers	(114,583)	114,583	-	-
Decommissioning adjustments	-	(92,260)	(15,110)	(107,370)
Derecognition	-	(2,097)	-	(2,097)
Foreign exchange movements	100	19,420	-	19,520
Balance at December 31, 2022	$ 20,499,855	$ 3,672,398	$ 561,284	$ 24,733,537
Additions	8,272,888	-	17,547	8,290,435
Transfers	(14,948)	14,948	-	-
Decommissioning adjustments	-	(159,094)	(2,377)	(161,471)
Derecognition	-	(2,702)	-	(2,702)
Foreign exchange movements	4	(605)	-	(601)
Balance at September 30, 2023	$ 28,757,799	$ 3,524,945	$ 576,454	$ 32,859,198
Accumulated depletion and depreciation				
Balance at December 31, 2021	$ -	$ 321,464	$ 470,585	$ 792,049
Depletion and depreciation	-	104,329	13,382	117,711
Derecognition	-	(755)	-	(755)
Foreign exchange movements	-	2,434	-	2,434
Balance at December 31, 2022	$ -	$ 427,472	$ 483,967	$ 911,439
Depletion and depreciation	-	80,192	15,423	95,615
Derecognition	-	(911)	-	(911)
Foreign exchange movements	-	(40)	-	(40)
Balance at September 30, 2023	$ -	$ 506,713	$ 499,390	$1,006,103
Carrying amounts:				
At December 31, 2022	$ 20,499,855	$ 3,244,926	$ 77,317	$ 23,822,098
At September 30, 2023	$ 28,757,799	$ 3,018,232	$ 77,064	$ 31,853,095

6. Property, plant and equipment (continued):

At September 30, 2023, costs related to oil development assets and production facilities subject to the calculations of depletion and depreciation included future development costs of $392,492 (December 31, 2022 - $409,000). For details on decommissioning adjustments, see note 10, Provisions.

During the period ended September 30, 2023 capitalized interest of $952,628 was included in the additions to construction work in progress – pipeline (2022 - $502,153).

At September 30, 2023, an assessment of indicators of impairment was conducted for the Corporation's cash generating units ("CGUs"). As a result of significant factors related to the commencement of service of the TMEP, and primarily a rise in the cost of capital from increased domestic interest rates, management performed an impairment test of goodwill and PP&E related to the TMC CGU. As a result, the entire goodwill balance was written off. For PP&E, the recoverable amount was determined to exceed the carrying value and therefore no impairment has been recognized with respect to PP&E in the current period. Refer to Note 8 for additional details on the key assumptions underlying the impairment test. An impairment test was performed at Dec 31, 2022 and no impairment was recognized.

No indicators of impairment were noted for the oil development assets and production facilities at September 30, 2023 and December 31, 2022 and accordingly an impairment test was not required.

7. Right-of-use assets and leases:

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

The category of equipment includes the Corporation'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. Equipment leases also include construction camp equipment, 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. The leases extend to the year 2031.

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, 2023.

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

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

Consolidated Statement of Financial Position:

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

	Equipment and Vehicles	Land and Buildings	Total
December 31, 2021	$ 61,786	$ 62,796	$ 124,582
Additions	903	18,118	19,021
Lease modifications	432	1	433
Depreciation*	(41,115)	(20,909)	(62,024)
Foreign exchange	96	-	96
December 31, 2022	$ 22,102	$ 60,006	$ 82,108
Additions	2,528	600	3,128
Lease modifications	6,472	11,162	17,634
Depreciation*	(12,701)	(16,059)	(28,760)
Incentives	-	(547)	(547)
Foreign exchange	(2)	-	(2)
September 30, 2023	$ 18,399	$ 55,162	$ 73,561

*Includes depreciation costs capitalized as additions to PPE of $23,492 and $44,383 for the period ended September 30, 2023 and 2022 respectively.

Details of lease liabilities are as follows:

	Nine months ended September 30, 2023	Year ended December 31, 2022
Lease liabilities, opening	$ 98,010	$ 138,440
Additions	3,128	19,021
Lease modification	17,634	433
Interest expense	3,178	4,903
Lease payments	(31,171)	(64,929)
Foreign exchange movements	(8)	142
Lease liabilities, closing	$ 90,771	$ 98,010
Current	$ 25,958	$ 33,537
Non-current	64,813	64,473
	$ 90,771	$ 98,010

Maturity analysis – contractual undiscounted cash flows:

	2023	2024-2027	Thereafter	Total
Lease liabilities	$ 14,865	$ 40,915	$ 106,954	$ 162,734

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

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

Statement of Comprehensive Income and Statement of Cash Flows:

	September 30, 2023	September 30, 2022
Statement of Comprehensive Income:		
Interest on lease liabilities	$ 3,178	$ 3,852
Less: capitalized lease interest	(1,469)	(2,432)
Net interest on lease liabilities	1,709	1,420
Statement of Cash Flows:		
Total cash outflow for leases	$ (31,125)	$ (49,061)

Lessor

Operating leases in which the Corporation is the lessor relate to merchant tanks owned by the Corporation and housing located along the pipeline right of way or in the proximity of pump stations. For the nine months ended September 30, 2023, lease income for merchant tank operating leases recognized in “Lease revenue” totaled $53,005 (2022 - $50,192), which included the variable lease payments described above, and lease income related to housing operating leases recognized in “Other revenue” totaled $187 (2022 – $202).

8. Goodwill:

During the three and nine month periods ended September 30, 2023, a goodwill impairment loss of $1,015,862 was recognized for the full carrying value of goodwill (2022 – none).

Goodwill previously related to the acquisition of the TMPL and the Puget Pipeline on August 31, 2018. Management is required to evaluate goodwill on a quarterly basis for indicators of impairment. As a result of significant factors related to the commencement of service of the TMEP, and primarily a rise in the cost of capital from increased domestic interest rates, management performed an impairment test as of September 30, 2023.

For the purposes of impairment testing, goodwill was allocated to TMC’s CGU. Consistent with the most recent impairment test performed as of December 31, 2022, the impairment test was most sensitive to changes in discount rates which impacted the recoverable amount of the CGU which was based on fair value less costs of disposal (FVLCD) estimated using an income-based approach based on discounted cash flows. The estimate of FVLCD required the use of significant unobservable inputs representative of a Level 3 fair value measurement, including assumptions related to the discount rate, the timing and cost to complete the TMEP, tolls consistent with the CER approved toll methodology and the extent cash flows will be re-contracted at the end of the initial TMEP term contracts. For purposes of determining the FVLCD of the CGU, the estimate of discounted cash flows included probability-weighted scenarios of various in-service dates for the TMEP. The estimate of discounted cash flows was determined using a discount rate of 8.25% (2022 - 8.0%) which reflects the time value of money based on the risks associated with the

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

8. Goodwill (continued):

Corporation's assets that have not otherwise been incorporated in the cash flow estimates. Keeping other assumptions constant, a 0.25% increase in the discount rate applied would result in an impairment of approximately $1.2 billion to Property, Plant and Equipment.

9. Other current liabilities:

	September 30, 2023	December 31, 2022
Dock premiums	$ 34,924	$ 72,840
Environmental accrual	7,417	7,461
Defined benefit obligation	1,734	1,734
Other	8,520	7,758
	$ 52,595	$ 89,793

10. 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, 2021	$ 478,532	$ 119,305	$ 597,837	$ 6,087
Additional provisions	-	-	-	170
Changes in estimates	443,800	21,314	465,114	(459)
Obligations settled	-	(1,263)	(1,263)	(1,437)
Changes in discount rate	(536,060)	(36,424)	(572,484)	(274)
Effect of foreign exchange	2,656	-	2,656	-
Unwind of discount	11,835	3,107	14,942	44
Balance at December 31, 2022	$ 400,763	$ 106,039	$ 506,802	$ 4,131
Additional provisions			-	544
Changes in estimates	416	8,794	9,210	(180)
Obligations settled	-	(1,998)	(1,998)	(582)
Changes in discount rate	(159,510)	(11,171)	(170,681)	(38)
Effect of foreign exchange	(139)	-	(139)	-
Unwind of discount	10,899	2,901	13,800	50
Balance at September 30, 2023	$ 252,429	$ 104,565	$ 356,994	$ 3,925
Current	$ -	$ 3,342	$ 3,342	$ 1,793
Non-current	252,429	101,223	353,652	2,132
	$ 252,429	$ 104,565	$ 356,994	$ 3,925

10. Provisions (continued):

a) Provision for decommissioning obligations of wells and facilities:

The provision for decommissioning obligations is based on the Corporation'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. The Corporation estimates the total future undiscounted liability to be $228,090 at September 30, 2023 (December 31, 2022 - $217,248). 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, 2023 using an average inflation rate of 2.5% (December 31, 2022 - 2.50%) and was discounted using an average risk-free rate of 3.95% (December 31, 2022 – 3.35%).

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 $252,429 at September 30, 2023 (December 31, 2022 - $400,763) discounted at a risk-free rate of 3.81% (December 31, 2022 - 3.28%). The undiscounted decommissioning liability is estimated to be $8,890,000 (December 31, 2022 - $8,880,000) with an inflation rate of 3.00% (December 31, 2022 - 3.00%) and an expected remaining useful life of 96 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 96 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 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 costs are estimated over a period ending in 2025. The future estimate of costs for site restoration has been discounted at a rate of 4.87% (December 31, 2022 – 2.27%) and an inflation rate of 2% (December 31, 2022 – 2.0%) was used to calculate the provision at September 30, 2023. The current estimate for costs accrued as at September 30, 2023 is $3,925 (December 31, 2022 - $4,131).

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

11. Loans payable:

On August 29, 2018, the Corporation, through 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. On March 25, 2019, the Corporation entered into an amended CER Credit Agreement which allows it to borrow funds for the purpose of providing financial assurance for the TMPL as required by the CER. The Acquisition Facility was used to fund the acquisition of the Trans Mountain Pipeline entities. The Construction Facility was used primarily to finance the TMEP construction. The CER Facility allows the Corporation to borrow funds for the purpose of providing financial assurance for the Trans Mountain Pipeline as required by the CER.

The loans are due on the respective maturity dates. Details of the facilities at September 30, 2023 are as follows:

Facility	Total Available Credit September 30, 2023	Outstanding Amounts September 30, 2023	Outstanding Amounts December 31, 2022	Interest Rate Disbursed amounts	Standby Fee Undisbursed amounts	Maturity Date
Acquisition	$ 4,670,000	$ 4,670,000	$ 4,670,000	4.7%	-	August 29, 2025
Construction [(a)]	13,500,000	11,831,376	11,457,573	4.7%	-	August 29, 2025
CER[(3)]	500,000	-	-	4.7%	0.30%	August 29, 2025
Total with Government		$16,501,376	$ 16,127,573			
Syndicated	$16,000,000	$14,357,228	$ 7,199,232	Variable [(1)]	0.125%[(2)]	March 24, 2025
Total		$ 30,858,604	$ 23,326,805			
Presented as:						
Current		$ -	$ 7,199,232			
Long-term		$30,858,604	$ 16,127,573			

(1) TMC is charged a guarantee fee equal to 0.25% of the outstanding loan amount on the syndicated bank facility by the Canada Account managed by EDC.
(2) Standby fee was 0.04% to Mar 23, 2023, and 0.125% thereafter.
(3) Previously referred to as the NEB Facility.

a) The availability of the Construction Credit Facility is limited to any borrowing authority issued by the Minister of Finance.

March 24, 2022 amendments to the Construction Credit Facility include the requirement to repay advances from EDC acting as agent for the Canada Account pursuant to any funding request made after February 18, 2022. TMC closed external financing on April 29, 2022 and all amounts advanced by EDC to TMP Finance after February 18, 2022 were repaid including interest. Upon the repayment, the available credit was reduced to nil for cash draws. The credit limit for the Construction Facility was increased to $13.5 billion. All interest will be paid in kind and added to the Construction Facility balance semi-annually. Commitment fees, previously charged at 0.065%, were discontinued on April 28, 2022, upon repayment of advances related to the funding requests made after February 18, 2022 and no further cash draws are permitted.

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

11. Loans payable (continued):

During the nine months ended September 30, 2023, interest paid in kind of $373,803 was added to the Construction Facility balance (2022 - $359,305).

Subsequent to period end, as a result of the increased CER financial capacity requirements under the expanded pipeline system, on October 27, 2023 the Corporation increased the Financial Capacity Line of Credit to $550,000.

Syndicated Facility

TMC has a credit agreement with a syndicate of lenders (the “Syndicated Credit Agreement”) dated April 29, 2022 which contains an unsecured revolving facility (the “Syndicated Facility”) and includes a guarantee provided from the Government of Canada. See Note 19 for more information on the guarantee and associated fees.

On March 24, 2023, the Corporation amended and restated the Syndicated Credit Agreement to include a letter of credit facility (“LC Facility”) for $100 million and to amend the Syndicated Facility. The Syndicated Facility, which originally matured on April 29, 2023 and had available credit of $10.0 billion, was amended to a two year senior unsecured Equator Principles 4 (“EP4”) compliant revolving facility and the available credit was increased to $10.9 billion. EP4 is a risk management framework adopted by financial institutions for identifying, assessing, and managing environmental and social risks for large infrastructure projects. The facilities under the Syndicated Credit Agreement mature March 24, 2025, with the ability for TMC to request certain extension terms up to August 31, 2025. The Syndicated Credit Agreement allows TMC to elect for reallocation of the available credit under the LC Facility to the Syndicated Facility. There are no financial covenants.

The available credit on the Syndicated Facility was increased to $12.9 billion on May 2, 2023 and further increased to $15.9 billion on July 20, 2023. The total combined available credit under the two facilities as of September 30, 2023 was $16 billion.

Borrowings under the Syndicated Facility bear interest at the Canadian Prime Rate or the Canadian Dollar Offered Rate (“CDOR”) plus applicable margins and commitment fees. The effective interest rate for the three and nine month periods ended September 30, 2023 was 6.6% and 6.0%, respectively.

Under the LC Facility as of September 30, 2023, TMC has letters of credit of $69.3 million issued and outstanding from the available $100 million 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	
	2023	2022	2023	2022
Interest on Loans payable	$ 418,486	$ 218,336	$ 1,070,447	$ 588,235
Amortization of debt issuance costs	1,166	-	2,830	-
Guarantee fees	8,506	17,663	16,120	27,961
Standby fees	962	996	2,596	2,533
Interest on leases	573	(543)	1,709	1,419
Interest and fees capitalized	(379,335)	(197,434)	(952,628)	(502,153)
	$ 50,358	$ 39,018	$ 141,074	$ 117,995

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

12. Net Profits Interest reserve:

During the period ended September 30, 2023, NPI payments received under the NPI agreements totalled $149,603 of which $11,624 was received from CHHC and eliminated upon consolidation (2022 – $264,649 of which $ 24,723 was eliminated). During the period, a provision was set up for $4,000 for a settlement to resolve a previous dispute.

13. Supplemental cash flow disclosure:

Changes in non-cash working capital balances for the periods ended September 30 include the following:

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Trade and other receivables	$ 2,954	$ 11,780	$ 19,948	$ (282)
Change in inventory	(336)	1,374	107	2,471
Other current assets	5,366	77	(12,080)	(12,028)
Deferred charges and other assets	20,935	(87,232)	(7,132)	(126,627)
Trade and other payables	(105,855)	98,861	230,867	289,341
Interest payable	208,049	220,249	231,423	579,586
Other current liabilities	(6,225)	(91)	(37,198)	(5,592)
Other non-current liabilities	3,337	(7,015)	10,719	8,475
Change in non-cash working capital items	$ 128,225	$ 238,003	$ 436,654	$ 735,344
Relating to:				
Operating activities	$ 12,434	$ (271,634)	$ (297,927)	$ 65,272
Investing activities	115,791	509,637	734,581	670,072
	$ 128,225	$ 238,003	$ 436,654	$ 735,344

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

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
PPE additions (note 6)	$ (2,524,605)	$ (2,632,285)	$ (8,290,435)	$ (6,846,088)
Change in non-cash investing working capital related to PPE	119,728	505,965	743,077	671,102
Capitalized lease amortization and interest	7,820	14,906	23,492	44,383
Cash used for PPE expenditures	$ (2,397,057)	$ (2,111,414)	$ (7,523,866)	$ (6,130,603)

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

14. Net crude oil revenue and operating, transportation and marketing 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	
	2023	2022	2023	2022
Crude oil sales	$ 57,821	$ 83,537	$ 166,137	$ 265,292
Less: royalties	(15,011)	(25,337)	(40,549)	(79,372)
Net crude oil revenue	$ 42,810	$ 58,200	$ 125,588	$ 185,920

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

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Europe	$ 41,434	$ 41,546	$ 92,392	$ 103,974
United States	16,387	41,991	73,745	161,318
	$ 57,821	$ 83,537	$ 166,137	$ 265,292

c) Operating, transportation and marketing expenses are comprised as follows:

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Hibernia Project operating expenses	$ 4,354	$ 6,952	$ 14,709	$ 17,822
Crude oil transportation and transshipment	977	1,309	3,483	3,369
Crude oil marketing	53	72	208	242
Total operating, transportation and marketing	$ 5,384	$ 8,333	$ 18,400	$ 21,433

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

15. Revenue and operating expenses from pipeline operations:

For the periods ended September 30, revenues and operating expenses from pipeline operations, disaggregated by revenue source and type of revenue, are comprised as follows:

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Transportation revenue	$ 175,036	$ 164,555	$ 501,834	$ 446,165
Lease revenue	17,761	16,293	53,005	50,192
Other revenue	853	682	1,122	2,492
Total	$ 193,650	$ 181,530	$ 555,961	$ 498,849
Pipeline operating expenses	$ 60,166	$ 50,243	$ 168,147	$ 132,054
Salaries and benefits	29,547	23,205	79,351	71,405
Other general and administration costs	2,622	2,081	8,796	2,814
Total operating expenses excluding finance costs, goodwill impairment and depreciation	$ 92,335	$ 75,529	$ 256,294	$ 206,273

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

16. Commitments:

The Corporation's commitments at September 30, 2023 are summarized in the table below:

	Remainder 2023	2024-2027	Thereafter	Total
Crude oil transportation and transshipment services	$ 1,162	$ 22,293	$ 14,340	$ 37,795
Hibernia Project contracts	446	5,832	2,266	8,544
Pipeline PPE	44,847	-	-	44,847
Other operating commitments	-	1,196	7,384	8,580
Total Commitments	$ 46,455	$ 29,321	$ 23,990	$ 99,766

17. 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.

17. Contingencies (continued):

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

In 2021, following the Corporation's termination of the general construction contract (the "Contract") with the general construction contractor for Spreads 1, 4B and 6 (the "GCC"), the GCC provided the Corporation with a Notice of Dispute in relation to amounts it claimed were outstanding pursuant to the Contract. The Corporation subsequently entered into discussions with the GCC and agreed to pay for some work that had been completed. However, the Corporation notified the GCC of its position that it was entitled to reimbursement for costs resulting from the Termination. In 2022, the Corporation provided a Notice of Dispute to the GCC. Discussions between the parties continued in the third quarter of 2023. Both parties have formally exchanged legal positions and have entered into a Standstill Agreement. The final settlement amount cannot be reasonably estimated at this time.

Flood Insurance Proceeds

In 2021, there was widespread flooding in British Columbia and Washington State, which resulted in financial losses, including damage to TMC's assets and delays to the TMEP construction. In 2022, insurance proceeds of $30,300 were recognized related to funds received or receivable from insurance providers for interim settlements on the flood related claims. From the 2022 interim settlement, $200 and $3,100 was collected during the three and nine month period ended September 30, 2023, respectively of which $200 and $2,705, respectively related to recovery of capital costs and the remainder related to recovery of operating costs. The amount and timing of any future insurance proceeds cannot be reasonably estimated.

18. 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. 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, 2022. 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.

(a) Credit and contract risk:

Credit and contract risk is the risk of financial loss to the Corporation if counterparties do not fulfill their contractual obligations and arises primarily from the Corporation's trade and other receivables. A significant exposure to this risk relates to crude oil sales and oil shipment sales from contracts with customers.

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 whose creditworthiness has been appropriately assessed prior to execution of the related contract and utilizes credit risk mitigation tools when necessary under the provisions of its marketing agreement. CHHC's marketing agent maintains credit surveillance over all purchasers.

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

18. Risks to the Corporation (continued):

(a) Credit and contract risk (continued):

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. 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.

As at September 30, 2023 and December 31, 2022 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, 2023		December 31, 2022
Contracts with pipeline shippers	$	56,516	$	78,095
Contracts with crude oil customers		41,349		30,960
Hibernia Project joint account		2,995		2,902
HST/GST input tax credits		38,348		42,080
Other		1,561		6,506
Trade and other receivables	$	140,769	$	160,543
Amount outstanding greater than 90 days	$	1,598	$	2,954

The carrying amount of cash and cash equivalents, restricted cash and restricted investments, and investments held for future obligations balances represents the maximum credit exposure.
Cash and cash equivalents, restricted cash and restricted investments, and investments held for future obligations balances are held by investment-grade Canadian banks and financial institutions and the Government of Canada. All cash equivalents and investments are purchased from issuers with a credit rating of R1 High by Dominion Bond Rating Service. Accordingly, the ECLs provision at September 30, 2023 related to cash and cash equivalents is insignificant.

The Corporation realized no actual impairment losses during the periods ended September 30, 2023 or 2022.

(b) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its work commitments and/or other financial liabilities 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.

18. Risks to the Corporation (continued):

(b) Liquidity risk (continued):

The Corporation continues to retain cash and short-term investments that provide it with financial flexibility to meet its obligations as they come due. 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 the TMEP. Given the significant ongoing expenditures expected in connection with the TMEP, the Corporation will require additional financing in order to complete the project and service its existing debt as further described in Note 2.

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, and includes foreign exchange, commodity price, and interest rate risk. The Corporation does not use derivative instruments, such as interest rate swaps or forward foreign currency contracts, or other tools and strategies to manage its market related risks.

(i) Currency risk:

Currency risk is the risk that the fair value of assets or liabilities or future cash flows will fluctuate as a result of changes in foreign exchange rates. This risk arises on financial instruments denominated in U.S. dollars at the end of the period, consisting primarily of U.S. cash, trade receivables and trade payable balances that arise from revenues and expenditures that are denominated in U.S. dollars. Crude oil is priced in U.S. dollars and fluctuations in USD/CAD exchange rates may have an impact on revenues.

The Puget Pipeline operates in the state of Washington and earns its revenues and incurs most of its expenses in U.S. dollars. Therefore, fluctuations in the U.S. dollar to Canadian dollar exchange rate can affect the earnings contributed by the Puget Pipeline, to our overall results.

The Corporation did not have any foreign exchange rate contracts in place as at or during the period ended September 30, 2023 or 2022.

(ii) Interest rate risk:

Interest rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in interest rates. The Corporation is exposed to interest rate fluctuations on its cash and cash equivalents and the various investments held. The risk is not considered significant as the Corporation's interest income is less than 2% of total revenue.

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

18. Risks to the Corporation (continued):

(c) Market risk (continued):

(ii) Interest rate risk (continued):

The Corporation is exposed to interest rate risk on its outstanding debt borrowings. The Corporation manages interest rate risk by holding both fixed and variable interest rate debt. Borrowings under the Credit Agreement with the EDC are fixed at of rate of 4.7%. Borrowings under the Syndicated Credit Agreement have variable interest rates and a related fixed rate guarantee fee. Variable interest rates are based on CDOR or Prime rates plus applicable margins. Significant increases in such rates can result in a material impact to the Corporation's financial results and cash flows. The Corporation does not use derivative instruments to manage its exposure to this risk.

(d) 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, 2023 and December 31, 2022:

	Classification	Hierarchy	Carrying amounts		Fair value	
			2023	2022	2023	2022
Financial assets						
Restricted investments	FVTPL	Level 2	95,695	90,481	95,695	90,481
Financial liabilities						
Loans payable	Amortized cost	Level 2	$30,858,604	$23,326,805	$30,036,810	$22,682,532

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.

19. 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 nine months ended September 30, 2023 of $nil (2022 - $123,000).

The GoC has provided TMC with a guarantee in relation to its Syndicated Credit Agreement (see Note 11) in exchange for a guarantee fee. On March 24, 2023, the guarantee was amended for changes to the borrowing limits under the amended Syndicated Credit Agreement and for changes to the guarantee fee. Prior to the amendment on March 24, 2023, the guarantee fee was 5% per annum less the daily weighted average interest rate per annum payable by TMC in accordance with the Syndicated Credit Agreement.

19. Related party transactions (continued):

The amended guarantee fee is accrued at a fixed rate of 0.25% based on the outstanding balance under the Syndicated Credit Agreement. For the three and nine month periods ended September 30, 2023, TMC incurred $8,506 and $16,120 in guarantee fees, respectively (2022 - $17,663 and $27,961, respectively). Guarantee fees are included in interest expense and are payable on August 31, 2025, or upon certain events of default. As of September 30, 2023 and December 31, 2022, the guarantee fee payable was $52,927 and $36,808, respectively, and recorded in “Long-term interest payable”.

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 ended September 30, 2023, CDEV earned management fees from CEEFC of $600 (September 30, 2022 - $450). At September 30, 2023, CDEV has a related party receivable from CEEFC of $285 (December 31, 2022 - payable of $224).

In the nine months ended September 30, 2023 CDEV paid PSP a deposit of $6,000 to fund expected costs to be incurred by PSP in the setting-up of CGF until CGF has raised its own financing from the Government.

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

20. Supplementary information:

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

	September 30, 2023							
	TMC (US GAAP)	IFRS Adjustments		TMC (IFRS)	CHHC	Others	Eliminations	Consolidated
Statement of Comprehensive Income:								
Revenues:								
Transportation revenue	$ 343,284	$ 158,550	(1)	$ 501,834				$ 501,834
Lease revenue	53,005			53,005				53,005
Net crude oil revenue				-	113,122	-	12,466	125,588
Other revenue	1,872	865		2,737		9,595	(7,298)	5,034
Other income/ FX				-	2,948	-	16	2,964
	398,161	159,415		557,576	116,070	9,595	5,184	688,425
Expenses:								
Goodwill impairment	888,098	127,764	(2)	1,015,862				1,015,862
Depletion and depreciation	79,783	6,949	(3)	86,732	17,757	436		104,925
Operating and production	168,622	(475)		168,147	18,400	-		186,547
Salaries and benefits	78,317	1,034	(4)	79,351	1,113	6,093		86,557
General and admin Other and FX	7,851	1,000		8,851	2,599	20,954	(6,176)	26,228
	1,222,671	136,272	-	1,358,943	39,869	27,483	(6,176)	1,420,119
Finance Costs:								
Equity AFUDC	835,026	(835,026)	(5)	-		-		-
Other, net	1,076	(2,866)		(1,790)	-	-		(1,790)
Unwind of discount		(10,899)	(5)	(10,899)	(2,901)	(50)		(13,850)
Net Interest (expense)	(210,813)	219,310	(5)	8,497	8,687	300,557	(428,937)	(111,196)
	625,289	(629,481)		(4,192)	5,786	300,507	(428,937)	(126,836)
Net income before income taxes	(199,221)	(606,338)		(805,559)	81,987	282,619	(417,577)	(858,530)
Income taxes (recovery)	169,426	(118,010)	(6)	51,416	23,217	-		74,633
Net Income	**$ (368,647)**	**$ (488,328)**		**$ (856,975)**	**$ 58,770**	**$ 282,619**	**$ (417,577)**	**$ (933,163)**
Other Comprehensive Income	**$ (1,251)**	**$ 3,276**	(7)	**$ 2,025**	**$ -**	**$ 4,050**	**$ (4,050)**	**$ 2,025**
Statement of Financial Position:								
Assets:								
Current assets	251,147	(10,476)	(8)	240,671	178,958	367,925	(116,310)	671,244
Non-current assets	33,239,076	(1,467,712)	(9)	31,771,364	219,735	17,328,954	(16,824,107)	32,495,946
	$ 33,490,223	**$ (1,478,188)**		**$ 32,012,035**	**$ 398,693**	**$ 17,696,879**	**$ (16,940,417)**	**$ 33,167,190**
Liabilities								
Current liabilities	1,465,403	(16,122)		1,449,281	27,126	26,957	(17,993)	1,485,371
Non-current liabilities	23,855,676	(214,868)	(10)	23,640,808	107,870	16,704,115	(8,149,271)	32,303,522
	$ 25,321,079	**$ (230,990)**		**$ 25,090,089**	**$ 134,996**	**$ 16,731,072**	**$ (8,167,264)**	**$ 33,788,893**
Shareholder's Equity	**$ 8,169,144**	**$ (1,247,198)**	(11)	**$ 6,921,946**	**$ 263,697**	**$ 965,807**	**$ (8,773,153)**	**$ (621,703)**
	$ 33,490,223	**$ (1,478,188)**		**$ 32,012,035**	**$ 398,693**	**$ 17,696,879**	**$ (16,940,417)**	**$ 33,167,190**

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

20. Supplementary information (continued):

	September 30, 2022						
	TMC (US GAAP)	IFRS Adjustments	TMC (IFRS)	CHHC	Others	Eliminations	Consolidated
Statement of Comprehensive Income:							
Revenues:							
Transportation revenue	290,474	$ 155,691 (1)	$ 446,165				$ 446,165
Lease revenue	50,192		50,192				50,192
Net crude oil revenue				162,540	-	23,380	185,920
Other income/ FX	4,176	585	4,761	6,599	5,420	(1,176)	15,604
	344,842	156,276	501,118	169,139	5,420	22,204	697,881
Expenses:							
Depletion and depreciation	77,806	5,554 (3)	83,360	12,461	92		95,913
Operating and production	132,530	(476)	132,054	21,433	-		153,487
Salaries and benefits	70,099	1,306 (4)	71,405	1,080	1,641		74,126
General and admin Other and FX	5,802	(2,988)	2,814	3,441	8,468	(111)	14,612
	286,237	3,396	289,633	38,415	10,201	(111)	338,138
Finance Costs:							
Equity AFUDC	487,228	(487,228) (5)	-		-		-
Other, net	1,450	(1,129)	321	-			321
Unwind of discount		(8,196) (5)	(8,196)	(2,306)	(33)		(10,535)
Net Interest (expense)	(48,894)	51,521 (5)	2,627	2,889	238,059	(349,310)	(105,735)
	439,784	(445,032)	(5,248)	583	238,026	(349,310)	(115,949)
Net income before income taxes	498,389	(292,152)	206,237	131,307	233,245	(326,995)	243,794
Income taxes (recovery)	122,651	(72,003) (6)	50,648	34,098	-		84,746
Net Income	**375,738**	**(220,149)**	**$ 155,589**	**$ 97,209**	**$ 233,245**	**$ (326,995)**	**$ 159,048**
Other Comprehensive Income	**$ 20,548**	**$ 32,807** (7)	**$ 53,355**	**$ -**	**$ -**	**$ -**	**$ 53,355**
Statement of Financial Position:							
Assets:							
Current assets	331,795	(20,074) (8)	311,721	159,603	404,087	(97,564)	777,847
Non-current assets	23,060,091	(488,160) (9)	22,571,931	225,635	17,386,638	(17,081,717)	23,102,487
	$ 23,391,886	**$ (508,234)**	**$ 22,883,652**	**$ 385,238**	**$ 17,790,725**	**$ (17,179,281)**	**$ 23,880,334**
Liabilities							
Current liabilities	6,173,057	(10,591)	6,162,466	19,331	4,467	(581)	6,185,683
Non-current liabilities	8,863,049	142,473 (10)	9,005,522	101,506	15,944,971	(7,756,677)	17,295,322
	$ 15,036,106	**$ 131,882**	**$ 15,167,988**	**$ 120,837**	**$ 15,949,438**	**$ (7,757,258)**	**$ 23,481,005**
Shareholder's Equity	8,355,780	(640,116) (11)	**$ 7,715,664**	**$ 264,401**	**$ 1,841,287**	**$ (9,422,023)**	**$ 399,329**
	$ 23,391,886	**$ (508,234)**	**$ 22,883,652**	**$ 385,238**	**$ 17,790,725**	**$ (17,179,281)**	**$ 23,880,334**

20. Supplementary information (continued):

TMC prepares its financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). IFRS 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) Goodwill impairment is higher under IFRS due to difference in the carrying value of goodwill which is primarily related to treatment of decommissioning liabilities recorded on acquisition under IFRS but not recognized under US GAAP. The full carrying value of goodwill was impaired under both US GAAP and IFRS

3) 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.

4) 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 other comprehensive 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. Additionally, there are differences in the determination of interest costs and return on plan assets.

5) 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.

20. Supplementary information (continued):

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

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

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

9) 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 ASC 980, which reduces fixed assets. These contributions are recognized as revenue under IFRS.

10) 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. Under US GAAP debt issuance costs are recognized as an asset while they are netted against debt under IFRS. Additionally, there is an ongoing difference in deferred income taxes related to differences in net income and the tax expense recognized.

11) The cumulative impact of the IFRS adjustments to shareholder's equity total $(1,247) million with $(488) million being the impact on the 2023 net income.

21. Change in classification:

At December 31, 2022, the Corporation changed the classification of Short-term investments from "Cash and cash equivalents" to "Short-term investments" on the Consolidated Statement of Financial Position, to better reflect the nature of the asset as opposed to its purpose. Comparative amounts were reclassified for consistency, which resulted in $31,013 being reclassified from "Cash and cash equivalents" to "Short-term investments" in 2021. On the Consolidated Statement of Cash Flows for the three and nine months ended September 30, 2022: the adjustment to interest income under operating activities decreased by $71 and $43 respectively: "Net cash from investing activities" decreased by $25,269 and $25,438, respectively with the additions of the Purchase and Sale of short-term investments; and "Change in cash and cash equivalents" and "Cash and cash equivalents, end of year" decreased by $56,408. The reclassification had no impact on the Corporation's total assets or comprehensive income.