

# Second Quarter Report

June 30, 2025



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Canada Development  
Investment Corporation

La Corporation de développement  
des investissements du Canada

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## Statement of Management Responsibility by Senior Officials

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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 August 20, 2025.



Elizabeth A. Wademan  
President & Chief Executive Officer



Carlos Gallardo  
Chief Financial Officer

Toronto, Ontario  
August 20, 2025

## Management Discussion and Analysis of Results – for the period ended June 30, 2025

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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 June 30, 2025 and should be read in conjunction with CDEV’s unaudited interim condensed consolidated financial statements for the period ended June 30, 2025 and CDEV’s Annual Report for the year ended December 31, 2024.

### 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 of Canada (“GoC”). In alignment with its mandate, CDEV’s primary objective, with its mission of being the centre of excellence for financial advisory, is to carry out its activities in the best interests of Canada, operating in a commercial manner.

In addition to providing financial advisory to the GoC on a range of mandates and projects, CDEV is responsible for acting as the asset manager, providing oversight and responsibility for a diverse group of companies (the “Group of Companies”). The CDEV Group of Companies encompasses the following eight wholly-owned subsidiaries:

*Canada Eldor Inc. (“CEI”)* has no commercial operations. CDEV has implemented appropriate governance to ensure that CEI respects its obligations and liabilities under the agreement of purchase and sale with Cameco Inc. entered into in 1988.

*Canada Enterprise Emergency Funding Corporation (“CEEFC”)* manages the Large Employer Emergency Financing Facility (“LEEFF”) program designed to provide bridge financing and assist in the recovery of Canada’s largest employers from the economic impact of the COVID-19 pandemic. Established in May 2020, CEEFC is led by a President and CEO. Employees of CDEV provide management services to CEEFC through a services agreement, along with external legal and financial advisors. The financial results for CEEFC have not been included in CDEV’s consolidated results as discussed in note 3(c) of the consolidated financial statements for the year ended December 31, 2024.

In March 2025, CEEFC was mandated by the Government of Canada to establish and administer the Large Enterprise Tariff Loan (“LETL”) facility. The LETL facility is a program aimed at providing liquidity assistance in the form of interest-bearing term loans to large Canadian enterprises who have been (or expect to be) affected by new tariffs and countermeasures.

*Canada Growth Fund Inc. (“CGF”)* was incorporated in December 2022, with the mandate to build a portfolio of 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 emissions reductions. On March 11, 2024, CDEV and CGF entered into an Investment Management Agreement (“IMA”) with the Public Sector Pension Investment Board (“PSP Investments”) and a new subsidiary of PSP Investments, *Canada Growth Fund Investment Management Inc. (“CGFIM”)*, formalizing the structure whereby CGFIM

acts as the exclusive, independent, and arm's length investment manager of CGF. The financial results for CGF have not been included in CDEV's consolidated results as discussed in note 3(c) of the annual consolidated financial statements.

*Canada Hibernia Holding Corporation ("CHHC")* holds and manages the federal government's minority ownership interests of 8.5% and 5.67% in the Hibernia Development Project ("HDP") and Hibernia Southern Extension Unit ("HSE Unit") respectively (together "Hibernia") which is an oilfield offshore Newfoundland and Labrador. Hibernia is operated by Hibernia Management and Development Company Ltd. Incorporated in 1993, CHHC has a management team, led by a President based in Calgary, which is experienced in the oil industry, and provides expertise in technical operations, marketing, transportation and finance.

*Canada Indigenous Loan Guarantee Corporation ("CILGC")* will facilitate equity investments by Indigenous groups within the natural resources and energy sectors. More specifically, CILGC is mandated to deliver the Indigenous Loan Guarantee Program ("ILGP"), as announced in Budget 2024. Incorporated in December 2024, CILGC will undertake financial and commercial due diligence of eligible ILGP applications and will administer the portfolio of loan guarantees over the long term. CDEV is working to recruit the CILGC leadership team. CILGC is currently operational with support from CDEV and is engaging with, and evaluating proposals, from its first applicants. CILGC had no financial activity during the first half of 2025.

On July 2, 2025, CILGC successfully completed the required financing and closing conditions for the issuance of its first Indigenous loan guarantee covering \$400 million of a \$736-million investment by 38 First Nations in British Columbia for a 12.5% stake in Enbridge's Westcoast natural gas pipeline system.

*Canada Innovation Corporation ("CIC")* is mandated 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. It was incorporated in February 2023, and an interim CIC team was established to build up the Corporation's internal capabilities and processes. The GoC announced in December 2023 that the full implementation of this new entity is now scheduled for no later than 2026–2027.

*Canada TMP Finance Limited's ("TMP Finance")* primary responsibility is to provide financing to its subsidiary, Trans Mountain Corporation ("TMC"). TMC was incorporated in 2018 and has a mandate to operate, optimize and grow the Trans Mountain and Puget Sound Pipelines in a commercially viable manner. TMC has a corporate structure with approximately 700 employees led by a seasoned executive team and a new CEO appointed in 2024.

*16342451 Canada Inc.* was incorporated on September 5, 2024, as a wholly-owned subsidiary of CDEV to be named later. 16342451 Canada Inc. was directed by directive (P.C. 2024-0811) to: (i) make a loan to Telesat LEO Inc. in relation to the Telesat program known as Telesat Lightspeed; (ii) administer the loan, including making any amendments to that loan, granting any waivers or consents in connection with it and enforcing rights under it, as the wholly-owned subsidiary may determine advisable; and (iii) manage the loan, including the disposition of any warrants or shares acquired in connection with the loan.

CDEV is also directly responsible for receiving payments related to the Net Profits Interest and Incidental Net Profits Interest agreements (collectively, "NPI") from the owners of the Hibernia offshore oil project, and all its related obligations pursuant to a Memorandum of Understanding with Natural Resources Canada.

### **Canada Development Investment Corporation**

In 2025, CDEV continued to manage the Government's LEEFF program and the new LETL program through its CEEFC subsidiary.

In the second quarter of 2025, CDEV management continued to work on its mandate for TMC, including to work with TMC and financial advisors to optimize its financing structure and maximize the return on

investment for Canada from the now operational pipeline, ensuring that: (i) TMC is a valuable investment for Canada; (ii) it complies with applicable laws and regulations; and (iii) it operates in a manner consistent with Canada's commitment to advance reconciliation with Indigenous peoples. CDEV worked with external experts to evaluate the expansion project and provide assurance activities related to the project to protect and enhance the interests of Canadians.

In the six months period ended June 30, 2025, CDEV received \$77.1 million in NPI payments from the Hibernia Project Owners, \$5.6 million of which was received from CHHC and eliminated upon consolidation. The receipts are recorded as an increase in the NPI reserve.

CDEV paid dividends of \$167 million in the first half of 2025 compared to \$nil in the comparative period. CDEV retains 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 quarter ended June 30, 2025, TMC generated \$1,414 million in revenue and \$1,094 million in earnings before interest, taxes, and depreciation ("EBITDA"). In the comparative period TMC generated \$600 million in revenue and \$398 million in EBITDA. Revenue increased mainly due to a \$813 million increase in transportation revenue related to the commercial in-service of the TMEP beginning May 1, 2024 which increased throughput and attracted higher tariffs. We note that under TMC's continuing use of US GAAP, revenue and EBITDA were \$1,448 million and \$1,126 million respectively compared to \$521 million and \$319 million in the comparative period. For details see note 21 of the interim condensed consolidated financial statements.

As of June 30, 2025, construction of the TMEP was complete, with reclamation, road and civil work expected to continue in 2025. In the current six-month period, TMC incurred a total of \$117 million in construction capital on the TMEP, mainly related to cleanup, reclamation, road and civil work. This was in addition to the \$27.95 billion spent through to December 2024 under CDEV ownership. In the current period there was a net credit to the TMEP capital incurred of \$45 million, excluding financing costs, which was related to various general construction contractors' credits/settlements received on the TMEP of \$122 million as well as changes in accrual estimates resulting in credits of \$40 million to the capital costs incurred. The commercial commencement date for the expanded system was May 1, 2024. All deliveries have since been subject to the expanded system tariff and tolls and both pipelines are transporting crude. TMC can load cargoes from its state-of-the-art loading facility, Westridge Marine Terminal, with three berths providing tidewater access to global markets.

#### **TMC Refinancing**

TMC had a credit agreement with a syndicate of lenders (the "Syndicated Credit Agreement") dated April 29, 2022 and subsequently amended and restated, with the most recent amendment on May 17, 2024, which contained two senior revolving facilities, an \$18.9 billion syndicated facility (the "Syndicated Facility") and a \$100 million letter of credit facility ("LC Facility"), for a combined available credit of \$19.0 billion under the two facilities. As the TMEP is complete and the expanded pipeline system is generating revenues, the government replaced TMC's existing third-party financing of \$19.0 billion in December 2024. This materially reduced the overall cost of debt so that a greater portion of TMC's cash flows can be used to pay down construction costs faster and therefore maximizing the ultimate value realized for Canada. The debt restructuring will reduce financing costs by approximately \$3.5 billion over the next 6 years, to the benefit of Canada. As the debt is issued at advantageous market rates, the Company must report it as a "non-cash" benefit in its Statement of Financial Position under "Deferred Income – government grant." This reflects the benefit derived from holding debt that is considered below market rates.

The TMC refinancing included restructuring intercompany loans from TMP Finance to TMC, in addition to TMP Finance subscribing to additional TMC equity. Those funds were used to repay the outstanding balance on the TMC syndicated debt on December 20, 2024. In the first quarter of 2025, TMC also repaid

the related outstanding guarantee fees.

For further details please see the TMC Q2 2025 financial report at [www.transmountain.com](http://www.transmountain.com).

### **Canada TMP Finance Limited**

Canada 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 (“EDC”), a federal Crown corporation. Certain regulatory financial requirements of TMC are also provided by TMP Finance to TMC through an undrawn credit facility with the Canada Account.

On December 13, 2024, Canada TMP Finance increased its borrowings from EDC, so as to acquire more equity in TMC and lend incremental funds to TMC, for TMC to refinance and pay down its Syndicated Facility. This included an extension of, and amendments to TMP Finance’s loan from EDC, along with an interest rate reduction. The borrowing authority for TMP Finance was increased to borrow up to an additional \$20 billion from the Canada Account, comprising up to \$19 billion for TMC to fully repay its third-party syndicated debt and any outstanding accrued interest, as well as providing a new working capital facility of \$1 billion. The available borrowing limit on this working capital facility is limited to \$500 million by the borrowing authority at June 30, 2025. All debt associated with TMC is now funded by the EDC Canada Account. The full loan balance between EDC and TMP Finance incurs interest at or around the GoC’s cost of capital at the time of the transaction.

At June 30, 2025, funds drawn on the Acquisition and Construction Facilities totaled \$17,812,261. Prior to the amendment, no further cash draws were permitted and there are no other required payments on the Canada Account borrowings until maturity, with all interest charges paid in kind and added to the principal of loan when interest is due. As a result of the amendment, after June 30, 2025, interest will be paid semi-annually in cash. The amount drawn on the Refinancing Facility at June 30, 2025 was \$18,343,653. The debt refinancing under the amended loan agreement with EDC was recognized under International Financial Reporting Standards (“IFRS Accounting Standards”) as an extinguishment of the original loans with the difference between the fair value of the loans and their carrying value treated as a government grant and recognized as deferred income. The deferred income represents the benefit from the below market rate obtained on the EDC loans and will be amortized over the term of the loans. For the six months ended June 30, 2025, we recognized an amortization of deferred income - government grant of \$186 million related to TMP Finance’s government grant benefit.

In the second quarter of 2025, gross loan interest expense for TMP Finance’s loans was \$717 million. On May 1, 2024, upon commercial commencement of the Expanded System, the TMEP assets were transferred from construction work in progress to their respective fixed asset classification resulting in commencement of depreciation and amortization as well as cessation in the capitalization of interest. In the comparative period gross interest was \$978 million with \$562 million capitalized and added to the capital cost of the project and will be depreciated over the useful life of the pipeline. The increase in interest expense is due to higher loan balances and the cessation of capitalizing interest offset by lower interest rates under the amended agreement.

### **Canada Hibernia Holding Corporation**

CHHC’s after-tax income of \$34.7 million in the six months ended June 30, 2025 was \$0.6 million or 2% lower than \$35.3 million recorded in the comparative period, due mainly to lower interest income, higher operating expenses, depletion and depreciation expenses, foreign exchange losses, and income taxes, partially offset by higher net crude oil revenue.

Net crude oil revenue, calculated as crude oil sales less royalties and net profits interest (“NPI”), increased by 18% to \$84.5 million in the six months ended June 30, 2025 from \$71.3 million in the comparative period, driven by a 33% increase volume of oil sold, partially offset by higher royalty and NPI expense, and by an 11% decrease in average realized oil price. (On consolidation, net crude oil revenue for the first half of 2025

was \$92.0 million (2024 - \$78.1 million) due to the elimination of NPI payments made to CDEV).

Sales volumes increased by 33% to 1.19 million barrels of oil in the first half of 2025 from 0.90 million barrels in the first half of 2024, due to draws of oil from inventory and overlifted volumes combined with a 1% increase in CHHC's net average daily production volume. Average gross field production volumes of 69,056 barrels per day in the first six months of 2025 were 3% higher than the comparative period of 2024, due to production growth from the drilling program partially offset by higher downtime and natural decline of existing wells.

CHHC sells its oil based on the Dated Brent ("Brent") benchmark price for crude oil, in US dollars. The price of Brent crude decreased by 15% to average US \$71.70 per barrel in the first half of 2025 from US \$84.08 per barrel in the first half of 2024. Over the same period, CHHC's average realized USD oil price decreased by 14% to US\$71.74 per barrel, due to the decline in Brent partially offset by a more favourable differential realized to average Brent. On a Canadian dollar basis, CHHC's average realized oil price decreased by 11% to \$101.17 per barrel in the first six months of 2025 from \$113.31 per barrel in the comparative period, due to a weaker Canadian dollar in relation to the U.S. dollar which has a favourable impact on Canadian price realizations.

Capital expenditures of \$16.2 million during the six months ended June 30, 2025 were focused on drilling activities in both the Hibernia Main Field and HSE Unit.

#### **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 to allow for the transfer of the remaining mine site properties to Saskatchewan's Institutional Control Program within one year. Following a hearing in January 2025, a decision was announced on May 25, 2025 to release the final set of decommissioned Beaverlodge properties from licensing under the Nuclear Safety and Control Act and to revoke the waste facility operating license held by Cameco Corporation for the decommissioned Beaverlodge mine and mill site. During the first six months of 2025, costs incurred were \$0.2 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 \$9.3 million to pay for CEI's total estimated liabilities of \$2.3 million.

#### **Canada Enterprise Emergency Funding Corporation**

Since March 2020, management of CDEV has administered the implementation of the LEEFF program on behalf of the GoC through CEEFC, including the retention of financial and legal advisors. On May 20, 2020, CEEFC received a mandate letter and term sheet from the Minister of Finance detailing the objective for LEEFF to help protect Canadian jobs, help Canadian businesses weather the related economic downturn and avoid bankruptcies of otherwise viable firms where possible. LEEFF stopped accepting new LEEFF applications in July 2022.

In March 2025, due to the trade conflict between Canada and the United States, CEEFC was mandated by the GoC to establish and administer the LETL facility to support large Canadian enterprises affected by actual and potential new tariffs and countermeasures and which face challenges accessing traditional sources of market financing. Loans provided under these programs are intended for otherwise viable large organizations that are unable to quickly access traditional sources of capital to manage and bridge short-term liquidity needs through a period of significant economic uncertainty. In July 2025, the Government of Canada announced that the LETL facility will be updated to expand eligibility and provide lower cost financing to firms in the steel industry. This update is part of a series of targeted measures announced by the Government of Canada to support Canada's steel industry amid current tensions in global steel trade. As of June 30, 2025, no loan has been committed or is outstanding under the LETL facility.

On June 05, 2025, it was announced that Transat A.T. Inc. had reached an agreement in principle with CEEFC for the restructuring of the indebtedness incurred by Transat under the LEEFF program. This deal was executed as of July 10, 2025.

As discussed in note 3(c) of the consolidated financial statements for the year ended December 31, 2024, 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.

Select financial results for CEEFC are shown below:

(\$ Millions)	2020	2021	2022	2023	2024	YTD 2025	Total to June 30, 2025
Loan commitments made	320	7,108	193	-	-	-	7,621
Loans funded	110	2,588	405	-	-	-	3,103
Equity Investments <sup>(1)</sup>	-	500	-	-	(500)	-	-
Loan Principal Repayments	-	380	35	338	18	43	814
Preferred shares issued/(redeemed)	200	2,890	-	-	(873)	-	2,217

<sup>(1)</sup> As part of a financing agreement with Air Canada, CEEFC purchased \$500 million worth of Air Canada Class B Voting shares. In the fourth quarter of 2024 CEEFC divested its investment in Air Canada shares for gain of \$44 million.

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 Q2-25 financial report at [www.ceefc-cfuec.ca](http://www.ceefc-cfuec.ca).

### Canada Growth Fund

CDEV, through its ownership and the CGF Board, maintains oversight and compliance, but is not directly involved in CGF's investment activities. CGF issues preferred shares to the government to fund its investments. On November 16, 2023, CGF issued \$115 million in preferred shares to fund its first investment and start-up costs. CGF issued a further \$175 million in preferred shares in December 2023. In 2024, CGF issued an additional \$4.1 billion in preferred shares to the GoC. Since the incorporation of CGF and the selection of PSP Investments as manager (acting through CGFIM), significant progress has been made and the manager, CGFIM, has hit the ground running with 12 investment announcements since inception to March 2025, including 7 in 2024.

CGF prepares its financial statements using IFRS Accounting Standards. Costs incurred by CDEV related to CGF have been recovered from CGF. As discussed in note 3(c) of the consolidated financial statements for the year ended December 31, 2024, CGF has not been consolidated within CDEV as CDEV is not deemed to have control over CGF based on the criteria outlined in IFRS Accounting Standards.

For details on the financial and operating results of CGF please see the CGF Q2-25 Financial Statements and MD&A at [www.cgf-fcc.ca](http://www.cgf-fcc.ca).

### 16342451 Canada Inc.

On September 13, 2024, 16342451 Canada Inc. signed a loan agreement with Telesat LEO to fund its highly advanced Lightspeed Low Earth Orbit (LEO) broadband satellite build project. The build phase of the project is expected to last 5 years. During this construction phase there will be several funding tranches given based on predetermined project milestones. No repayments of principal or interest are required during the construction phase, and all interest will be added to the outstanding loan balance as paid in kind (PIK). The principal loan amount available under this agreement is \$2.14 billion. The loan to Telesat LEO will be funded by the Canada Account.

Warrants were issued from Telesat LEO Inc. to 16342451 Canada Inc. on November 15, 2024, in relation to the granting of the loan. The transaction entitles the Corporation to acquire one common share of Telesat LEO per warrant, being 346,551 warrants at an exercise price of US\$982.2713. The warrants are measured at fair value through profit and loss. As at June 30, 2025, the fair value was determined to be \$431 million (December 31, 2024 - \$387 million) resulting in a gain of \$43.9 million recognized as Other Income in the statement of comprehensive income.

A loan agreement was signed between EDC and 16342451 Canada Inc. to fund the \$2.14 billion commitment on November 15, 2024. There were no advances made on the loans at December 31, 2024. In the first two quarters of 2025, advances totaling \$286 million were made to Telesat LEO with a corresponding draw on the Canada Account. During the first half of 2025, \$51 million of the deferred loan commitment fee liability (initially recognized during the year ended December 31, 2024) was allocated to the Telesat LEO loan drawdowns and an expected credit loss of \$6.3 million was recognized in relation to the drawn amounts. Interest income of \$15.1 million was recognized during the period.

The EDC loan was determined to be at a 'below market' interest rate. As such, the EDC loan payable has been recognized based on a market interest rate and \$112.7 million in government assistance was initially recorded in relation to the drawn amounts with \$3.1 million recognized through profit and loss as a reduction to interest expense for the current year-to-date period.

### **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, 2024 as described in the 2024 Annual Report.

### **Risks and Contingencies**

TMP Finance is a borrower of \$36 billion dollars which creates financial risk for CDEV. As the loans are from the GoC, this risk is assessed as low.

TMC's ability to service debt may depend on a number of factors, including financial and operating performance of TMC, overall economic conditions, and financial, regulatory, and other factors, many of which are beyond TMC's direct control. On November 30, 2023, the Canada Energy Regulator ("CER") approved Trans Mountain's preliminary interim commencement date tolls. At the commencement of service on the expanded system, TMC began recording revenue on the basis of these preliminary interim tolls. The interim tolls are currently under examination by the CER due to issues raised by shippers, with process steps continuing through to the first quarter of 2026. The results of the CER process may have future impacts on TMC's cash flows.

The other risks and contingencies described in the 2024 Annual Report remain unchanged.

### **Financial Statements for the Period Ended June 30, 2025**

The interim condensed consolidated financial statements for the three and six months ended June 30, 2025 with comparative figures for Q2 2024, have been prepared in accordance with IFRS Accounting Standards applicable to interim periods, including IAS 34, *Interim Financial Reporting*.

TMC prepares its financial statements in accordance with US GAAP. To read the US GAAP Q2 2025 TMC financial statements please go to [www.transmountain.com](http://www.transmountain.com). Note 21 in CDEV's consolidated financial statements presents TMC financial results in US GAAP, adjustments made to the statements to convert these results to IFRS Accounting Standards and the TMC financial results in IFRS Accounting Standards as consolidated into CDEV.

Consolidated revenue for the six months ended June 30, 2025 was \$1.5 billion, compared to revenue of \$678 million in the comparative period. The significant increase is mainly due to a \$813 million increase in transportation revenue as a result of the commercial in-service of the TMEP beginning May 1, 2024, which increased throughput and tolls, partially offset by Firm 50 contracts being ceased upon TMEP in-service. Net crude oil revenue increased by 18% to \$92 million from \$78 million in the comparative period due to an increase in crude oil sales of \$19 million, partially offset by a \$5 million increase in royalty expenses. Other income increased by \$43 million largely due to the gain on the fair value of warrants relating to Telesat LEO.

Total expenses for the six-month period, excluding finance costs, were \$800 million, compared to \$431 million in the comparative period. The increase is largely due to a \$252 million increase in depletion and depreciation, due to the in-service of the TMEP assets which began depreciation in May 2024. Additionally, operating costs, salaries and benefits and administration costs have increased due to a larger workforce required to support TMC's expanded Pipeline system and associated business requirements.

Interest expense of \$537 million in the six-month period ended June 30, 2025 increased from \$418 million in the prior year period. Subsequent to the refinancing of TMC's third party syndicated debt in December 2024, interest expense has decreased significantly due to a lower interest rate as well as the elimination of guarantee and associated fees with the GoC. While gross interest expense decreased for the period due to lower interest rates, this was offset by the cessation of capitalized debt financing costs following the commercial commencement of the Expanded System on May 1, 2024.

Net income before income taxes for the six-month period ended June 30, 2025 was \$223 million, compared to a loss of (\$160) million in the comparative period. The increase is mainly due to higher transportation revenue, partially offset by higher loan interest expense, depreciation and operating expenses.

Income taxes for the six months ended June 30, 2025 of \$119 million is higher than the (\$2) million recovery recorded in the comparative period due to higher net income for TMC.

Cash and cash equivalents as at June 30, 2025 increased to \$1,087 million compared to \$816 million at December 31, 2024 mainly due to operating cash flow of \$953 million and net NPI receipts of \$72, partially offset by \$298 million in capital expenditures on property, plant and equipment and \$167 million in dividend payment.

Accounts receivable of \$222 million increased by \$31 million from December 31, 2024 largely due to higher trade accounts receivable by \$15 million related to the in-service of the TMEP and increased revenues of TMC and higher CHHC oil sales receivables by \$16 million.

Property, plant, and equipment of \$34.7 billion decreased by \$503 million since year end primarily due to depletion and depreciation, decommissioning adjustments and TMEP contractor settlements and credits, partially offset by capital expenditures.

A loan receivable of \$286 million was recognized in the first quarter of 2025, relating to drawdowns on the loan provided to Telesat LEO. This decreased to \$214 million by June 30, 2025, due to the portion of the drawdowns allocated to the loan commitment liability of \$51 million, a loss on the revision of cash flows of \$24 million and a provision for the expected credit loss of \$6 million, partially offset by interest income accrued to the loan balance using the Effective Interest Rate (EIR) Method of \$9 million.

Warrants of \$431 million relating to Telesat LEO increased by \$44 million for the period, due to the fair value adjustment to market.

Trade and other payables of \$300 million decreased by \$342 million from December 31, 2024 primarily due to decreased TMC capital accruals and payables related to the TMEP, and payment of the guarantee fee during the period.

Long-term loans payable increased to \$33.1 billion from \$32.2 billion at year end due to \$0.7 billion of interest expense at the EIR accrued to the TMP Finance loan balance, and new loan drawdowns by 16342451 Canada Inc. of \$0.3 billion, partially offset by \$0.1 billion transferred to the deferred income – government grant recognized.

Deferred income – government grant decreased to \$3,364 million from \$3,439 million from December 31, 2024, as \$188 million of total amortization of the deferred income – government grants was recognized for the period, partially offset by \$113 million which was recognized in relation to 16342451 Canada Inc.'s loans from EDC during the period.

The provision for decommissioning obligations decreased to \$439 million at June 30, 2025 from \$497 million at December 31, 2024 mainly due to an increase in the discount rate used during the period.

Interim Condensed Consolidated Financial Statements of

**CANADA DEVELOPMENT INVESTMENT  
CORPORATION**

Three and six months ended June 30, 2025

(Unaudited)

# CANADA DEVELOPMENT INVESTMENT CORPORATION

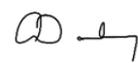
Interim Condensed Consolidated Statement of Financial Position (Unaudited)  
(Thousands of Canadian Dollars)

	June 30, 2025	December 31, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,086,583	\$ 815,509
Short-term investments	402,332	147,907
Trade and other receivables (note 19)	222,554	191,688
Other current assets	206,102	120,714
Current portion of Investments held for future obligations	2,041	2,220
	1,919,612	1,278,038
Non-current assets:		
Property, plant and equipment (note 5)	34,745,168	35,247,845
Loan receivable (note 12)	214,195	-
Investments held for future obligations	178,259	168,830
Restricted cash (note 4)	10,383	11,586
Restricted investments	137,556	128,377
Right-of-use assets (note 6)	62,162	63,536
Warrants (note 8)	431,325	387,456
Other assets (note 7)	202,298	213,443
	35,981,346	36,221,073
	\$ 37,900,958	\$ 37,499,111
<b>Liabilities and Shareholder's Equity</b>		
Current liabilities:		
Trade and other payables	\$ 299,652	\$ 641,575
Current portion of lease liabilities (note 6)	11,152	10,685
Income taxes payable	2,982	3,241
Current portion of Net Profits Interest ("NPI") Provision	3,200	5,700
Current portion of provision for decommissioning obligations (note 10(a), (b))	11,198	12,840
Current portion of provision for site restoration (note 10)	1,919	2,111
Other current liabilities (note 9)	201,733	246,152
	531,836	922,304
Non-current liabilities:		
Loans payable (note 11)	33,084,414	32,188,080
Deferred Income – government grant (note 11)	3,363,841	3,439,344
Loan commitment (note 12)	329,217	380,096
Deferred income taxes	744,063	646,037
Provision for decommissioning obligations (note 10(a), (b))	438,988	497,157
Lease liabilities (note 6)	64,050	66,219
Defined benefit obligation	61,042	60,965
Other non-current liabilities	118,049	132,800
	38,203,664	37,410,698
Shareholder's equity:		
Share capital	1	1
Contributed surplus	603,294	603,294
NPI reserve (note 13)	87,044	182,540
Accumulated deficit	(1,579,656)	(1,684,147)
Accumulated other comprehensive income	54,775	64,421
	(834,542)	(833,891)
	\$ 37,900,958	\$ 37,499,111

Commitments (note 17)  
Contingencies (note 18)  
Subsequent Event (note 22)

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		Six months ended	
	June 30		June 30	
	2025	2024	2025	2024
<b>Revenue:</b>				
Transportation revenue (note 16)	\$ 675,574	\$ 401,144	\$ 1,380,450	\$ 566,952
Net crude oil revenue (note 15)	39,876	26,612	91,977	78,093
Lease revenue (note 16)	16,337	15,394	31,906	29,384
Other revenue	1,004	1,772	2,182	4,022
	732,791	444,922	1,506,515	678,451
<b>Other income:</b>				
Facility use and processing fees	286	344	696	594
Foreign exchange gains	85	360	492	1,462
Gain (Loss) on warrants	6,078	-	43,869	-
	739,240	445,626	1,551,572	680,507
<b>Expenses:</b>				
Depletion and depreciation (note 5,6)	221,821	152,895	443,720	191,437
Pipeline operating expenses (note 16)	94,338	64,487	188,118	115,037
Crude oil operating, transportation and marketing (note 15)	6,607	4,432	16,397	14,015
Salaries and benefits	51,902	42,193	104,117	79,206
Professional fees	5,545	6,011	12,346	10,392
Foreign exchange losses	1,471	151	2,052	312
Change in provision for site restoration (note 10)	-	(7)	9	258
Expected credit loss provision on loan receivable (note 19)	29	-	6,264	-
Other administrative	13,338	18,581	26,695	20,129
	395,051	288,743	799,718	430,786
<b>Finance expenses (income):</b>				
Interest expense (note 11)	270,677	353,626	537,392	418,084
Interest income	(3,674)	(8,427)	(16,028)	(18,346)
Unwind of discount on decommissioning obligations (note 10)	3,093	5,252	7,042	10,279
	270,096	350,451	528,406	410,017
<b>Net income (loss) before income taxes</b>	<b>74,093</b>	<b>(193,568)</b>	<b>223,448</b>	<b>(160,296)</b>
<b>Income taxes:</b>				
Current	12,259	6,523	22,666	16,281
Deferred	44,076	(32,072)	96,291	(18,748)
	56,335	(25,549)	118,957	(2,467)
<b>Net income (loss)</b>	<b>\$ 17,758</b>	<b>\$ (168,019)</b>	<b>\$ 104,491</b>	<b>\$ (157,829)</b>
<b>Other comprehensive income (loss):</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation adjustment	(16,697)	2,856	(16,958)	9,484
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurements of defined benefit obligations	7,312	1,694	7,312	9,345
	(9,385)	4,550	(9,646)	18,829
<b>Comprehensive income (loss)</b>	<b>\$ 8,373</b>	<b>\$ (163,469)</b>	<b>\$ 94,845</b>	<b>\$ (139,000)</b>

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		Six months ended	
	June 30		June 30	
	2025	2024	2025	2024
<b>Share capital</b>				
Balance, beginning and end of period	\$ 1	\$ 1	\$ 1	\$ 1
<b>Contributed surplus</b>				
Balance, beginning and end of period	603,294	603,294	603,294	603,294
<b>Net Profits Interest reserve</b>				
Balance, beginning of period	55,799	66,633	182,540	27,731
NPI Provision/payments	-	-	(13)	(1,528)
NPI received	31,245	43,917	71,517	84,347
Dividends	-	-	(167,000)	-
Balance, end of period	87,044	110,550	87,044	110,550
<b>Accumulated deficit</b>				
Balance, beginning of period	(1,597,414)	(1,400,803)	(1,684,147)	(1,410,993)
Net income (loss)	17,758	(168,019)	104,491	(157,829)
Balance, end of period	(1,579,656)	(1,568,822)	(1,579,656)	(1,568,822)
<b>Accumulated other comprehensive income</b>				
Balance, beginning of period	64,160	45,188	64,421	30,909
Other comprehensive income (loss)	(9,385)	4,550	(9,646)	18,829
Balance, end of period	54,775	49,738	54,775	49,738
<b>Total shareholder's equity</b>	<b>\$ (834,542)</b>	<b>\$ (805,239)</b>	<b>\$ (834,542)</b>	<b>\$ (805,239)</b>

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		Six months ended	
	June 30		June 30	
	2025	2024	2025	2024
<b>Cash provided by (used in):</b>				
<b>Operating activities:</b>				
Net income (loss)	\$ 17,758	\$ (168,019)	\$ 104,491	\$ (157,829)
Adjustments for:				
Depletion and depreciation	221,821	152,895	443,720	191,437
Loss on derecognition of property, plant and equipment	352	11,151	652	11,151
Loss (gain) on warrants	(6,078)	-	(43,869)	-
Income tax expense	56,335	(25,549)	118,957	(2,467)
Interest income	(3,674)	(8,427)	(16,028)	(18,346)
Non-capitalized unpaid interest	268,645	199,181	505,123	261,911
Expected credit loss provision on loan receivable	29	-	6,264	-
Net change in defined benefits	1,462	1,512	1,613	2,171
Change in provision for site restoration	-	(7)	9	258
Unwind of discount on provisions	3,093	5,252	7,042	10,279
Interest received <sup>(1)</sup>	20,780	8,101	27,634	15,782
Provisions settled	602	(1,777)	(201)	(3,262)
Income taxes paid	(9,236)	(9,902)	(20,901)	(17,297)
	571,889	164,411	1,134,506	293,788
Change in non-cash working capital (note 14)	(108,760)	41,388	(181,821)	74,096
	463,129	205,799	952,685	367,884
<b>Financing activities:</b>				
Proceeds from loans payable	-	700,000	286,457	1,675,000
Issuance of debt	-	-	(286,457)	-
Debt issuance costs	-	(14,516)	-	(14,660)
Dividends paid	(167,000)	-	(167,000)	-
NPI refunds paid	-	-	(2,513)	(6,528)
NPI received	31,245	43,917	71,517	84,347
Payment of lease liabilities, principal portion	(2,235)	(8,297)	(4,437)	(12,142)
	(137,990)	721,104	(102,433)	1,726,017
<b>Investing activities:</b>				
Purchase of property, plant and equipment	(60,363)	(721,135)	(298,389)	(1,831,409)
Insurance proceeds	-	1,265	-	34,842
Internal use software expenditures	(3,573)	(3,881)	(5,360)	(6,581)
Purchase of Short-term investments	(360,000)	(105,082)	(360,025)	(105,082)
Sale of Short-term investments	106,351	63,005	106,376	63,005
Change in restricted cash	4,920	788	1,203	5,099
Purchase of restricted investments	(9,809)	(5,020)	(10,898)	(12,621)
Change in investments held for future obligations <sup>(1)</sup>	(6,467)	(30,075)	(6,514)	(30,149)
	(328,941)	(800,135)	(573,607)	(1,882,896)
Effects of FX translation on cash	(5,496)	788	(5,571)	2,559
Change in cash and cash equivalents	(9,298)	127,556	271,074	213,564
Cash and cash equivalents, beginning of period	1,095,881	407,339	815,509	321,331
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,086,583</b>	<b>\$ 534,895</b>	<b>\$ 1,086,583</b>	<b>\$ 534,895</b>
<b>Represented by:</b>				
Cash	\$ 1,086,583	\$ 534,895	\$ 1,086,583	\$ 534,895
Cash equivalents	-	-	-	-
	\$ 1,086,583	\$ 534,895	\$ 1,086,583	\$ 534,895

<sup>(1)</sup> Comparative figures have been reclassified to conform to the current year presentation.

Total interest and standby fees paid on the loans payable for the three and six months ended June 30, 2025 was \$nil and \$839 respectively (2024 - \$284,118 and \$561,592, respectively).

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

# CANADA DEVELOPMENT INVESTMENT CORPORATION

## Notes to Interim Condensed Consolidated Financial Statements (unaudited)

Three and six months ended June 30, 2025

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

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### 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 Innovation Corporation ("CIC"), 16342451 Canada Inc. and Canada Indigenous Loan Guarantee Corporation ("CILGC"). The subsidiaries Canada Growth Fund Inc. ("CGF") and Canada Enterprise Emergency Funding Corporation ("CEEFC") are not consolidated.

#### **Parent**

Canada Development Investment Corporation was incorporated in 1982 under the provisions of the *Canada Business Corporations Act* ("CBCA") and is wholly owned by His Majesty in Right of Canada ("HMRC"). The Corporation is an agent Crown corporation listed in Schedule III, Part II of the *Financial Administration Act* ("FAA") and is not subject to the provisions of the *Income Tax Act*. 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 *FAA* 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**

- i. Trans Mountain Corporation and Canada TMP Finance Ltd. were incorporated in 2018 under the provisions of the CBCA. The companies are subject to the *FAA*. TMP Finance is an agent of HMRC. 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") and the Puget Sound pipeline ("Puget Pipeline"). On May 1, 2024, Trans Mountain began commercial operations of the Trans Mountain Expansion Project ("TMEP"), which increased the capacity of the TMPL from approximately 300,000 barrels per day to approximately 890,000 barrels per day. Collectively, the newly constructed pipeline and the original pipeline operate as the expanded pipeline system ("Expanded System").
- ii. TMP Finance is the parent company of TMC. It provides debt and equity financing to TMC funded by loans from HMRC, administered by Export Development Canada ("EDC"). See note 11 for loan details.

# CANADA DEVELOPMENT INVESTMENT CORPORATION

## Notes to Interim Condensed Consolidated Financial Statements (unaudited)

Three and six months ended June 30, 2025

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

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### 1. Reporting entity (continued):

- iii. CEI was incorporated under the provisions of the CBCA. It is subject to the *FAA*, is an agent of HMRC 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.
- iv. CHHC was incorporated under the provisions of the CBCA and was acquired by CDEV in March 1993. CHHC is subject to the *FAA* 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. 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.
- v. On May 10, 2020, CDEV was issued a directive (P.C. 2020-0305) pursuant to section 89 of the *FAA* 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 CBCA 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 *FAA* and is not subject to the provisions of the *Income Tax Act*. As of July 2022, as directed by the Minister of Finance, CEEFC no longer accepts or processes new LEEFF loan applications.

On March 23, 2025, a section 89 directive was issued to CEEFC (P.C. 2025-0455) directing it to administer a new credit support facility for large Canadian companies affected by actual and potential tariffs and countermeasures, in accordance with the terms and conditions approved by the Minister of Finance. On the same day, CDEV was also issued a section 89 directive (P.C. 2025-0456) to take such steps as are necessary to ensure that CEEFC administers this new credit support facility, in accordance with any directive that may be given to CEEFC. Additionally, an order in council (OIC) was issued on March 23, 2025 under paragraph 60.2(2)(a) of the *FAA* to authorize the Minister of Finance to enter into a contract with CEEFC to purchase up to \$10 billion in securities to finance this new credit support facility.

- vi. CDEV was issued a directive (P.C. 2022-1269) on December 2, 2022 under section 89 of the *FAA* to procure the incorporation of 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.

# CANADA DEVELOPMENT INVESTMENT CORPORATION

## Notes to Interim Condensed Consolidated Financial Statements (unaudited)

Three and six months ended June 30, 2025

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

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### 1. Reporting entity (continued):

On December 13, 2022, Canada Growth Fund Inc. was incorporated under the CBCA and authorized to issue Common Shares and Class A Preference Shares. CGF's mandate is to build a portfolio of investments that catalyze substantial private sector investment in Canadian businesses and projects to help grow Canada's economy at speed and scale on the path to emissions reductions. As announced in Budget 2023, CGF has engaged the services and expertise of the Public Sector Pension Investment Board ("PSP Investments") and its personnel in the implementation of the CGF mandate. A wholly-owned subsidiary of PSP Investments, Canada Growth Fund Investment Management Inc. acts as the independent investment manager of CGF.

- vii. CDEV was issued a directive (P.C. 2023-0039) on January 31, 2023 under section 89 of the FAA to procure the incorporation of a wholly-owned subsidiary and to take such steps as are necessary to facilitate the subsidiary's implementation of its objects. On February 8, 2023 the Corporation incorporated CIC under the CBCA. CIC was given the mandate to maximize business investment in research and development across all sectors, and in all regions of Canada, to promote innovation-driven economic growth. The government of Canada announced in December 2023 that the full implementation of the CIC is scheduled for no later than 2026-2027.
- viii. CDEV was issued a directive (P.C. 2024-0808) on June 21, 2024 under section 89 of the FAA to procure the incorporation of a wholly-owned subsidiary and to take such steps as necessary to facilitate transactions by the wholly-owned subsidiary in relation to the Telesat program known as Telesat Lightspeed, in accordance with any directive that may be given to that subsidiary. The wholly-owned subsidiary was issued a directive (P.C. 2024-0812) on June 21, 2024, authorizing it under paragraph 91(1)(b) of the FAA to acquire shares in Telesat LEO Inc. and authorizing it under paragraph 91(3)(b) of the FAA to sell or otherwise dispose of or lease all or substantially all of its assets. On September 5, 2024, 16342451 Canada Inc. was incorporated under the CBCA and authorized to issue Common Shares. 16342451 Canada Inc. was issued a directive (P.C. 2024-0811) to (i) make a loan to Telesat LEO Inc. in relation to the Telesat program known as Telesat Lightspeed, (ii) administer the loan, including making any amendments to that loan, granting any waivers or consents in connection with it and enforcing rights under it, as the wholly-owned subsidiary may determine advisable, and (iii) manage the loan, including the disposition of any warrants or shares acquired in connection with the loan. A loan agreement was executed with Telesat LEO on September 13, 2024. On November 15, 2024, a loan agreement was executed with HMRC, administered by EDC. 16342451 Canada Inc. received warrants in Telesat LEO Inc. ("Telesat LEO Warrants") on November 15, 2024. See note 12 for further details.
- ix. CDEV was issued a directive (P.C. 2024 1142) on October 25, 2024, under section 89 of the FAA which stated that CDEV was to procure the incorporation, under the CBCA of a wholly owned subsidiary and to take such steps as are necessary to facilitate the subsidiary's administration of Indigenous loan guarantees, in accordance with any directive that may be given to that subsidiary. The wholly-owned subsidiary was issued a directive (P.C. 2024-1143) on October 25, 2024, under section 89(1) of the FAA directing the wholly-owned subsidiary of CDEV to take such steps as are necessary to implement its mandate, in accordance with the terms approved by the Minister of Finance. The wholly-owned subsidiary was designated as an agent of the Crown by section 262 the Budget Implementation Act, 2024, No. 1.

On December 16, 2024, CILGC was incorporated under the CBCA and is authorized to issue Common Shares. CILGC's mandate is to deliver Indigenous loan guarantees and will be responsible for various administrative and operational activities in relation to delivering the guarantees. CILGC had no financial activity during the 2024 or the first quarter of 2025. On March 23, 2025, an order in council was issued under subsection 261(1) of the Budget Implementation Act, 2024, No. 1, authorizing CILGC to increase the amount of the aggregate of the principal and interest in respect of all the guarantees provided it, from \$5 billion to \$10 billion.

# CANADA DEVELOPMENT INVESTMENT CORPORATION

## Notes to Interim Condensed Consolidated Financial Statements (unaudited)

Three and six months ended June 30, 2025

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

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### 2. Basis of preparation:

a) Statement of compliance:

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) issued by the International Accounting Standards Board 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, 2024.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on August 20, 2025.

b) Basis of measurement:

The interim condensed consolidated financial statements have been prepared on the historical cost basis as set out in the accounting policies below, except as permitted by IFRS Accounting Standards and otherwise indicated within these notes.

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.

### 3. Material Accounting Policy Information:

These interim condensed consolidated financial statements have been prepared following the same accounting policies and methods of application as those presented in note 3 of the annual audited consolidated financial statements for the year ended December 31, 2024, except for those policies which have changed as a result of the adoption of new accounting standards, amendments or interpretations effective January 1, 2025, as described below. In addition, income taxes on earnings or loss in the interim periods are accrued using the income tax rate that would be applicable to the expected total annual earnings or loss.

a) Changes in accounting policies:

The following accounting standards, amendments to standards and interpretations issued by the International Accounting Standards Board (“IASB”), 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, 2025 in accordance with the applicable transitional provisions.

b) Use of estimates and judgments:

The timely 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 as well as disclosure. Actual results may differ materially from these estimates.

Government Grant

The Corporation has currently recognized two separate government grants related to TMP Finance’s Loans with EDC, and the loan agreement with EDC for the funding of the Telesat Loan.

# CANADA DEVELOPMENT INVESTMENT CORPORATION

## Notes to Interim Condensed Consolidated Financial Statements (unaudited)

Three and six months ended June 30, 2025

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

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### 3. Material Accounting Policy Information (continued):

#### b) Use of estimates and judgments (continued):

The Corporation recognized the benefit of the below market interest rate on the GoC loans as a government grant. The grant value is calculated as the difference between the loan's fair value and its nominal amount at the effective date. To determine the fair value of the loans, discounted cash flow methods are applied, considering the present value of future payments discounted at a market rate. The loan's fair value is sensitive to changes in the market rate. Significant judgement is required in determining the market interest rate as the market rate for similar loans is not directly observable.

The market rate is determined at inception of the loan agreement. Subsequent drawdowns are treated as a continuation commitment at the inception date with the government grant calculated using margin as at inception.

The rate from a similar transaction involving third-party lenders for a comparable project was assumed to be appropriate for discounting the cash flows (CORRA + 1.25%: 2024 – 4.54%) of the EDC Loan with TMP Finance. A market rate of CORRA +6.79% was deemed to be appropriate for discounting the cash flows of the EDC loan with 16342451 Canada Inc. The market rate assumed to be equivalent to the market rate of the Telesat loan at origination.

Differences in estimated market interest rates would result in significantly different values for the grant and loan values. If the market rate increases, the fair value of the loan decreases, resulting in a higher grant value, and vice versa. There are no unfulfilled conditions and other contingencies attached to the government grant. 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. Other critical judgments and key sources of estimation uncertainty are the same as those disclosed in note 3(w) of the Corporation's annual consolidated financial statements for the year ended December 31, 2024.

### 4. Restricted cash:

	<b>June 30, 2025</b>	December 31, 2024
Restricted cash – TMC held for future abandonment costs	\$ 669	\$ 1,872
Restricted cash – TMC held as security	982	982
Restricted cash – CHHC letters of credit	8,732	8,732
	<b>\$ 10,383</b>	<b>\$ 11,586</b>

# CANADA DEVELOPMENT INVESTMENT CORPORATION

## Notes to Interim Condensed Consolidated Financial Statements (unaudited)

Three and six months ended June 30, 2025

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

### 5. Property, plant and equipment (“PPE”):

	Construction work in progress	Pipeline	Oil development assets, production facilities and Corporate	TOTAL
<b>Cost</b>				
Balance at January 1, 2024	\$ 30,332,636	\$ 3,840,090	\$ 602,965	\$ 34,775,691
Additions	2,226,957	-	29,214	2,256,171
Transfers	(32,490,935)	32,490,935	-	-
Decommissioning adjustments	-	(155,921)	7,019	(148,902)
Derecognition	-	(14,931)	-	(14,931)
Foreign exchange movements	1,142	25,816	-	26,958
Balance at December 31, 2024	\$ 69,800	\$ 36,185,989	\$ 639,198	\$ 36,894,987
Additions	(8,071)	-	16,284	8,213
Transfers	28,311	(28,311)	-	-
Decommissioning adjustments	-	(37,409)	(28,145)	(65,554)
Derecognition	-	(1,133)	-	(1,133)
Foreign exchange movements	(765)	(16,038)	-	(16,803)
Balance at June 30, 2025	\$ 89,275	\$ 36,103,098	\$ 627,337	\$ 36,819,710
<b>Accumulated depletion and depreciation</b>				
Balance at January 1, 2024	\$ -	\$ 529,835	\$ 505,121	\$ 1,034,956
Depletion and depreciation	-	585,017	26,078	611,095
Derecognition	-	(3,773)	-	(3,773)
Foreign exchange movements	-	4,864	-	4,864
Balance at December 31, 2024	\$ -	\$ 1,115,943	\$ 531,199	\$ 1,647,142
Depletion and depreciation	-	417,864	13,479	431,343
Derecognition	-	(482)	-	(482)
Foreign exchange movements	-	(3,461)	-	(3,461)
Balance at June 30, 2025	\$ -	\$ 1,529,864	\$ 544,678	\$ 2,074,542
<b>Carrying amounts:</b>				
At December 31, 2024	\$ 69,800	\$ 35,070,046	\$ 107,999	\$ 35,247,845
At June 30, 2025	\$ 89,275	\$ 34,573,234	\$ 82,659	\$ 34,745,168

On May 1, 2024, upon commercial commencement of the Expanded System, the TMEP assets were transferred from construction work in progress to their respective fixed asset classification resulting in commencement of depreciation and amortization as well as cessation in the capitalization of interest.

Construction costs continue to be incurred for the TMEP related to the remaining cleanup, reclamation and road and civil work. As of June 30, 2025, construction in progress related to the TMEP was \$35.0 million compared to \$26.8 million as of December 31, 2024, and construction in progress related to capital expenditures on the existing pipeline system was \$54.2 million as of June 30, 2025, compared to \$43.0 million as of December 31, 2024.

At June 30, 2025, costs related to oil development assets and production facilities subject to the calculations of depletion and depreciation included future development costs of \$530,720 (December 31, 2024 - \$505,500). For details on decommissioning adjustments, see note 10, Provisions.

During the period ended June 30, 2025 no capitalized interest was included in the additions to construction work in progress – pipeline for the three and six months ended June 30, 2025 respectively (2024 - \$140,392 and \$561,815).

# CANADA DEVELOPMENT INVESTMENT CORPORATION

## Notes to Interim Condensed Consolidated Financial Statements (unaudited)

Three and six months ended June 30, 2025

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

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### 5. Property, plant and equipment (“PPE”) (continued):

At each reporting date, the Corporation assesses its CGUs for indicators of impairment or when facts and circumstances suggest the carrying amount may exceed the recoverable amount. Impairment losses recognized in prior periods, other than goodwill impairments, are assessed at each reporting date for any indicators that the impairment losses may no longer exist or may have decreased.

#### Oil development and production facility CGU

There were no indicators of impairment noted for the oil development and production facility CGU at June 30, 2025 and December 31, 2024 and accordingly an impairment test was not required.

#### Pipeline CGU

There have been no material changes to TMC’s existing operations or the TMEP construction which would indicate impairment. Accordingly, an impairment test as of June 30, 2025 or December 31, 2024 was not required. Refer to the Corporation’s annual consolidated financial statements for the year ended December 31, 2024 for further details.

### 6. 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 and extend to the year 2032. Equipment leases also include construction camp equipment, pipeline operating equipment, 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. Lease modifications during 2024 reflect lease term extensions and rate adjustments for two of the support vessels and for one of the Corporation’s office leases, as a result of renegotiated contract terms.

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 June 30, 2025.

# CANADA DEVELOPMENT INVESTMENT CORPORATION

## Notes to Interim Condensed Consolidated Financial Statements (unaudited)

Three and six months ended June 30, 2025

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

### 6. 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
January 1, 2024	\$ 17,035	\$ 43,494	\$ 60,529
Additions	8,061	948	9,009
Lease modifications	10,391	1,930	12,321
Incentives	-	(3,120)	(3,120)
Depreciation*	(7,395)	(7,925)	(15,320)
Foreign exchange	117	-	117
December 31, 2024	\$ 28,209	\$ 35,327	\$ 63,536
Additions	2,304	534	2,838
Lease modifications	-	(6)	(6)
Depreciation*	(2,895)	(1,237)	(4,132)
Foreign exchange	(74)	-	(74)
June 30, 2025	\$ 27,544	\$ 34,618	\$ 62,162

\*Includes depreciation costs capitalized as additions to PPE of \$44 and \$4,908 for the periods ended June 30, 2025 and 2024, respectively.

Details of lease liabilities are as follows:

	Six months ended June 30, 2025	Year ended December 31, 2024
Lease liabilities, opening	\$ 76,904	\$ 74,491
Additions	2,838	9,009
Lease modification	(6)	12,321
Interest expense	2,011	4,047
Lease payments	(6,448)	(23,124)
Foreign exchange movements	(97)	160
Lease liabilities, closing	\$ 75,202	\$ 76,904
Current	\$ 11,152	\$ 10,685
Non-current	64,050	66,219
	\$ 75,202	\$ 76,904

Consolidated Statement of Comprehensive Income and Statement of Cash Flows:

	Six months ended June 30	
	2025	2024
Consolidated Statement of Comprehensive Income:		
Interest on lease liabilities	\$ 2,011	\$ 1,974
Less: capitalized lease interest	(1)	(166)
Net interest on lease liabilities	\$ 2,010	\$ 1,808
Consolidated Statement of Cash Flows:		
Total cash outflow for leases	\$ (6,448)	\$ (14,116)

# CANADA DEVELOPMENT INVESTMENT CORPORATION

## Notes to Interim Condensed Consolidated Financial Statements (unaudited)

Three and six months ended June 30, 2025

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

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

#### 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 six months ended June 30, 2025, lease income for merchant tank operating leases recognized in "Lease revenue" totaled \$31,906 (2024 - \$29,384), which included the variable lease payments described above.

### 7. Other assets:

	June 30, 2025	December 31, 2024
WCMRC recoverable amounts	\$ 122,007	\$ 145,329
Internal-use software	38,631	38,421
Recoverable projects	9,146	11,664
Other	32,514	18,029
	<u>\$ 202,298</u>	<u>\$ 213,443</u>

TMC has provided funds to the Western Canada Marine Response Corporation ("WCMRC") for enhanced spill response capability for expected traffic increases related to the TMEP (the Enhanced Response Regime, or "ERR"). Costs related to the ERR were remitted to WCMRC by TMC. TMC began recovery of these payments over a period of up to 5 years through the Enhanced Response Regime Cost Recovery Fee ("ECRF"), which is an element of the variable toll for transportation to the Westridge Marine Terminal. The pension asset of \$23,368 (2024 - \$12,049) is included in Other above. Recoverable Projects relates to costs for projects that are reimbursable by third parties.

### 8. Telesat LEO Warrants:

On November 15, 2024, in exchange for the loan commitment (see note 12), a subsidiary of the Corporation received warrants in Telesat LEO. The transaction entitles the Corporation to acquire one common share per warrant, being 346,551 warrants at an exercise price of US\$982.2713, which entitles the Corporation to acquire a 10% fully diluted ownership in Telesat LEO. The Telesat LEO Warrants are exercisable in whole or in part at any time after the second anniversary of the date of issuance of the warrants to the date that is ten years from the date of issuance of the warrants (subject to vesting and the other terms of the Warrant Agreement).

The warrants are classified as derivative financial assets, initially recognized at their fair value of \$380,096 and subsequently measured at fair value through profit or loss. In 2024, the Corporation recognized fair value gains of \$7,360 related to the Telesat LEO Warrants in Other income. Refer to note 19 for fair value and risk management assessment. In the six months ending June 30, 2025 other income of \$43,869 was recognized due to fair value gains (losses) related to the Telesat LEO Warrants (2024 – nil).

# CANADA DEVELOPMENT INVESTMENT CORPORATION

## Notes to Interim Condensed Consolidated Financial Statements (unaudited)

Three and six months ended June 30, 2025

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

### 9. Other current liabilities:

	June 30, 2025	December 31, 2024
Dock premiums	\$ 40,487	\$ 47,092
Environmental accrual	4,911	2,326
Defined benefit obligation	1,960	1,960
Contract liabilities	118,491	134,411
TMEP construction emission offset obligation	25,000	48,772
Other	10,884	11,591
	<b>\$ 201,733</b>	<b>\$ 246,152</b>

### 10. Provisions:

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

	Decommissioning Obligations			Site restoration
	Pipeline	Wells & Facilities	Total	
Balance at January 1, 2024	\$ 522,275	\$ 123,667	\$ 645,942	\$ 3,204
Additional provisions	224,331	-	224,331	113
Changes in estimates	(300,223)	13,303	(286,920)	(258)
Obligations settled	(7,056)	(4,401)	(11,457)	(1,384)
Changes in discount rate	(80,029)	(6,284)	(86,313)	359
Effect of foreign exchange	3,482	-	3,482	-
Unwind of discount	16,979	3,953	20,932	77
Balance at December 31, 2024	\$ 379,759	\$ 130,238	\$ 509,997	\$ 2,111
Changes in estimates	93	(24,087)	(23,994)	-
Obligations settled	(47)	-	(47)	(201)
Changes in discount rate	(37,502)	(4,058)	(41,560)	9
Effect of foreign exchange	(1,252)	-	(1,252)	-
Unwind of discount	5,968	1,074	7,042	-
Balance at June 30, 2025	\$ 347,019	\$ 103,167	\$ 450,186	\$ 1,919
Current	\$ 11,198	\$ -	\$ 11,198	\$ 1,919
Non-current	335,821	103,167	438,988	-
	<b>\$ 347,019</b>	<b>\$ 103,167</b>	<b>\$ 450,186</b>	<b>\$ 1,919</b>

#### 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 \$234,890 at June 30, 2025 (December 31, 2024 - \$249,100). Estimates of decommissioning obligation costs can change significantly based on factors such as operating experience and changes in legislation and regulations. The change in estimate for wells and facilities decommissioning includes the impact of a change in treatment for certain well slot reclamation expenditures.

Payments to settle the obligations are expected to occur in 2048 based upon the useful lives of the underlying assets. The provision was calculated at June 30, 2025 using an inflation rate of 2.5% (December 31, 2024 - 2.5%) and was discounted using a risk-free rate of 3.56% (December 31, 2024 - 3.27%).

# CANADA DEVELOPMENT INVESTMENT CORPORATION

## Notes to Interim Condensed Consolidated Financial Statements (unaudited)

Three and six months ended June 30, 2025

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

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### 10. Provisions (continued):

#### b) Provision for decommissioning obligations of pipeline:

The provision for decommissioning obligations for the pipeline properties is based on management's estimate of costs to abandon which is estimated to be \$347,019 at June 30, 2025 (December 31, 2024 - \$379,759) discounted using an average risk-free rate of 3.56% (December 31, 2024 - 3.33%). There were additional provisions to reflect the expanded system commencement on May 1, 2024. The undiscounted decommissioning liability is estimated to be \$1,841,000 (December 31, 2024 - \$1,847,000) with an inflation rate of 2.00% (December 31, 2024 - 2.00%) and these obligations will be settled based on the expected date of abandonment, which currently extends up to the year 2075.

The decommissioning provision reflects the discounted cash flows expected to be incurred to decommission TMC's pipeline system. The weighted average estimated economic life of assets covered by the decommissioning is estimated at 46 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.

### 11. Loans payable:

#### Loans with EDC

- i. On August 29, 2018, the Corporation, through TMP Finance entered into Credit Agreements with HMRC. The facilities are part of the Canada Account of the GoC, administered by EDC. On March 25, 2019, the Corporation entered into an amended CER Credit Agreement. 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 TMPL as required by the CER. The maturity date for all GoC loan facilities was previously amended to August 29, 2027 effective June 27, 2024.

On December 13, 2024, an amended and restated credit agreement for the Acquisition, Construction, Refinancing and Working Capital facilities (the "TMP Credit Agreement") between HMRC, as lender, and TMP Finance, as borrower was entered into which establishes a new refinancing facility and a working capital facility in addition to the existing facilities. The refinancing facility was made available to provide funding to TMC to use to refinance and pay down the debt under the existing Syndicated credit agreement and to repay the related guarantee fees. In December 2024, funds totalling \$18,053,000 were drawn on the refinancing facility. The remaining refinancing facility commitment that was not drawn before January 17, 2025 has been cancelled. The revolving working capital credit facility was made available to permit advances to TMC for working capital and general-purpose needs.

#### Loan Modification

The existing Acquisition and Construction loans continue under the terms of the amended TMP Credit Agreement. Under this agreement:

- The maturity date of all GoC facilities has been extended to August 31, 2032.
- The interest rate for the acquisition and construction facilities has been revised from 4.7% to 3.01%, effective June 30, 2024.
- Interest on the existing loans was paid in kind (PIK) and added to the Construction Facility balance semi-annually.
- Interest on the Refinancing Facility of 3.01% will also be paid in kind and added to the Refinancing Facility balance on June 30, 2025.
- After June 30, 2025, interest on all facilities will be paid in cash semi-annually.

# CANADA DEVELOPMENT INVESTMENT CORPORATION

## Notes to Interim Condensed Consolidated Financial Statements (unaudited)

Three and six months ended June 30, 2025

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

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### 11. Loans payable (continued):

In accordance with IFRS 9, the Corporation performed a quantitative assessment of the modifications to the Acquisition and Construction facilities. The present value of the cash flows under the amended terms, discounted at the original effective interest rate, differed by more than 10% from the present value of the remaining cash flows under the original loan terms. Consequently, the modification was determined to be substantial, leading to the derecognition of the existing financial liability (at carrying amount of \$17,524,707) and the recognition of a new liability at fair value (\$15,822,820).

This resulted in a deferred gain from the loan modification of \$1,701,887 at December 31, 2024, which was included within the total government grant recognized (see "Government Grants" section below).

- ii. On November 15, 2024, 16342451 Canada Inc. executed a loan agreement with EDC (the "16342451 Canada Inc. Credit Agreement") for a maximum loan of \$2.14 billion plus any capitalized PIK interest, to be disbursed on a non-revolving basis as drawdowns are made on the Telesat loan. The EDC loan bears an interest rate of equal to CORRA. The loan matures on the 15th year anniversary of the date of the initial advance. See note 12 for additional information on the nature and terms of the EDC Loan.

The total credit available to 16342451 Canada Inc. was \$2.14 billion, of which \$286,457 was utilized as of June 30, 2025 (December 31, 2024 - \$nil). During the six months ended June 30, 2025, PIK interest of \$2,949 was added to the outstanding balance.

### Government Grants

- i. The revised interest rate of 3.01% for the existing and new refinancing loan facilities with EDC under the TMP Credit Agreement was determined to be a below-market interest rate for the extended term. As a result, the interest benefit met the conditions of a government grant under IAS 20. The fair value of the loans was calculated using an estimated market rate of 4.54%, and the difference, totaling \$3,452,640, was recognized as deferred income – government grant on the consolidated statement of financial position as at December 13, 2024. The total deferred income amount is inclusive of the impact of the loan modification described above.

The benefit will be amortized over the remaining term of the loans. For the period ending June 30, 2025, \$185,962 has been recognized as amortization of deferred income – government grant and has been netted against the gross interest expense (December 31, 2024 - \$13,296).

- ii. The interest rate of CORRA under the 16342451 Canada Inc. Credit Agreement was determined to be a below-market interest rate and met the conditions of a government grant under IAS 20. At inception, the coupon rate of the loan at CORRA was 3.52%. The fair value of the EDC Loan was calculated based on an estimated market interest rate of CORRA + 6.79%. As a result, at each draw down date, the market rate in excess of CORRA at inception of 6.79% will be used to recognize deferred government grant income. The benefit will subsequently be recognized in income over the remaining term of the EDC loan.

During the period ended June 30, 2025, the Corporation recognized \$112,691 in Deferred income - government grants in the consolidated statement of financial position (December 31, 2024 - \$nil). For the six month period ending June 30, 2025, \$3,065 has been recognized as grant income and has been netted against the gross interest expense (December 31, 2024 - \$nil).

# CANADA DEVELOPMENT INVESTMENT CORPORATION

## Notes to Interim Condensed Consolidated Financial Statements (unaudited)

Three and six months ended June 30, 2025

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

### 11. Loans payable (continued):

The total outstanding balance Deferred income – government grants is as follows:

<b>Deferred Income – Government grants</b>	<b>June 30, 2025</b>	December 31, 2024
Deferred Income – 16342451 Canada Inc. Loan	\$ 109,626	\$ -
Deferred Income – TMP Finance Loans	3,254,215	3,439,344
<b>Total deferred income – government grants</b>	<b>\$ 3,363,841</b>	<b>\$ 3,439,344</b>

Details of the loan facilities at June 30, 2025 are as follows:

<b>Facility</b>	<b>Total Available Credit June 30, 2025<sup>(4)</sup></b>	<b>Balance as at June 30, 2025</b>	<b>Balance as at December 31, 2024</b>	<b>Interest Rate Disbursed amounts</b>	<b>Standby Fee Undisbursed amounts</b>	<b>Maturity Date</b>
Acquisition	\$ 4,670,000	\$ 4,249,710	\$ 4,157,166	3.01%	-	August 31, 2032
Construction	\$ 13,500,000	\$ 11,960,805	\$ 11,700,337	3.01%	-	August 31, 2032
CER <sup>(2)</sup>	\$ 550,000	\$ -	\$ -	3.01%	0.30%	December 31, 2035
Refinancing	\$ 19,000,000	\$ 16,694,120	\$ 16,330,577	3.01%	-	August 31, 2032
Working Capital <sup>(3)</sup>	\$ 500,000	\$ -	\$ -	3.01%	-	August 31, 2032
<b>Total under TMP Credit Agreement</b>		<b>\$ 32,904,635</b>	<b>\$ 32,188,080</b>			
16342451 Canada Inc. Credit Facility	\$ 2,140,000	\$ 179,779	\$ -	CORRA	-	January 15, 2040
<b>Total under 16342451 Canada Inc.</b>		<b>\$ 179,779</b>	<b>\$ -</b>			
<b>Total with GoC</b>		<b>\$ 33,084,414</b>	<b>\$ 32,188,080</b>			
<b>Presented as:</b>						
<b>Current</b>		<b>\$ -</b>	<b>\$ -</b>			
<b>Non-current</b>		<b>\$ 33,084,414</b>	<b>\$ 32,188,080</b>			

<sup>(1)</sup> The Syndicated Facility was terminated on December 20, 2024.

<sup>(2)</sup> The interest rate on disbursed amounts for GoC facilities was 4.70% until July 2, 2024, and 3.01% thereafter. The rate change for the CER facility was effective from January 12, 2025.

<sup>(3)</sup> The available borrowing limit on the working capital facility of \$1,000,000 is limited by the borrowing authority at December 31, 2024.

<sup>(4)</sup> As of April 2022, the available credit was reduced to nil for cash draws on the Acquisition and Construction facilities. As of January 17, 2025, the Refinancing facility available credit was reduced to nil for cash draws.

At June 30, 2025, funds drawn on the Acquisition and Construction Facilities totaled \$17,812,261 (December 31, 2024 - \$17,550,304). The total amount drawn at June 30, 2025 on the Refinancing Facility was \$18,343,653 (December 31, 2024 - \$18,053,000). During the six months ended June 30, 2025, PIK interest of \$261,957 was added to the Construction Facility balance (2024 - \$655,834) and \$290,653 was added to the Refinancing Facility balance (2024 - \$nil). As at June 30, 2025, contractual interest payable in-kind was \$nil on the Acquisition and Construction Facilities (2024 - \$1,443), and \$nil on the Refinancing Facility (2024 - \$22,677).

On December 13, 2024, the maturity date for the CER facility was extended to December 31, 2035 and the interest rate on outstanding amounts was amended to 3.01% effective January 12, 2025.

#### Credit Agreement with Syndicated Lenders

On April 29, 2022, TMC entered into a credit agreement with a syndicate of lenders (the “Syndicated Credit Agreement”) which contained an unsecured revolving facility (the Syndicated Facility”) and included a guarantee provided from the Government of Canada. See note 20 for more information on the guarantee and associated fees. On March 24, 2023, the Corporation amended and restated the Syndicated Credit Agreement to a two-year senior unsecured Equator Principles 4 compliant revolving facility and, among other changes, amended it to include a letter of credit facility (“LC Facility”). On May 17, 2024, the Syndicated Credit Agreement was further amended to extend the maturity date to August 31, 2026 and increase the available credit from \$17.9 billion to

# CANADA DEVELOPMENT INVESTMENT CORPORATION

## Notes to Interim Condensed Consolidated Financial Statements (unaudited)

Three and six months ended June 30, 2025

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

### 11. Loans payable (continued):

\$18.9 billion. The increase to the facility included a corresponding increase to the guarantee provided by the Government of Canada. On December 20, 2024, TMC paid the outstanding balance and cancelled the Syndicated Facility.

Borrowings under the Syndicated Facility bore interest at the Canadian Prime Rate or Canadian Overnight Repo Rate Average ("CORRA") plus applicable margins and commitment fees. The effective interest rate for the year ended December 31, 2024 was 6.2%.

#### Letter of Credit Facility

On February 5, 2025, the LC Facility and the Syndicated Credit Agreement were terminated. Concurrently, the LC Facility was replaced with a \$100 million third party uncommitted senior demand revolving letter of credit facility (the "Demand LC Facility"). All issued and outstanding letters of credit are deemed to be letters of credit issued under the Demand LC Facility.

As of June 30, 2025, TMC had letters of credit of \$62.9 million issued and outstanding from the available \$100 million Demand LC Facility. As of December 31, 2024 TMC had letters of credit of \$73.4 million issued and outstanding from the \$100 million LC facility.

Total interest expense is comprised of the following:

	Three months ended		Six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Interest on Loans payable	\$ 366,540	\$ 479,539	\$ 722,740	\$ 951,510
Amortization of debt issuance costs	-	1,958	-	3,752
Interest on leases	1,006	905	2,010	1,808
Interest and fees capitalized	-	(140,392)	-	(561,815)
Guarantee fees	-	10,898	18	21,303
Standby fees	411	718	818	1,526
Interest expense	\$ 367,957	\$ 353,626	\$ 725,586	\$ 418,084
Amortization of deferred income – government grants	(97,280)	-	(188,194)	-
Interest expense, net	\$ 270,677	\$ 353,626	\$ 537,392	\$ 418,084

The TMP Finance fixed rate GoC loans bore an effective interest rate of 4.7% to July 2, 2024, 3.01% to December 13, 2024, and 4.54% thereafter. For the period ended June 30, 2025, interest expense accrued to the loan balance totalled \$716,555, of which \$552,610 is included in PIK interest (December 31, 2024 - \$63,014, of which \$25,597 is included in PIK interest).

The capitalization rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Corporation's general borrowings during the period up to commencement of the TMEP on April 30, 2024 of 5.6%.

### 12. Loan Commitment and Loan Receivable:

On September 13, 2024, 16342451 Canada Inc. entered into an agreement committing to provide Telesat LEO Inc. a loan for \$2.14 billion ("Telesat Loan") conditional on the Corporation entering into a financing arrangement with EDC, on behalf of HMRC to fund the loan. Subsequently on November 15, 2024, 16342451 Canada Inc. executed a loan agreement with EDC ("EDC Loan") for the purpose of funding the Telesat Loan. The EDC loan was issued for a maximum amount of \$2.14 billion, to be disbursed on a non-revolving basis as drawdowns are made on the Telesat loan. The EDC loan bears a variable interest rate equal to CORRA. Management has assessed the interest rate on EDC loan as a below-market interest rate, with the interest benefit to be recognized

# CANADA DEVELOPMENT INVESTMENT CORPORATION

## Notes to Interim Condensed Consolidated Financial Statements (unaudited)

Three and six months ended June 30, 2025

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

### 12. Loan Commitment and Loan Receivable (continued):

as a government grant. Therefore, the EDC Loan will be initially recognized at fair value less directly attributable transaction costs and will be subsequently measured at amortized cost under the effective interest rate method. As of December 31, 2024, \$nil was disbursed in connection to the EDC loan.

The Telesat loan was issued for a maximum amount of \$2.14 billion maturing on the 15th year anniversary of the date of the initial advance. Advances under the facility will be disbursed on a non-revolving basis as certain milestones for the project are met. The Telesat loan is secured by the project assets and bears a variable interest rate of CORRA plus 4.75%. In exchange for providing the loan commitment, 16342451 Canada Inc. received 346,551 warrants of Telesat LEO Inc. at an exercise price of US\$982.2713. As discussed in Note 8, the warrants were recognized at fair value and a corresponding deferred loan commitment fee liability was recognized. Management has assessed the stated rate of the loan to be at a below market interest rate, and as such the commitment has subsequently been measured at the higher of its ECL and the initial amount recognized less amounts allocated to draw downs of the Telesat loan. As of June 30, 2025 and December 31, 2024, the initial amount recognized for the loan commitment exceeds the total provision for expected credit losses for the commitment.

As of June 30, 2025, \$286,457 was disbursed in connection to the Telesat loan (2024 - \$nil) and \$50,879 of the commitment amount initially recognized was allocated to Telesat loan draw downs (2024 - \$nil).

### 13. Net Profits Interest reserve:

During the year-to-date period, NPI payments received under the NPI agreements totalled \$77,159 of which \$5,642 was received from CHHC and eliminated upon consolidation (2024 – \$92,982 of which \$8,635 was eliminated). NPI refund payments to owners in the six months ended June 30, 2025 were \$2,529 of which \$16 was paid to CHHC and eliminated upon consolidation. (2024 – \$7,134, of which \$606 was eliminated).

### 14. Supplemental cash flow disclosure:

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

	Three months ended		Six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Trade and other receivables	\$ (4,782)	\$ (97,016)	\$ (30,866)	\$ (32,181)
Inventory	517	(2,586)	3,449	226
Other current assets	(102,081)	(129,015)	(91,121)	(128,159)
Deferred charges and other assets	216	32,859	14,183	30,133
Trade and other payables	13,124	(123,651)	(238,928)	(392,849)
Interest payable	-	(229,490)	(76,621)	(26,328)
Other current liabilities	(5,373)	128,029	(44,466)	129,702
Other non-current liabilities	2,821	67,613	(13,031)	71,574
Change in non-cash working capital and other items	\$ (95,559)	\$ (353,257)	\$ (477,401)	\$ (347,882)

Relating to:

Financing activities	\$ -	\$ 95	\$ -	\$ (47)
Operating activities	(108,760)	41,388	(181,821)	74,096
Investing activities	13,201	(394,740)	(295,580)	(421,931)
	\$ (95,559)	\$ (353,257)	\$ (477,401)	\$ (347,882)

# CANADA DEVELOPMENT INVESTMENT CORPORATION

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### 14. Supplemental cash flow disclosure (continued):

	Three months ended		Six months ended	
	June 30		June 30	
	2025	2024	2025	2024
PPE additions (note 5)	\$ (77,158)	\$ (570,465)	\$ (8,213)	\$ (1,567,044)
Change in non-cash items related to PPE	16,774	(152,780)	(290,220)	(269,273)
Capitalized lease amortization and interest	21	2,110	44	4,908
Cash used for PPE expenditures	\$ (60,363)	\$ (721,135)	\$ (298,389)	\$ (1,831,409)

The changes in the liabilities arising from financing activities can be classified as follows:

	June 30, 2025	June 30, 2024
Opening balance	\$ 32,188,080	\$ 32,975,494
Cash movements:		
Proceeds from loan payable	286,457	1,675,000
Debt issuance costs	-	(14,660)
Non-cash movements:		
PIK interest	555,559	394,849
Debt issuance costs amortization	-	3,752
Deferred Income - government grant (note 11)	(112,691)	-
Amortized Interest – Effective Interest Rate	167,009	-
Other	-	48
Closing balance	\$ 33,084,414	\$ 35,034,483

### 15. Net crude oil revenue and operating, transportation and marketing expenses:

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

	Three months ended		Six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Crude oil sales	\$ 51,705	\$ 31,089	\$ 120,515	\$ 101,738
Less: royalties	(11,829)	(4,477)	(28,538)	(23,645)
Net crude oil revenue	\$ 39,876	\$ 26,612	\$ 91,977	\$ 78,093

b) Gross 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 destination:

	Three months ended		Six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Europe	\$ 29,454	\$ –	\$ 70,458	\$ 18,236
United States	22,251	31,089	50,057	83,502
	\$ 51,705	\$ 31,089	\$ 120,515	\$ 101,738

# CANADA DEVELOPMENT INVESTMENT CORPORATION

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### 15. Net crude oil revenue and operating, transportation and marketing expenses (continued):

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

	Three months ended		Six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Hibernia Project operating expenses	\$ 4,287	\$ 6,057	\$ 9,702	\$ 11,296
Movement in overlift/underlift (i)	781	(2,718)	3,713	226
Crude oil transportation and transshipment	1,462	1,062	2,777	2,352
Crude oil marketing	77	31	205	141
<b>Total operating, transportation and marketing</b>	<b>\$ 6,607</b>	<b>\$ 4,432</b>	<b>\$ 16,397</b>	<b>\$ 14,015</b>

<sup>(i)</sup> At June 30, 2025, the Corporation was in an overlift position, having sold more barrels than produced. An overlift liability is recognized as the obligation to deliver oil out of the Corporation's working interest share of future production. The overlift is included in trade and other payables with corresponding expenses included within operating, transportation and marketing expenses and depletion and depreciation expenses.

### 16. Revenue and operating expenses from pipeline operations:

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

	Three months ended		Six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Transportation revenue	\$ 675,574	\$ 401,144	\$ 1,380,450	\$ 566,952
Lease revenue	16,337	15,394	31,906	29,384
Other revenue	804	1,572	1,777	3,622
<b>Total</b>	<b>\$ 692,715</b>	<b>\$ 418,110</b>	<b>\$ 1,414,133</b>	<b>\$ 599,958</b>

Pipeline operating and production expenses	\$ 94,338	\$ 64,487	\$ 188,118	\$ 115,037
Salaries and benefits	49,077	40,227	98,936	75,697
Other general and administration costs	16,490	9,087	32,978	11,630
<b>Total operating expenses excluding finance costs and depreciation</b>	<b>\$ 159,905</b>	<b>\$ 113,801</b>	<b>\$ 320,032</b>	<b>\$ 202,364</b>

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

### 17. Commitments:

The Corporation's commitments at June 30, 2025 are summarized in the table below:

	Remainder 2025	2026 – 2029	Thereafter	Total
Crude oil transportation and transshipment services	\$ 2,473	\$ 20,570	\$ 3,383	\$ 26,426
Hibernia Project contracts	686	1,600	-	2,286
Pipeline PPE	7,880	-	-	7,880
Other operating commitments	27,344	360,813	898,714	1,286,871
<b>Total Commitments</b>	<b>\$ 38,383</b>	<b>\$ 382,983</b>	<b>\$ 902,097</b>	<b>\$ 1,323,463</b>

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### 17. Commitments (continued):

#### Operating Commitments

Operating commitments primarily relate to commitments to provide funding to support indigenous and local communities, payments to the Province of British Columbia (the "Province"), and commitments for power and other services. Expenses related to these operating commitments are recorded in "Pipeline operating costs" as incurred. Certain commitments include an estimate for increases in the consumer price index.

In order to meet the conditions to operate in British Columbia, the Corporation is committed to making long term payments to the Province over an initial 20 year term. Payments include an annual guaranteed amount of \$25 million and a variable amount based on uncommitted volume revenue, to a maximum combined payment of \$50 million annually. Future payments included in the above table represent the minimum guaranteed amounts.

### 18. 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.

In 2021, following the Corporation's termination of the general construction contracts (the "Contracts") with the general construction contractor for Spreads 1, 4B and 6 (the "GCC") of the TMEP, the GCC provided the Corporation with a Notice of Dispute in relation to amounts it claimed were outstanding pursuant to the Contracts. The Corporation subsequently entered into discussions the GCC and agreed to pay for some work that had been completed. However, the Corporation notified the GCC that it was entitled to reimbursement for costs resulting from the termination. In 2022, the Corporation provided a Notice of Dispute to the GCC. On March 12, 2025, Trans Mountain and the GCC entered into a settlement and mutual release agreement whereby the GCC agreed to pay a net sum of \$10 million to the Corporation to resolve all matters arising from or connected to the Contracts. The amount received settled all outstanding liabilities payable from the Corporation to the GCC and was recognized as a reduction to the TMEP costs incurred by the Corporation as a result of the termination.

#### 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, delays to the TMEP construction, and business interruption. The Corporation has recognized a total of \$88 million in insurance proceeds since the initial event in 2021. While certain claims included in the amounts recognized since the event have reached final settlement, there is a claim remaining where the proceeds recognized represent the interim settlements. The amount and timing of any future insurance proceeds on claims in progress cannot be reasonably estimated.

# CANADA DEVELOPMENT INVESTMENT CORPORATION

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### 19. 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, 2024. 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 credit-worthy counterparties, and may use letters of credit, parental guarantees or other credit risk mitigation instruments prior to concluding sales contracts with certain counterparties. Receivables from the Corporation's crude oil customers are typically collected one month following delivery of the crude. The Corporation has historically not experienced any collection issues with its crude oil customers.
- ii. In the first half of 2024, the Corporation used the services of a crude oil marketer pursuant to an agency agreement, whereby the marketer arranged contracts with customers on the Corporation's behalf. The Corporation sold to three customers during this period. In the second half of 2024, the agency agreement was terminated and the Corporation commenced a crude oil sales agreement with a different marketer. Under this latter agreement, the Corporation sells its oil directly to the marketer, accordingly the marketer was the Corporation's sole customer during the second half of 2024. This counterparty is investment-grade rated.

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.

- iii. The Corporation is exposed to credit risk through its loan commitment to Telesat LEO and Telesat Loan Receivable. The commitment has been measured at the higher of its ECL and the initial amount recognized less amounts allocated to draw downs of the Telesat loan. The Telesat Loan Receivable has been measured at amortized cost. The commitment and receivable were initially graded between a B- and CCC. As at period end, there has been no significant increase in credit risk. The loan commitment and Telesat Loan Receivable continue to remain in Stage 1. Financial instruments for which 12-month ECL are recognized are referred to as 'Stage 1 financial instruments'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit impaired.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Corporation uses judgement in making these assumptions and determining the inputs, based on existing market conditions, as well as forward-looking estimates at the end of each reporting period.

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## Notes to Interim Condensed Consolidated Financial Statements (unaudited)

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### 19. Risks to the Corporation (continued):

#### (a) Credit and contract risk (continued):

The movement in the allowance for impairment in respect of the loan commitment to Telesat LEO and Telesat Loan Receivable during the period was as follows:

	Loan commitment to Telesat LEO	Telesat Loan Receivable
Balance at December 31, 2024	\$ 18,778	\$ -
Amounts written off	-	-
Net measurement of loss allowance	344	6,264
Balance at June 30, 2025	\$ 19,122	\$ 6,264

The loss allowance is mainly attributable to the increase in the gross carrying amount of the Telesat Loan Receivable due to drawdowns in the quarter. The methodology for the calculation of ECLs is the same as described in the last annual financial statements. The loan commitment to Telesat LEO is measured at its initial carrying amount less the cumulative amount of income recognized in accordance with IFRS 15. As the carrying amount continues to exceed the ECL, the ECL related to the commitment has not been recognized.

As at June 30, 2025 and December 31, 2024 there were no significant accounts receivable past due or impaired.

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

	June 30, 2025	December 31, 2024
Contracts with pipeline shippers	\$ 176,361	\$ 155,982
Contracts with crude oil customers	30,284	13,278
Hibernia Project joint account	563	865
HST/GST input tax credits*	3,410	11,137
Other	11,936	10,426
	\$ 222,554	\$ 191,688
Amount outstanding greater than 90 days	\$ 10,534	\$ 10,430

\*HST/GST input tax credits are not financial instruments.

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, short-term investments, restricted cash and restricted investments, and investments held for future obligations balances are held by investment-grade Canadian banks and financial institutions and the GoC. 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 June 30, 2025 related to cash and cash equivalents and investments is insignificant. The Corporation realized no actual impairment losses during the periods ended June 30, 2025 or 2024.

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### 19. Risks to the Corporation (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. 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 issuance of debt, including the available capacity on the Working Capital Facility. See note 11 for details on Debt.

The Corporation continues to retain cash and cash equivalents 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.

Trade and other payables are generally due within one year from the date of the consolidated statement of financial position.

The cashflows related to the loan commitment include the undiscounted cashflows allocated to the earliest period in which the loan commitment can be called.

Maturity analysis – contractual undiscounted cash flows:

June 30, 2025	Carrying Amount	Contractual Cash Flows			
		Total	1 year or less	1-5 years	More than 5 years
Trade and other Payables	299,652	299,652	299,652	-	-
Lease liabilities	75,202	162,897	6,203	41,219	115,475
Loan commitment	329,217	1,853,543	901,496	952,047	-
Loan payable – TMP	32,904,635	43,963,390	1,088,381	4,353,525	38,521,484
Loan payable – 16342451 Canada Inc.	179,779	351,168	-	46,964	304,204
	<b>33,788,485</b>	<b>46,630,650</b>	<b>2,295,732</b>	<b>5,393,755</b>	<b>38,941,163</b>

December 31, 2024	Carrying Amount	Contractual Cash Flows			
		Total	1 year or less	1-5 years	More than 5 years
Trade and other Payables	641,575	641,575	641,575	-	-
Lease liabilities	76,904	166,361	11,859	38,900	115,602
Loan commitment	380,096	2,140,000	930,985	1,209,015	-
Loan payable – TMP	32,188,080	43,963,390	548,663	4,353,526	39,061,201
	<b>33,286,655</b>	<b>46,911,326</b>	<b>2,133,082</b>	<b>5,601,441</b>	<b>39,176,803</b>

(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.

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## Notes to Interim Condensed Consolidated Financial Statements (unaudited)

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### 19. Risks to the Corporation (continued):

#### (c) Market risk (continued):

##### (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 June 30, 2025 or 2024.

##### (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 market 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 approximately 2% of total revenue.

As of June 30, 2025, the Corporation does not have significant exposure to interest rate risk on loans from its parent at fixed interest rates at the balance sheet date. 16342451 Canada Inc.'s loan from EDC and corresponding loan to Telesat LEO are at a floating interest rate and as such, it is exposed to interest rate risk. However, the interest rate risk is mitigated as these are back-to-back both loans. The Corporation's risk is limited to the margin in excess of CORRA charged on the Telesat loan.

The following table summarizes the profit and loss effect of a 100-basis point (bps) change in the prevailing market interest rates for the Loan payable and Loan receivable at the reporting date. All other variables have been held constant for the purposes of the sensitivity.

#### As at June 30, 2025

100bps parallel (Increase/decrease)	Increase	Decrease
EDC Loan Payable – Grant Income	\$ (266,019)	\$ 248,202
EDC Loan Payable – Interest Expense	(465,169)	454,157
Telesat Loan Receivable	590,397	(588,765)
Gain/(Loss) on revision of cash flows	(98,059,668)	106,669,943

The associated EDC Loan Payable and Telesat Loan Receivable are measured at amortized cost. Thus, the above market interest rate movements are not expected to have any effect on profit or loss.

Modifications to borrowings under the Credit Agreement with the EDC reduced the fixed interest rate to 3.01% and extended the maturity date which provides improved cash flows. Borrowings under the Syndicated Credit Agreement which had variable interest rates and a related fixed rate guarantee fee were replaced with the fixed rate refinancing loan.

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### 19. Risks to the Corporation (continued):

(c) Market risk (continued):

(iii) Price Risk

The Corporation has no significant exposure to price risk from equity securities or commodities in the normal course of business. However, the Corporation is exposed to price risk associated with the value of the Telesat LEO Warrants whereby the fair value may not be equivalent to the liquidation value of the warrant. Refer to note 8 for further information.

(d) Fair value of financial instruments:

The following table shows the carrying amounts and fair values of restricted investments, Telesat LEO Warrants and loans payable including their levels in the fair value hierarchy at June 30, 2025 and December 31, 2024:

	Classification	Hierarchy	Carrying amounts		Fair value	
			2025	2024	2025	2024
<b>Financial assets</b>						
Restricted investments	FVTPL	Level 2	137,556	128,377	137,556	128,377
Telesat LEO Warrants	FVTPL	Level 3	431,325	387,456	431,325	387,456
<b>Financial liabilities</b>						
Loan commitment	Amortized cost	Level 3	329,217	380,096	329,217	380,096
Loans payable-TMP	Amortized cost	Level 2	32,904,635	32,188,080	34,027,306	32,123,849
Loans payable- 16342451 Canada Inc.	Amortized cost	Level 2	179,779	-	174,543	-

The following reflects the changes in the fair value of the Telesat LEO warrants, which are Level 3 in the fair value measurement hierarchy.

December 31, 2024	\$ 387,456
Gain (Loss) recognized within other operating gains, net	\$ 43,869
June 30, 2025	\$ 431,325

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

The Corporation used the Black-Scholes option pricing model to measure the fair value of the warrants. Key inputs used in the Black-Scholes model include Telesat LEO's equity value which is used to determine the estimated share price, exercise price, expected term, risk-free rate, and dividend yield. Telesat LEO's equity value has been calculated using a discounted cash flow model with key inputs into the discounted cashflow model including the discount rate used to discount future cash flows to their present value and the exit multiple applied to the terminal equity value.

The Corporation has determined that these valuation techniques are a Level 3 measurement within the fair value hierarchy as estimated volatility is generally unobservable and requires management estimation.

The following inputs have been used in assessing the fair value of the warrants:

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### 19. Risks to the Corporation (continued):

(d) Fair value of financial instruments (continued):

Key Assumptions	Inception	December 31, 2024	June 30, 2025
<b>Equity value</b>			
Discount rate	20%	20%	20%
Exit multiple	10X	10X	10X
<b>Warrants value</b>			
Equity Value (USD)	3,755,000	3,755,000	4,215,000
Risk free rate	3.52%	3.51%	3.29%
Volatility	55%	55%	60%

#### Sensitivity Analysis

Reasonable possible changes as at June 30, 2025 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

	Profit or loss	
	Increase	Decrease
<b>June 30, 2025</b>		
Equity Value (10% movement)	51,823	(51,276)
Risk free rate (1% movement)	7,501	(7,821)
Expected volatility (10% movement)	29,081	(32,844)

### 20. 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 of \$167,000 to the Government of Canada during the three and six months ended June 30, 2025 (2024- \$nil).

The GoC provided TMC with a guarantee in relation to its Syndicated Credit Agreement (see note 11) in exchange for a guarantee fee. The guarantee was provided in exchange for a fixed rate fee on the outstanding balance under the Syndicated Credit Agreement and was terminated with the cancellation of the Syndicated Credit Agreement on February 5, 2025. For the three and six months ended June 30, 2025, the Corporation incurred \$nil and \$18 in guarantee fees, respectively (2024- \$10,898 and \$21,303 respectively) which were included in interest expense. As of June 30, 2025 and December 31, 2024, the guarantee fee payable was \$nil and \$105 million, respectively, and recorded in "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 June 30, 2025, CDEV earned management fees from CEEFC of \$400 (June 30, 2024 -\$400). At June 30, 2025, CDEV has a related party receivable from CEEFC of \$331 (December 31, 2024 - \$290).

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## Notes to Interim Condensed Consolidated Financial Statements (unaudited)

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### 21. Supplementary information:

The following presents a breakdown of the primary operating entities comprising CDEV. CDEV corporate, CEI, TMP Finance, 16342451 Canada Inc. and CIC are grouped as Others:

	June 30, 2025						
	TMC (US GAAP)	IFRS Adjustments	TMC (IFRS)	CHHC	Others	Eliminations	Consolidated
<b>Statement of Comprehensive Income:</b>							
<b>Revenues:</b>							
Transportation revenue	\$ 1,415,030	\$ (34,580) <sup>(1)</sup>	\$ 1,380,450				\$ 1,380,450
Lease revenue	31,035	871	31,906				31,906
Net crude oil revenue	-	-	-	84,493	-	7,484	91,977
Other revenue	1,777	-	1,777		405	-	2,182
Other income/ FX	-	-	-	1,188	-	-	1,188
Gain (Loss) on warrants	-	-	-	-	43,869	-	43,869
	1,447,842	(33,709)	1,414,133	85,681	44,274	7,484	1,551,572
<b>Expenses:</b>							
Depletion and depreciation	437,914	(20,028) <sup>(2)</sup>	417,886	17,515	30,190	(21,871)	443,720
Operating and production	189,442	(1,324)	188,118	16,397	-	-	204,515
Salaries and benefits	98,099	837 <sup>(3)</sup>	98,936	916	4,265	-	104,117
General and admin Other and FX	33,949	(833)	33,116	2,229	11,316	53	46,714
	759,404	(21,348)	738,056	37,057	45,771	(21,818)	799,066
<b>Finance Costs:</b>							
Equity AFUDC	546	(546) <sup>(4)</sup>	-	-	-	-	-
Other, net	470	(1,122)	(652)	-	-	-	(652)
Unwind of discount	-	(5,968) <sup>(4)</sup>	(5,968)	(1,847)	-	773	(7,042)
Net Interest (expense)	(280,740)	(1,854) <sup>(4)</sup>	(282,594)	4,180	(243,768)	818	(521,364)
	(279,724)	(9,490)	(289,214)	2,333	(243,768)	1,591	(529,058)
<b>Net income before income taxes</b>	<b>408,714</b>	<b>(21,851)</b>	<b>386,863</b>	<b>50,957</b>	<b>(245,265)</b>	<b>30,893</b>	<b>223,448</b>
Income taxes (recovery)	110,784	(8,068) <sup>(5)</sup>	102,716	16,241	-	-	118,957
<b>Net Income</b>	<b>\$ 297,930</b>	<b>\$ (13,783)</b>	<b>\$ 284,147</b>	<b>\$ 34,716</b>	<b>\$ (245,265)</b>	<b>\$ 30,893</b>	<b>\$ 104,491</b>
<b>Other Comprehensive Income</b>	<b>\$ (18,380)</b>	<b>\$ 8,734</b> <sup>(6)</sup>	<b>\$ (9,646)</b>	<b>\$ -</b>	<b>\$ (19,292)</b>	<b>\$ 19,292</b>	<b>\$ (9,646)</b>
<b>Statement of Financial Position:</b>							
<b>Assets:</b>							
Current assets	855,829	- <sup>(7)</sup>	855,829	112,440	985,780	(34,437)	1,919,612
Non-current assets	36,139,859	(1,643,452) <sup>(8)</sup>	34,496,407	283,908	36,977,051	(35,776,020)	35,981,346
	<b>\$ 36,995,688</b>	<b>\$ (1,643,452)</b>	<b>\$ 35,352,236</b>	<b>\$ 396,348</b>	<b>\$ 37,962,831</b>	<b>\$ (35,810,457)</b>	<b>\$ 37,900,958</b>
<b>Liabilities</b>							
Current liabilities	528,604	(2,514)	526,090	24,002	18,150	(36,406)	531,836
Non-current liabilities	13,470,684	(168,201) <sup>(9)</sup>	13,302,483	120,539	36,780,642	(12,000,000)	38,203,664
	<b>\$ 13,999,288</b>	<b>\$ (170,715)</b>	<b>\$ 13,828,573</b>	<b>\$ 144,541</b>	<b>\$ 36,798,792</b>	<b>\$ (12,036,406)</b>	<b>\$ 38,735,500</b>
<b>Shareholder's Equity</b>							
	<b>\$ 22,996,400</b>	<b>(1,472,737) <sup>(10)</sup></b>	<b>\$ 21,523,663</b>	<b>\$ 251,807</b>	<b>\$ 1,164,039</b>	<b>\$ (23,774,051)</b>	<b>\$ (834,542)</b>
	<b>\$ 36,995,688</b>	<b>\$ (1,643,452)</b>	<b>\$ 35,352,236</b>	<b>\$ 396,348</b>	<b>\$ 37,962,831</b>	<b>\$ (35,810,457)</b>	<b>\$ 37,900,958</b>

# CANADA DEVELOPMENT INVESTMENT CORPORATION

## Notes to Interim Condensed Consolidated Financial Statements (unaudited)

Three and six months ended June 30, 2025

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

### 21. Supplementary information (continued):

	June 30, 2024						
	TMC (US GAAP)	IFRS Adjustments	TMC (IFRS)	CHHC	Others	Eliminations	Consolidated
<b>Statement of Comprehensive Income:</b>							
<b>Revenues:</b>							
Transportation revenue	\$ 490,474	\$ 76,478 <sup>(1)</sup>	\$ 566,952				\$ 566,952
Lease revenue	29,384		29,384				29,384
Net crude oil revenue			-	71,328	-	6,765	78,093
Other revenue	1,373	2,249	3,622		1,294	(894)	4,022
Other income/ FX		-	-	2,056	-	-	2,056
	521,231	78,727	599,958	73,384	1,294	5,871	680,507
<b>Expenses:</b>							
Goodwill impairment			-				-
Depletion and depreciation	178,129	(2,615) <sup>(2)</sup>	175,514	13,166	10,255	(7,498)	191,437
Operating and production	114,583	454	115,037	14,015	-		129,052
Salaries and benefits	74,608	1,089 <sup>(3)</sup>	75,697	797	2,712		79,206
General and admin Other and FX	13,169	(1,539)	11,630	768	7,616	(74)	19,940
	380,489	(2,611)	377,878	28,746	20,583	(7,572)	419,635
<b>Finance Costs:</b>							
Equity AFUDC	460,624	(460,624) <sup>(4)</sup>	-		-		-
Other, net	467	(11,618)	(11,151)	-	-		(11,151)
Unwind of discount	-	(8,178) <sup>(4)</sup>	(8,178)	(2,063)	(38)		(10,279)
Net Interest (expense)	(456,090)	189,829 <sup>(4)</sup>	(266,261)	6,211	77,442	(217,130)	(399,738)
	5,001	(290,591)	(285,590)	4,148	77,404	(217,130)	(421,168)
<b>Net income before income taxes</b>	<b>145,743</b>	<b>(209,253)</b>	<b>(63,510)</b>	<b>48,786</b>	<b>58,115</b>	<b>(203,687)</b>	<b>(160,296)</b>
Income taxes (recovery)	(35,507)	19,428 <sup>(5)</sup>	(16,079)	13,612	-		(2,467)
<b>Net Income</b>	<b>\$ 181,250</b>	<b>\$ (228,681)</b>	<b>\$ (47,431)</b>	<b>\$ 35,174</b>	<b>\$ 58,115</b>	<b>\$ (203,687)</b>	<b>\$ (157,829)</b>
<b>Other Comprehensive Income</b>	<b>\$ 10,310</b>	<b>\$ 8,519</b> <sup>(6)</sup>	<b>\$ 18,829</b>	<b>\$ -</b>	<b>\$ 37,658</b>	<b>\$ (37,658)</b>	<b>\$ 18,829</b>
<b>Statement of Financial Position:</b>							
<b>Assets:</b>							
Current assets	632,145	(4,000) <sup>(7)</sup>	628,145	111,502	272,934	(4,344)	1,008,237
Non-current assets	36,346,185	(1,515,261) <sup>(8)</sup>	34,830,924	285,969	18,409,604	(17,840,020)	35,686,477
	<b>\$ 36,978,330</b>	<b>\$ (1,519,261)</b>	<b>\$ 35,459,069</b>	<b>\$ 397,471</b>	<b>\$ 18,682,538</b>	<b>\$ (17,844,364)</b>	<b>\$ 36,694,714</b>
<b>Liabilities</b>							
Current liabilities	849,937	(33,738)	816,199	15,517	14,735	(4,270)	842,181
Non-current liabilities	27,698,309	(12,711) <sup>(9)</sup>	27,685,598	134,512	17,293,106	(8,455,444)	36,657,772
	<b>\$ 28,548,246</b>	<b>\$ (46,449)</b>	<b>\$ 28,501,797</b>	<b>\$ 150,029</b>	<b>\$ 17,307,841</b>	<b>\$ (8,459,714)</b>	<b>\$ 37,499,953</b>
<b>Shareholder's Equity</b>	<b>\$ 8,430,084</b>	<b>(1,472,812)</b> <sup>(10)</sup>	<b>\$ 6,957,272</b>	<b>\$ 247,442</b>	<b>\$ 1,374,697</b>	<b>\$ (9,384,650)</b>	<b>\$ (805,239)</b>
	<b>\$ 36,978,330</b>	<b>\$ (1,519,261)</b>	<b>\$ 35,459,069</b>	<b>\$ 397,471</b>	<b>\$ 18,682,538</b>	<b>\$ (17,844,364)</b>	<b>\$ 36,694,714</b>

# CANADA DEVELOPMENT INVESTMENT CORPORATION

## Notes to Interim Condensed Consolidated Financial Statements (unaudited)

Three and six months ended June 30, 2025

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

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### 21. Supplementary information (continued):

TMC prepares its financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). IFRS Accounting Standards 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 Accounting Standards. These accounting adjustments are presented in the column "Adjustments - IFRS Accounting Standards" 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 Accounting Standards. Under IFRS Accounting Standards, revenue is recognized in accordance with IFRS 15. Under US GAAP, regulatory adjustments are made for differences between transportation revenue recognized pursuant to toll agreements or transportation service agreements as approved by the Canada Energy Regulator and actual toll collected on the TMPL. These regulatory adjustments are reversed under IFRS Accounting Standards.

2) Depreciation differs under IFRS Accounting Standards due to a lower fixed asset base. The lower fixed asset base is mainly a result of the recognition of an Allowance for Funds Used During Construction ("AFUDC") on the TMEP under US GAAP as described further in footnote 4 and the depreciation of the TMEP assets began May 1, 2024. This is partially offset by an asset retirement obligation ("ARO") and the corresponding asset retirement cost under IFRS Accounting Standards. Due to the significant uncertainty around the timing and scope of abandonment, certain ARO liabilities are not recorded under US GAAP, resulting in a correspondingly lower fixed asset base, and lower depreciation under US GAAP related to the asset retirement costs.

3) Salaries and benefits expense is higher under IFRS Accounting Standards due to differences in the recognition of pension expense under the two accounting frameworks. Under IFRS Accounting Standards, 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.

4) Under US GAAP ASC 980, an Allowance for Funds Used During Construction ("AFUDC") is included in the cost of PPE 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 Accounting Standards, 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 on the decommissioning obligation under IFRS Accounting Standards is also included in the finance cost IFRS Accounting Standards adjustments.

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

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

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

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### 21. Supplementary information (continued):

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

8) Non-current assets are lower under IFRS Accounting Standards primarily due to adjustments to PPE. There are differences in the fair value of the net assets under US GAAP and IFRS Accounting Standards primarily related to ARO, regulatory liabilities, and deferred taxes upon acquisition. Following the acquisition, PPE is lower under IFRS Accounting Standards due to the recognition of AFUDC under US GAAP, partially offset by higher ARO and the corresponding asset retirement cost. TMC also records proceeds from certain contracts including 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 Accounting Standards.

9) Non-current liabilities differ under IFRS Accounting Standards primarily due to the recognition of an ARO and other environmental obligations. TMC does not record these obligations under US GAAP when the timing and scope are indeterminate. There are also adjustments to deferred taxes under IFRS Accounting Standards. The differences between US GAAP and IFRS Accounting Standards 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 Accounting Standards. Additionally, there is an ongoing difference in deferred income taxes related to differences in net income and the tax expense recognized.

10) The cumulative impact of the IFRS Accounting Standards adjustments to shareholder's equity total \$(1,473) million with \$(14) million being the impact on the 2025 net income.

### 22. Subsequent Event:

CDEV, through its subsidiary, CILGC issued its first loan guarantee on July 2nd, 2025 following the successful completion of the required financing and closing conditions of the transaction between Enbridge and Stonelasec8 Indigenous Alliance Limited Partnership, the partnership owned by the 38 First Nations involved in the transaction. The guarantee covers \$400 million of a \$736-million investment by 38 First Nations in British Columbia for a 12.5% stake in Enbridge's Westcoast pipeline system.