Third Quarter Report

September 30, 2024

CDEV

Canada Development Investment Corporation

Canada Development Investment Corporation

La Corporation de développement des investissements du Canada

Contents

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Statement of Management Responsibility by Senior Officials

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

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

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 20, 2024.

Elizabeth A. Wademan	Carlos Gallardo
President & Chief Executive Officer	Chief Financial Officer

Toronto, Ontario
November 20, 2024

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

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

This Management Discussion and Analysis of Results is as of September 30, 2024 and should be read in conjunction with CDEV's unaudited interim condensed consolidated financial statements for the period ended September 30, 2024 and CDEV's Annual Report for the year ended December 31, 2023.

Corporate Overview

CDEV, a federal Crown corporation, was incorporated in 1982 to provide a commercial vehicle for Government equity investment and to manage commercial holdings of the Government. CDEV's primary objective is to carry out its activities in the best interests of Canada, operating in a commercial manner. In addition to providing financial advisory 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 account for over $50 billion in assets and include the following wholly owned subsidiaries:

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 Eldor Inc. ("CEI") has no operations, but has responsibility for servicing liabilities, chiefly arising from an agreement of purchase and sale with Cameco Inc. entered into in 1988.

Canada TMP Finance Limited's ("TMP Finance") primary responsibility is to provide financing to its subsidiary, *Trans Mountain Corporation ("TMC")*. TMC has a mandate to operate the existing Trans Mountain Pipeline. TMC has a corporate structure with approximately 700 employees led by a seasoned executive team.

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 4c) of the consolidated financial statements for December 31, 2023.

Canada Growth Fund Inc. ("CGF") was incorporated in December 2022, with the mandate to make investments that catalyze substantial private sector investment in Canadian businesses and projects to help transform and grow Canada's economy at speed and scale on the path to net zero. CDEV and CGF have 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 provides investment management services to CGF. The financial results for CGF have not been included in CDEV's consolidated results as discussed in note 4c) of the consolidated financial statements for December 31, 2023.

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 Government of Canada announced in December 2023 that the full implementation of this new entity is now scheduled for no later than 2026-2027.

16342451 Canada Inc. was incorporated on September 5, 2024, as a wholly-owned subsidiary of CDEV to be named later. 16342451 Canada Inc. was authorized 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. A loan agreement was signed with Telesat on September 13, 2024 however, no advances were made and there was no financial activity during the period ending September 30, 2024.

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

During the first three quarters of 2024, CDEV management continued to work on its mandate for TMC, including: to ensure TMC is a valuable investment for Canada, to ensure compliance with applicable laws and rules, and to operate in a manner consistent with Canada's commitment to advance reconciliation with Indigenous peoples. CDEV continues to work with TMC and financial advisors to optimize financing structure so as to maximize the return on investment for Canada now that the pipeline is operational.

In the nine months ended September 30, 2024, CDEV received $132.9 million in NPI payments from the Hibernia Project Owners, $12.6 million of which was received from CHHC and eliminated upon consolidation. The receipts are recorded as an increase in the NPI reserve.

We paid no dividends in the first three quarters of 2024 or 2023. We retain suitable levels of cash and cash equivalents and short-term investments to remain prepared to undertake future activities and to fund potential contingencies.

Trans Mountain Corporation

With the commercial commencement of the expanded pipeline system occurring on May 1, 2024, TMC has completed the expansion in alignment with the Federal Government's direction and priority to provide increased access to international markets for Canadian crude oil producers. 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. In the nine months ended September 30, 2024, TMC generated $1,270 million in revenue and $915 million in earnings before interest, taxes, and depreciation and goodwill impairment ("Adjusted EBITDA"). In the comparative period TMC generated $558 million in revenue and $305 million in Adjusted EBITDA. We note that under TMC's continuing use of US GAAP, revenue and Adjusted EBITDA were $1,187 million and $831 million respectively compared to $398 million and $143 million in the comparative period. For details see note 19 of the interim condensed consolidated financial statements.

In the current nine-month period TMC spent approximately $1.4 billion on the TMEP, excluding financing costs, in addition to the $26.4 billion spent through to December 2023 under CDEV ownership. As of September 30, 2024, construction of the TMEP was nearly complete, with cleanup, reclamation, road and civil work expected to continue through to the first half of 2025. The TMEP was mechanically complete, with the final "golden weld" occurring on April 11, 2024.

For further details please see the TMC Q3 2024 financial report at 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.

At September 30, 2024, the available limit on the Construction Facility was $13.5 billion and the outstanding amount on the Construction Facility was $12.6 billion. There are no further cash draws 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.

TMC has an Equator Principles 4 ("EP4") compliant credit agreement with a syndicate of lenders (the "Syndicated Credit Agreement") dated April 29, 2022 and as amended most recently on May 17, 2024, which contains 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. EP4 is a risk management framework adopted by financial institutions for identifying, assessing, and managing environmental and social risks for large infrastructure projects. The Syndicated Credit Agreement matures August 31, 2026, and the facilities include a guarantee provided from the Government of Canada which was increased in conjunction with the increase to the Syndicated Credit Agreement.

In the nine months ended September 30, 2024, gross loan interest expense was $1.427 billion, of which $562 million was capitalized and added to the capital cost of the project and will be depreciated over the useful life of the pipeline. 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 $1,070 million with $953 million capitalized. The increase in interest expense is due to higher loan balances, the cessation of capitalizing interest and higher interest rates on the Syndicated Facility in 2024.

Canada Hibernia Holding Corporation

CHHC's after-tax income of $63.0 million in the nine months ended September 30, 2024, was 7% or $4.2 million higher than $58.8 million recorded in the comparative period mainly due to higher net crude oil revenue and lower foreign exchange rate losses, partially offset by higher operating expenses, higher depletion and depreciation expenses and higher income taxes.

Net crude oil revenue, calculated as crude oil sales less royalties and net profits interest (“NPI”), increased by 18% to $133.5 million in the nine months ended September 30, 2024 from $113.1 million in the comparative period, driven by a 15% increase in sales volumes, partially offset by an 0.2% decrease in average realized oil price and higher royalty and NPI expense. (On consolidation, Net crude oil revenue for the year-to-date period of 2024 was $146.3 million (2023 - $125.6 million) due to the elimination of NPI payments made to CDEV.)

Sales volumes increased by 15% to 1.70 million barrels of oil in the year-to-date period of 2024 from 1.49 million barrels in the comparative period, due to draws of oil from inventory, as there was no change in CHHC’s average daily production volume. Average gross field production volumes of 69,859 barrels per day in the first nine months of 2024 were 1% lower than the comparative period, due to natural production declines.

CHHC sells its oil based on the Dated Brent (“Brent”) benchmark price for crude oil, in US dollars (USD). The price of Brent crude increased by 1% to average US $82.79 per barrel in the year-to-date period of 2024 from US $82.09 per barrel in the year-to-date period of 2023. CHHC’s average realized USD oil price decreased by 1% to US$82.15 per barrel in the current year-to-date period, reflecting the increase in Brent offset by a less favorable differential to Brent. On a Canadian dollar basis, CHHC’s average realized oil price had a nil% change to $111.57 per barrel in the first nine months of 2024 from $111.83 per barrel in the comparative period, which was relatively consistent with slight change in average exchange rates, which has a favourable impact on Canadian price realizations.

Drilling and facilities capital expenditures in the first nine months of 2024 of $23.9 million were focused on drilling activities in the Hibernia Main Field and the 4D seismic program.

Canada Eldor Inc.

There was no significant change in the management of CEI’s liabilities. CEI continues to pay for costs relating to the decommissioning of former mine site properties in Saskatchewan and for retiree benefits of certain former employees. A plan is in place that should allow for the transfer of the remaining mine site properties to the Institutional Control Program within two years. During the first three quarters of 2024, the liability for site restoration decreased by $0.7 million due to the settlement of obligations, partly offset by an increase in the provision estimate due to a lower discount rate. CEI holds cash and cash equivalents plus funds within the Consolidated Revenue Fund totaling $10 million to pay for CEI’s total estimated liabilities of $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 Government 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. Since July 2022, CEEFC is no longer accepting new LEEFF applications.

As discussed in note 4(c) of the consolidated financial statements for the year ended December 31, 2023, 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	YTD 2024	Total to September 30, 2024
Loan commitments made	320	7,108	193	-		7,621
Loans funded	110	2,588	405	-		3,103
Equity Investments (1)	-	500	-	-		500
Loan Principal Repayments	-	380	35	338	12	765
Preferred shares issued/(redeemed)	200	2,890	-	-	(330)	2,760

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

During the first quarter of 2024, CEEFC redeemed $330 million of the preference shares from the Government of Canada. 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 Q3-24 financial report at www.ceefc-cfuec.ca.

Canada Growth Fund

CDEV, through the CGF Board, ensures oversight and compliance, but is not directly involved in CGF's investment activities. CGF issues preferred shares to the government to fund its investments.

For details on the financial and operating results of CGF please see the CGF Q3-24 Financial Statements and MD&A at www.cgf-fcc.ca. As discussed in note 4(c) of the consolidated financial statements for the year ended December 31, 2023, CGF has not been consolidated within CDEV as CDEV is not deemed to have control over CGF based on the criteria outlined in IFRS 10.

Telesat LEO Loan Agreement

As of September 13, 2024, a newly formed subsidiary (*16342451 Canada Inc.*) signed a loan agreement with Telesat LEO to fund a 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 contemplated under this agreement is $2.14 billion.

16342451 Canada Inc.'s commitment to fund this loan is contingent on securing external financing from Export Development Canada ("EDC"). Should this financing not be realized, *16342451 Canada Inc.*is not obligated to provide funding to Telesat LEO. As at Q3 reporting date, there have been no funds advanced to Telesat LEO and financing arrangements with EDC remain outstanding. Should financing from EDC not materialize, *16342451 Canada Inc.* will not be required to fulfill the loan commitment to Telesat LEO.

During the life of the loan, *16342451 Canada Inc.* is not exposed to loan risk as it is deemed to be an agent in this transaction. The role of *16342451 Canada Inc.*is to manage the lending arrangement, including milestone completion reviews, funding administration, examination and delivery of credit risk information to EDC, and ensuring overall fund transfer and management as per the terms of the agreements with Telesat LEO and EDC. All credit risks, including prepayments and defaults, are borne by EDC as the ultimate lender. The cash flow risk to *16342451 Canada Inc.* is limited to any uncollected fees, from Telesat LEO, for its role in actively managing the complex details of the loans and any warrants in accordance with their respective terms. As part of the agreement with the Government of Canada, it is expected that Telesat LEO would issue warrants up to 10% of its value. When issued, these warrants are expected to be managed by *16342451 Canada Inc*. as part of its role in the management of the lending agreements. *16342451 Canada Inc*. will carry these on its books at fair value and will be exposed to non-cash fluctuations in their value.

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, 2023 as described in the 2023 Annual Report.

Risks and Contingencies

TMP Finance is a borrower of over $17 billion which creates financial risk for CDEV. As the loans are from the Government, this risk is assessed as low. TMC also is a borrower of almost $18 billion from commercial banks. This debt is guaranteed by the Government which reduces the financial risk to CDEV. At the date the consolidated financial statements for the year ended December 31, 2023, there was a refinancing risk given the additional financing required to service its existing debt and working capital obligations. Subsequently this material uncertainty has been resolved with the commercial commencement of the Expanded System on May 1, 2024, and the increase and extension of the Syndicated Credit Agreement on May 17, 2024, which is expected to provide sufficient funds for TMC to meet its obligations as they become due. The increase to the facility included a corresponding increase to the guarantee provided from the Government of Canada.

TMC's ability to service existing and future debt may depend on several factors, including future 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, on May 1, 2024, 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 second half of 2025.

The other risks and contingencies described in the 2023 Annual Report remain unchanged.

Financial Statements for the Period Ended September 30, 2024

The interim condensed consolidated financial statements for the three and nine months ended September 30, 2024 with comparative figures for the three and nine months ended September 30, 2023, have been prepared in accordance with International Financial Reporting Standards ("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 Q3 2024 TMC financial statements please go to www.transmountain.com. Note 19 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 nine months ended September 30, 2024 was $1,417 million, compared to revenue of $685 million in the comparative period. The increase is largely due to a $719 million increase in transportation revenue and a $21 million increase in net crude oil revenue, partially offset by lower lease revenue. The increase in transportation revenue is mainly due to the commercial in-service of the TMEP beginning May 1, 2024, as revenues reflect almost two quarters' contribution from the Expanded System.

Net crude oil revenue increased to $146 million from $126 million in the comparative period due to higher crude oil sales revenue, partially offset by higher royalty expenses. Lease revenue decreased by $8 million due to two tanks being recalled from Pembina to be used in TMEP operations and lower Edmonton tank terminal flowthrough costs.

Total expenses for the nine-month period, excluding finance costs, were $823 million, compared to $1,422 million in the comparative period. The decrease was primarily driven by the goodwill impairment of $1.0 billion in the third quarter of 2023, not present in 2024. This was partially offset by a $307 million increase in depreciation due to the in-service of the TMEP assets which began depreciation in May 2024. Pipeline operating costs have increased by $42 million mainly due to the commencement of commercial operations on the Expanded System on May 1, 2024. Salaries and benefits also increased by $38 million largely due to higher head count with TMEP in service as well as higher incentive programs and benefits costs. Other administrative expenses increased by $22 million, largely related to loss on retirements of PPE and asset retirement costs by TMC and higher external contract services and increased costs associated with supporting a larger workforce.

Interest expense of $909 million in the nine-month period ended September 30, 2024 increased from $141 million in the prior year period. Gross interest expense increased for the period due to higher loan amount outstanding, combined with a decrease in capitalized interest as capitalized interest on TMEP ceased upon in-service in May 2024. There were also higher guarantee fees due to the guarantee being a fixed rate following the credit facility amendment on March 24, 2023.

We recorded a net loss before income taxes for the nine-month period ended September 30, 2024 of $301 million, compared to a loss of $859 million in the comparative period. The lower net loss for the three and nine month periods ended September 30, 2024, as compared to the same periods in the prior year, is mainly due to a $1 billion goodwill impairment loss recognized in the third quarter of 2023, as well as significantly higher transportation revenue in the current period offset by higher depreciation and interest costs as a result of the commencement of commercial operations on the Expanded System on May 1, 2024.

Income taxes for the nine months ended September 30, 2024 were in a recovery position of $12 million, as compared to an income tax expense of $75 million recorded in the comparative period, mainly due to TMC being in a significantly higher net loss before taxes position for the prior period.

Cash and cash equivalents as at September 30, 2024 increased to $483 million compared to $321 million at December 31, 2023 mainly due to operating cash flow of $769 million. The increase in borrowing of $1.7 billion was offset by $2.2 billion in capital cash expenditures on property, plant and equipment.

Accounts receivable of $195 million increased by $22 million from December 31, 2023 largely due higher trade receivables due to the in-service of the TMEP and increased revenues by TMC partly offset by the collection of flood insurance proceeds.

Property, plant, and equipment of $35.4 billion increased by $1.7 billion since year end primarily due to $2.0 billion in capital expenditures including capitalized interest related to TMEP, net of depletion.

Trade and other payables of $691 million decreased by $339 million from December 31, 2023 primarily due to decreased TMC capital accruals and construction holdbacks related to the TMEP.

Long-term loans payable increased to $35.0 billion from $33.0 billion at year end due to $1.7 billion in draws on the syndicated credit facility and paid in kind interest of $0.4 billion added to the EDC loan balance. Long-term interest payable increased to $297 million at September 30, 2024 from $63 million at year end due to the guarantee fee payable which has increased from prior year due to accumulation of guarantee fees which is payable upon maturity.

Non-current provision for decommissioning obligations increased to $731 million at September 30, 2024 from $642 million at December 31, 2023 due to an increase to TMEP ARO additions, partly offset by an increase in the discount rate used during the period.

Interim Condensed Consolidated Financial Statements of

CANADA DEVELOPMENT INVESTMENT CORPORATION

Three and nine months ended September 30, 2024

(Unaudited)

CANADA DEVELOPMENT INVESTMENT CORPORATION

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

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 482,662	$ 321,331
Short-term investments	146,632	63,808
Trade and other receivables (note 17)	195,473	173,915
Income taxes recoverable	-	2,196
Other current assets	140,578	28,190
Current portion of Investments held for future obligations	2,174	1,809
	967,519	591,249
Non-current assets:		
Property, plant and equipment (note 5)	35,448,123	33,740,735
Investments held for future obligations	167,184	132,464
Restricted cash (note 4)	11,853	15,463
Restricted investments	123,896	105,428
Right-of-use assets (note 6)	66,909	60,529
Other assets (note 7)	238,784	283,821
	36,056,749	34,338,440
	$ 37,024,268	$ 34,929,689
Liabilities and Shareholder's Equity		
Current liabilities:		
Trade and other payables	$ 690,831	$ 1,029,615
Income taxes payable	2,561	-
Current portion of lease liabilities (note 6)	11,348	19,874
Current portion of Net Profits Interest ("NPI") Provision	-	5,000
Current portion of provision for decommissioning obligations (note 9(a), (b))	14,027	4,193
Current portion of provision for site restoration (note 9)	2,066	1,680
Other current liabilities (note 8)	256,913	61,342
	977,746	1,121,704
Non-current liabilities:		
Loans payable (note 10)	35,013,942	32,975,494
Long-term interest payable	296,843	62,671
Deferred income taxes	657,826	694,995
Provision for decommissioning obligations (note 9(a), (b))	730,886	641,749
Lease liabilities (note 6)	66,487	54,617
Provision for site restoration (note 9)	445	1,524
Defined benefit obligation	57,515	58,285
Other non-current liabilities	126,753	67,708
	36,950,697	34,557,043
Shareholder's equity:		
Share capital	1	1
Contributed surplus	603,294	603,294
NPI reserve (note 11)	146,524	27,731
Accumulated deficit	(1,699,651)	(1,410,993)
Accumulated other comprehensive income	45,657	30,909
	(904,175)	(749,058)
	$ 37,024,268	$ 34,929,689

Commitments (note 15)
Contingencies (note 16)

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

On behalf of the Board: ______________ Director ______________ Director

CANADA DEVELOPMENT INVESTMENT CORPORATION

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Revenue:				
Transportation revenue (note 14)	$ 654,007	$ 175,036	$ 1,220,959	$ 501,834
Net crude oil revenue (note 13)	68,160	42,810	146,253	125,588
Lease revenue (note 14)	15,395	17,761	44,779	53,005
Other revenue	880	1,053	4,902	5,034
	738,442	236,660	1,416,893	685,461
Other income:				
Facility use and processing fees	242	336	836	1,146
Foreign exchange gains	591	728	2,050	1,818
	739,275	237,724	1,419,779	688,425
Expenses:				
Goodwill Impairment	-	1,015,862	-	1,015,862
Depletion and depreciation (note 6,7)	220,602	34,317	412,039	104,926
Pipeline operating expenses (note 14)	95,247	60,166	210,284	168,147
Crude oil operating, transportation and marketing (note 13)	12,641	5,384	26,656	18,400
Salaries and benefits	45,701	34,322	124,908	86,557
Professional fees	4,878	6,438	15,269	15,785
Foreign exchange losses	1,229	25	1,538	2,059
Change in provision for site restoration (note 9)	(25)	410	233	326
Other administrative	11,871	3,372	32,000	9,847
	392,144	1,160,296	822,927	1,421,909
Finance expenses (income):				
Interest expense (note 10)	491,252	50,358	909,336	141,074
Interest income	(8,864)	(10,761)	(27,210)	(29,878)
Unwind of discount on decommissioning obligations (note 9)	5,046	4,935	15,325	13,850
	487,434	44,532	897,451	125,046
Net loss before income taxes	(140,303)	(967,104)	(300,599)	(858,530)
Income taxes:				
Current	12,211	11,375	28,492	27,316
Deferred	(21,685)	14,637	(40,433)	47,317
	(9,474)	26,012	(11,941)	74,633
Net loss	(130,829)	$ (993,116)	(288,658)	$ (933,163)
Other comprehensive income (loss):				
Items that may be reclassified subsequently to profit or loss				
Currency translation adjustment	(4,081)	5,506	5,403	(352)
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit obligations	-	7,360	9,345	2,377
	(4,081)	12,866	14,748	2,025
Comprehensive income (loss)	$ (134,910)	$ (980,250)	$ (273,910)	$ (931,138)

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

CANADA DEVELOPMENT INVESTMENT CORPORATION

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Share capital				
Balance, beginning and end of period	$ 1	$ 1	$ 1	$ 1
Contributed surplus				
Balance, beginning and end of period	603,294	603,294	603,294	603,294
Net Profits Interest reserve				
Balance, beginning of period	110,550	98,179	27,731	5,463
NPI Provision/payments	-	(4,000)	(1,528)	(4,000)
NPI received	35,974	45,263	120,321	137,979
Dividends	-	-	-	-
Balance, end of period	146,524	139,442	146,524	139,442
Accumulated deficit				
Balance, beginning of period	(1,568,822)	(423,085)	(1,410,993)	(483,038)
Net loss	(130,829)	(993,116)	(288,658)	(933,163)
Dividends	-	-	-	-
Balance, end of period	(1,699,651)	(1,416,201)	(1,699,651)	(1,416,201)
Accumulated other comprehensive income				
Balance, beginning of period	49,738	38,895	30,909	49,736
Other comprehensive income (loss)	(4,081)	12,866	14,748	2,025
Balance, end of period	45,657	51,761	45,657	51,761
Total shareholder's equity	$ (904,175)	$ (621,703)	$ (904,175)	$ (621,703)

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

CANADA DEVELOPMENT INVESTMENT CORPORATION

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
		(note 20)		(note 20)
Cash provided by (used in):				
Operating activities:				
Net loss	$ (130,829)	$ (993,116)	$ (288,658)	$ (933,163)
Adjustments for:				
Goodwill impairment	-	1,015,862	-	1,015,862
Depletion and depreciation	220,602	34,317	412,039	104,926
Loss (gain) on derecognition of assets	7	440	11,158	1,790
Income tax expense	(9,474)	26,012	(11,941)	74,633
Interest income	(8,864)	(10,761)	(27,210)	(29,878)
Non-capitalized unpaid interest	210,414	49,517	472,325	137,730
Net change in defined benefits	990	2,112	3,161	1,280
Lease interest expense	1,019	573	2,827	1,709
Change in provision for site restoration	(24)	410	233	326
Unwind of discount on provisions	5,046	4,935	15,325	13,850
Payment of lease liabilities, interest portion	(1,019)	(632)	(2,827)	(1,709)
Interest received	7,611	11,309	26,464	29,449
Provisions settled	(1,035)	(488)	(4,296)	(2,581)
Income taxes paid	(3,852)	(6,871)	(21,149)	(21,824)
	290,592	133,619	587,451	392,400
Change in non-cash working capital (note 12)	107,672	(35,602)	181,768	(58,442)
	398,264	98,017	769,219	333,958
Financing activities:				
Proceeds from loans payable	75,000	2,275,000	1,750,000	7,165,000
Repayment of debt	(100,000)	-	(100,000)	-
Debt issuance costs	(51)	(2,651)	(14,711)	(9,534)
NPI refunds paid	-	-	(6,528)	-
NPI received	35,974	45,263	120,321	137,979
Payment of lease liabilities, principal portion	(3,286)	(8,525)	(15,428)	(27,995)
	7,637	2,309,087	1,733,654	7,265,450
Investing activities:				
Purchase of property, plant and equipment	(407,046)	(2,397,057)	(2,238,455)	(7,523,866)
Insurance proceeds	-	200	34,842	2,705
Internal use software expenditures	(2,356)	(4,160)	(8,937)	(11,486)
Purchase of Short-term investments	(40,000)	(62,676)	(145,082)	(119,504)
Sale of Short-term investments	-	31,488	63,005	63,291
Change in restricted cash	(1,489)	(61)	3,610	77,533
Purchase of restricted investments	(4,145)	(3,534)	(16,766)	(11,405)
Change in investments held for future obligations	(1,865)	(19,987)	(35,085)	15,599
	(456,901)	(2,455,787)	(2,342,868)	(7,507,133)
Effects of FX translation on cash	(1,233)	1,285	1,326	63
Change in cash and cash equivalents	(52,233)	(47,398)	161,331	92,338
Cash and cash equivalents, beginning of period	534,895	449,642	321,331	309,906
Cash and cash equivalents, end of period	$ 482,662	$ 402,244	$ 482,662	$ 402,244
Represented by:				
Cash	$ 482,662	$ 402,244	$ 482,662	$ 402,244
Cash equivalents	-	-	-	-
	$ 482,662	$ 402,244	$ 482,662	$ 402,244

Total interest and standby fees paid on the loans payable for the three and nine months ended September 30, 2024 was $279,818 and $841,410 respectively (2023 - $219,590 and $484,101, respectively).

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

1. Reporting entity:

The Corporation is comprised of its parent, Canada Development Investment Corporation ("the Corporation" or "CDEV") and its wholly owned subsidiaries: Canada Eldor Inc. (“CEI”), Canada Hibernia Holding Corporation (“CHHC”), Canada TMP Finance Ltd. (“TMP Finance”), Trans Mountain Corporation (“TMC”), and Canada Innovation Corporation (“CIC”). Canada Growth Fund Inc. (“CGF”) and Canada Enterprise Emergency Funding Corporation (“CEEFC”) are not consolidated.

<u>Parent</u>

Canada Development Investment Corporation was incorporated in 1982 under the provisions of the *Canada Business Corporations Act* and is wholly owned by His Majesty in Right of Canada. The Corporation is an agent Crown corporation listed in Schedule III, Part II of the *Financial Administration Act* and is not subject to the provisions of the *Income Tax Act*. In November 2007, the Minister of Finance informed CDEV that its mandate “should reflect a future focused on the ongoing management of its current holdings in a commercial manner, providing assistance to the Government of Canada (“GoC”) in new policy directions suited to CDEV’s capabilities, while maintaining the capacity to divest CDEV’s existing holdings, and any other Government interests assigned to it for divestiture, upon the direction of the Minister of Finance”.

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

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

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

<u>Subsidiaries</u>

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

TMC owns and operates the Trans Mountain pipeline (“TMPL”) 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 bpd to approximately 890,000 bpd. Collectively, the newly constructed pipeline and the original pipeline operate as the expanded pipeline system (“Expanded System”).

1. Reporting entity (continued):

TMP Finance is the parent company of TMC. Until the second quarter of 2022, it provided debt and equity financing to TMC funded by loans from His Majesty in Right of Canada, administered by Export Development Canada ("EDC"). The existing loans remain outstanding. See note 10 for loan details.

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

CHHC was incorporated under the provisions of the *Canada Business Corporations Act* and was acquired by CDEV in March 1993. CHHC is subject to the *Financial Administration Act* and the *Income Tax Act.* CHHC's sole purpose is the holding and management of its interest in the Hibernia Development Project ("Hibernia Project"), which is an oil development and production project located offshore Newfoundland and Labrador. The Hibernia Project comprises the original Hibernia Development Project area, where CHHC has an 8.5% working interest, and the Hibernia Southern Extension Unit ("HSE Unit"), where CHHC has a current 5.67% working interest. CHHC's working interest in the HSE Unit is subject to adjustment in accordance with the applicable provisions in the HSE Unit Agreement. 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.

On May 10, 2020, CDEV was issued a directive (P.C. 2020-305) pursuant to section 89 of the *Financial Administration Act* to incorporate a subsidiary, and to take such steps as are necessary to facilitate the subsidiary's administration of a credit support program for large Canadian companies in response to COVID-19 emergency, in accordance with any directive that may be given to that Subsidiary. On May 11, 2020, CEEFC was incorporated in compliance with the directive. CEEFC was incorporated under the *Canada Business Corporations Act* to administer, approve and fund transactions in accordance with terms approved by the Minister of Finance in relation to the Large Employer Emergency Financing Facility program ("LEEFF") which was designed to provide bridge financing to Canada's largest employers in response to the COVID-19 emergency. CEEFC is subject to the *Financial Administration Act* and is not subject to the provisions of the *Income Tax Act*.

CDEV was issued a directive (P.C. 2022-1269) on December 2, 2022 under section 89 of the *Financial Administration Act* 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.

On December 13, 2022, Canada Growth Fund Inc. was incorporated under the *Canada Business Corporations Act* and authorized to issue Common Shares and Class A Preference Shares. CGF's mandate is to make investments that catalyze substantial private sector investment in Canadian businesses and projects to help transform and grow Canada's economy at speed and scale on the path to net-zero. As announced in Budget 2023, CGF has engaged services and expertise of the Public Sector Pension Investment Board ("PSP Investments") and its personnel in the implementation of the CGF mandate.

1. Reporting entity (continued):

A wholly owned subsidiary of PSP Investments, Canada Growth Fund Investment Management Inc. acts as the independent investment manager of CGF. CGF was consolidated in CDEV's results until November 16, 2023.

CDEV was issued a directive (P.C. 2023-0039) on January 31, 2023 under section 89 of the *Financial Administration Act* 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 Canada Innovation Corporation ("CIC") under the *Canada Business Corporations Act.* 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.

CDEV was issued a directive (P.C. 2024-0808) on June 21, 2024 under section 89 of the *Financial Administration Act* to procure the incorporation of a wholly-owned subsidiary to be named later 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. On September 5, 2024, 16342451 Canada Inc. was incorporated under the *Canada Business Corporations Act* and authorized to issue Common Shares. 16342451 Canada Inc. was authorized 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. A loan agreement was executed on September 13, 2024.

2. Basis of preparation:

a) Statement of compliance:

These interim condensed consolidated financial statements have been prepared in accordance with IFRS Accounting Standards applicable to the preparation of interim financial statements, under International Accounting Standard 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, 2023.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 20, 2024.

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.

2. Basis of preparation (continued):

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 4 of the annual audited consolidated financial statements for the year ended December 31, 2023, except for those policies which have changed as a result of the adoption of new accounting standards, amendments or interpretations effective January 1, 2024, 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 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, 2024 in accordance with the applicable transitional provisions.

(i) Amendments to International Accounting Standard ("IAS") 1, *Presentation of Financial Statements, Classification of Liabilities as Current or Non-current* and *Non-current Liabilities with Covenants*

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments also address the classification (as current or non-current), presentation and disclosures of liabilities for which an entity's right to defer settlement for at least twelve months is subject to the entity complying with conditions after the reporting period. The amendments are applied retrospectively effective for annual periods beginning on or after January 1, 2024. The application of these amendments had no impact on the Corporation's interim condensed consolidated financial statements.

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. Actual results may differ materially from these estimates.

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

3. Material Accounting Policy Information (continued):

b) Use of estimates and judgments (continued):

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. Critical judgments and key sources of estimation uncertainty are the same as those disclosed in note 4(w) of the Corporation's annual consolidated financial statements for the year ended December 31, 2023.

4. Restricted cash:

	September 30, 2024	December 31, 2023
Restricted cash – TMC held for future abandonment costs	$ 2,371	$ 5,981
Restricted cash – TMC held as security	750	750
Restricted cash – CHHC letters of credit	8,732	8,732
	$ 11,853	$ 15,463

5. Property, plant and equipment:

	Construction work in progress	Pipeline	Oil development assets, production facilities and corporate	TOTAL
Cost				
Balance at January 1, 2023	$ 20,499,855	$ 3,672,398	$ 561,284	$ 24,733,537
Additions	9,902,541	-	24,097	9,926,638
Transfers	(69,657)	69,657	-	-
Decommissioning adjustments	-	108,875	17,584	126,459
Derecognition	-	(4,036)	-	(4,036)
Foreign exchange movements	(103)	(6,804)	-	(6,907)
Balance at December 31, 2023	$ 30,332,636	$ 3,840,090	$ 602,965	$ 34,775,691
Additions	1,998,137	-	23,874	2,022,011
Transfers	(31,544,286)	31,544,286	-	-
Decommissioning adjustments	-	90,870	(2,467)	88,403
Derecognition	-	(14,927)	-	(14,927)
Foreign exchange movements	17	6,353	-	6,370
Balance at September 30, 2024	$ 786,504	$ 35,466,672	$ 624,372	$ 36,877,548
Accumulated depletion and depreciation				
Balance at January 1, 2023	$ -	$ 427,472	$ 483,967	$ 911,439
Depletion and depreciation	-	105,173	21,154	126,327
Derecognition	-	(1,642)	-	(1,642)
Foreign exchange movements	-	(1,168)	-	(1,168)
Balance at December 31, 2023	$ -	$ 529,835	$ 505,121	$ 1,034,956
Depletion and depreciation	-	378,065	19,194	397,259
Derecognition	-	(3,769)	-	(3,769)
Foreign exchange movements	-	979	-	979
Balance at September 30, 2024	$ -	$ 905,110	$ 524,315	$ 1,429,425
Carrying amounts:				
At December 31, 2023	$ 30,332,636	$ 3,310,255	$ 97,844	$ 33,740,735
At September 30, 2024	$ 786,504	$ 34,561,562	$ 100,057	$ 35,448,123

5. Property, plant and equipment (continued):

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 September 30, 2024, construction in progress related to the TMEP was $118.3 million compared to $29.7 billion as of December 31, 2023, and construction in progress related to capital expenditures on the existing pipeline system was $105.1 million as of September 30, 2024, compared to $79.2 million as of December 31, 2023.

During the three and nine months ended September 30, 2024, capitalized interest of $nil and $561,815 was included in the additions to construction work in progress – pipeline, respectively (2023 - $379,335 and $952,628, respectively).

At September 30, 2024, costs related to oil development assets and production facilities subject to the calculations of depletion and depreciation included future development costs of $508,313 (December 31, 2023 - $532,200). For details on decommissioning adjustments, see note 9, Provisions.

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 assets and production facility CGU at September 30, 2024 and December 31, 2023 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 September 30, 2024 was not required.

As at September 30, 2023, the Corporation identified indicators of impairment for the Corporation's Pipeline CGU and performed an impairment test that resulted in the entire goodwill balance being written off. There was no impairment of PP&E as a result of the impairment testing performed as at that date. As at December 31, 2023, the Corporation identified indicators of impairment for its Pipeline CGU relating to increased constructions costs and delays to the in-service date for TMEP. An impairment test was performed, and no impairment was recognized. Refer to the Corporation's annual consolidated financial statements for the year ended December 31, 2023 for further details.

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

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, a power substation, vehicles and office equipment.

Land includes lease for space at the Westridge Marine Terminal which consists of land and water area as well as land for pump stations and temporary construction space and extend up to the year 2104.

The category of buildings includes the monthly fixed lease payments made for the Corporation's office building spaces in Alberta, B.C. and Ontario. The leases extend to the year 2031.

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

The Corporation is not exposed to any significant additional potential cash outflows that are not included in the reported amount of the lease liabilities, other than certain termination penalties which the Corporation considers not reasonably certain to be incurred as at September 30, 2024.

Consolidated Statement of Financial Position:

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

	Equipment and Vehicles	Land and Buildings	Total
December 31, 2022	$ 22,102	$ 60,006	$ 82,108
Additions	3,635	949	4,584
Lease modifications	6,676	2,870	9,546
Incentives	-	(547)	(547)
Depreciation*	(15,346)	(19,784)	(35,130)
Foreign exchange	(32)	-	(32)
December 31, 2023	$ 17,035	$ 43,494	$ 60,529
Additions	6,218	-	6,218
Lease modifications	10,701	1,813	12,514
Depreciation*	(5,946)	(6,434)	(12,380)
Foreign exchange	28	-	28
September 30, 2024	$ 28,036	$ 38,873	$ 66,909

*Includes depreciation costs capitalized as additions to PPE of $6,112 and $23,492 for the period ended September 30, 2024 and 2023, respectively.

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

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

Details of lease liabilities are as follows:

	Nine months ended September 30, 2024	Year ended December 31, 2023
Lease liabilities, opening	$ 74,491	$ 98,010
Additions	6,218	4,584
Lease modification	12,514	9,546
Interest expense	3,014	4,265
Lease payments	(18,441)	(41,865)
Foreign exchange movements	39	(49)
Lease liabilities, closing	$ 77,835	$ 74,491
Current	$ 11,348	$ 19,874
Non-current	66,487	54,617
	$ 77,835	$ 74,491

Maturity analysis – contractual undiscounted cash flows:

	2024	2025-2028	Thereafter	Total
Lease liabilities	$ 18,381	$ 39,768	$122,590	$ 180,739

Consolidated Statement of Comprehensive Income and Statement of Cash Flows:

	September 30, 2024	September 30, 2023
Consolidated Statement of Comprehensive Income:		
Interest on lease liabilities	$ 3,014	$ 3,178
Less: capitalized lease interest	(187)	(1,469)
Net interest on lease liabilities	2,827	1,709
Consolidated Statement of Cash Flows:		
Total cash outflow for leases	$ (18,441)	$ (31,125)

Lessor

Operating leases in which the Corporation is the lessor relate to merchant tanks owned by the Corporation and housing located along the pipeline right of way or in the proximity of pump stations. For the nine months ended September 30, 2024, lease income for merchant tank operating leases recognized in “Lease revenue” totaled $44,779 (2023 - $53,005), which included the variable lease payments described above.

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

7. Other assets:

	September 30, 2024	December 31, 2023
Payments to be recovered through tolls	$ 146,331	$ 194,171
Internal-use software	39,829	36,260
Recoverable projects	37,065	46,312
Other	15,559	7,078
	$ 238,784	$ 283,821

Payments to be recovered through tolls includes $146,331 (2023 - $194,171) relating to the Bulk Oil Cargo Fee ("BOCF") which provides the Western Canada Marine Response Corporation ("WCMRC") with funds for spill response and is collected from shippers based on volume of commodities moved through WCMRC's marine response area. BOCF related to TMEP is to be recovered from shippers through tolls in the 5 years after TMEP in-service. The pension asset of $ 14,015 (2023 - $3,814) is included in Other above. Recoverable Projects relates to costs for projects that are reimbursable by third parties.

8. Other current liabilities:

	September 30, 2024	December 31, 2023
Dock premiums	$ 46,625	$ 41,138
Environmental accrual	6,679	9,722
Defined benefit obligation	1,850	1,870
Contract liabilities (note 14)	141,393	213
Other	60,366	8,399
	$ 256,913	$ 61,342

9. Provisions:

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

	Decommissioning Obligations			
	Pipeline	Wells & Facilities	Total	Site restoration
Balance at January 1, 2023	$ 400,763	$ 106,039	$ 506,802	$ 4,131
Additional provisions	-	-	-	575
Changes in estimates	(1,109)	11,707	10,598	(226)
Obligations settled	-	(3,677)	(3,677)	(1,352)
Changes in discount rate	109,984	5,877	115,861	9
Effect of foreign exchange	(668)	-	(668)	-
Unwind of discount	13,305	3,721	17,026	67
Balance at December 31, 2023	$ 522,275	$ 123,667	$645,942	$ 3,204
Additional provisions	224,331	-	224,331	113
Changes in estimates	(101,771)	(597)	(102,368)	(259)
Retirements	(2,487)		(2,487)	-
Obligations settled	-	(3,312)	(3,312)	(984)
Changes in discount rate	(31,690)	(1,870)	(33,560)	379
Effect of foreign exchange	1,100	-	1,100	-
Unwind of discount	12,310	2,957	15,267	58
Balance at September 30, 2024	$ 624,068	$ 120,845	$ 744,913	$2,511
Current	$ 11,486	$ 2,541	$ 14,027	$ 2,066
Non-current	612,582	118,304	730,886	445
	$ 624,068	$ 120,845	$ 744,913	$ 2,511

9. Provisions (continued):

a) Provision for decommissioning obligations of wells and facilities:

The provision for decommissioning obligations is based on the Corporation's net ownership interest in wells and facilities and management's estimate of costs to abandon and reclaim those wells and facilities as well as an estimate of the future timing of the costs to be incurred. The Corporation estimates the total future undiscounted liability to be $222,916 at September 30, 2024 (December 31, 2023 - $224,710). Estimates of decommissioning obligation costs can change significantly based on factors such as operating experience and changes in laws and regulations.

These obligations will be settled based on the expected timing of abandonment, which currently extends up to the year 2048 and is based upon the useful lives of the underlying assets. The provision was calculated at September 30, 2024 using an average inflation rate of 2.5% (December 31, 2023 - 2.5%) and was discounted using an average risk-free rate of 3.07% (December 31, 2023 – 3.11%).

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 $624,068 at September 30, 2024 (December 31, 2023 - $522,275) discounted using an average risk-free rate of 3.12% (December 31, 2023 - 3.02%). There were additional provisions to reflect the expanded system commencement on May 1, 2024. The undiscounted decommissioning liability is estimated to be $10.9 billion (December 31, 2023 - $8.8 billion) with an inflation rate of 3.00% (December 31, 2023 - 3.00%) and these obligations will be settled based on the expected timing of abandonment, which currently extends up to the year 2119.

The decommissioning provision reflects the discounted cash flows expected to be incurred to decommission TMC's pipeline system. The estimated economic life of assets covered by the decommissioning is estimated at 94 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.

10. Loans payable:

On August 29, 2018, the Corporation, through TMP Finance entered into Credit Agreements with Her Majesty in Right of Canada. The facilities are part of the Canada Account of the GoC, administered by EDC. On March 25, 2019, the Corporation entered into an amended CER Credit Agreement which allows it to borrow funds for the purpose of providing financial assurance for the TMPL as required by the CER. The Acquisition Facility was used to fund the acquisition of the Trans Mountain Pipeline entities. The Construction Facility is used primarily to finance the TMEP construction. The CER Facility allows the Corporation to borrow funds for the purpose of providing financial assurance for the Trans Mountain Pipeline as required by the CER.

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

10. Loans payable (continued):

The loans are due on the respective maturity dates. The maturity date for all GoC loan facilities was amended to August 29, 2027 effective June 7, 2024. Details of the facilities at September 30, 2024 are as follows:

Facility	Total Available Credit September 30, 2024	Outstanding Amounts September 30, 2024	Outstanding Amounts December 31, 2023	Interest Rate Disbursed amounts	Standby Fee Undisbursed amounts	Maturity Date
Acquisition	$ 4,670,000	$ 4,670,000	$ 4,670,000	4.7%	-	August 29, 2027
Construction (a)	13,500,000	$ 12,621,489	12,224,470	4.7%	-	August 29, 2027
CER[(3)*]	550,000	-	-	4.7%	0.30%	August 29, 2027
Total with GoC		**$ 17,291,489**	**$ 16,894,470**			
Amended Syndicated Facility	$ 19,000,000	$ 17,722,453	$ 16,081,024	Variable[(1)]	0.125%[(2)]	August 31, 2026
		$ 35,013,942	**$ 32,975,494**			
Presented as:						
Non-current		$ 35,013,942	$ 32,975,494			

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

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

March 24, 2022 amendments to the Construction Credit Facility include the requirement to repay advances from EDC on the Canada Account pursuant to any funding request made after February 18, 2022. On April 29, 2022, TMC closed external financing and all amounts advanced by EDC to TMP Finance after February 18, 2022 were repaid including interest. Upon the repayment, the available credit was reduced to nil for cash draws. The credit limit for the Construction Facility was increased to $13.5 billion. Effective for the June 30, 2022 interest payment date, all interest will be paid in kind and added to the Construction Facility balance semi-annually. Commitment fees, previously charged at 0.065%, were discontinued on April 28, 2022, upon repayment of advances related to the funding requests made after February 18, 2022 and no further cash draws are permitted.

Credit Agreement with Syndicated Lenders

TMC has an Equator Principles 4 (“EP4”) compliant credit agreement with a syndicate of lenders (the “Syndicated Credit Agreement”) dated April 29, 2022 and as amended most recently on May 17, 2024, which contains two senior revolving facilities, a $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. EP4 is a risk management framework adopted by financial institutions for identifying, assessing, and managing environmental and social risks for large infrastructure projects. The Syndicated Credit Agreement matures August 31, 2026, and the facilities include a guarantee provided from the Government of Canada., which was increased in conjunction with the increases to the Syndicated Credit Agreement. See note 18 for more information on the guarantee and associated fees. There are no financial covenants.

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

10. Loans payable (continued):

Borrowings under the Syndicated Facility bear 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 three and nine month periods ended September 30, 2024 was 6.1% and 6.4%, respectively (2023 - 6.6% and 6.0%, respectively).

As of September 30, 2024 and December 31, 2023, TMC had letters of credit issued and outstanding under the LC Facility of $73.4 million and $69.3 million, respectively. The Syndicated Credit Agreement allows TMC to elect for reallocation of the available credit under the LC Facility to the Syndicated Facility. On May 17, 2024, the combined available credit under the two facilities was increased to $19.0 billion of which $18.9 billion relates to the Syndicated Facility and $0.1 billion to the LC Facility and the maturity date was extended to August 31, 2026. The increase to the facility included a corresponding increase to the guarantee provided from the GoC.

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Interest on Loans payable	$ 475,941	$ 418,486	$ 1,427,451	$ 1,070,447
Amortization of debt issuance costs	2,289	1,166	6,041	2,830
Guarantee fees	11,219	8,506	32,522	16,120
Standby fees	784	962	2,310	2,596
Interest on leases	1,019	573	2,827	1,709
Interest and fees capitalized	-	(379,335)	(561,815)	(952,628)
	$ 491,252	$ 50,358	$ 909,336	$ 141,074

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Corporation's general borrowings during the period. Loans with the Canada Account were charged interest of 4.7%, and the syndicated loan facility had a variable interest rate.

11. Net Profits Interest reserve:

During the nine months ended September 30, 2024, NPI payments received under the NPI agreements totalled $ 132,896 of which $12,575 was received from CHHC and eliminated upon consolidation (2023 – $149,603 of which $11,624 was eliminated). NPI refund payments to owners in the nine months ended September 30, 2024 were $7,134 of which $606 was paid to CHHC and eliminated upon consolidation (2023 – nil).

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

12. Supplemental cash flow disclosure:

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Trade and other receivables	$ 10,623	$ 2,954	$ (21,558)	$ 19,948
Change in inventory	2,285	(336)	2,511	107
Other current assets	10,592	5,366	(117,567)	(12,080)
Deferred charges and other assets	17,515	20,935	47,648	(7,132)
Trade and other payables	61,794	(105,855)	(331,055)	230,867
Interest payable	202,066	210,174	175,738	231,423
Other current liabilities	63,402	(6,225)	193,104	(37,198)
Other non-current liabilities	(14,231)	3,337	57,343	10,719
Change in non-cash working capital and other items	$ 354,046	$ 130,350	$ 6,164	$ 436,654
Relating to:				
Financing activities	$ (51)	$ 24	$ (98)	$ 285
Operating activities*	107,672	(35,602)	181,768	(58,442)
Investing activities	246,425	165,928	(175,506)	494,811
	$ 354,046	$ 130,350	$ 6,164	$ 436,654

*Certain comparative figures have been reclassified to conform to the current year's presentation (note 20).

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
PPE additions (note 5)	$ (454,967)	$ (2,524,605)	$ (2,022,011)	$ (8,290,435)
Change in non-cash items related to PPE	46,717	119,728	(222,556)	743,077
Capitalized lease amortization and interest	1,204	7,820	6,112	23,492
Cash used for PPE expenditures	$ (407,046)	$ (2,397,057)	$ (2,238,455)	$ (7,523,866)

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

	September 2024	September 2023
Opening balance	$ 32,975,494	$ 23,326,805
Cash movements:		
Proceeds from loan payable	1,750,000	7,165,000
Repayment of debt	(100,000)	-
Debt issuance costs	(14,711)	(9,534)
Non-cash movements:		
PIK interest	397,019	373,803
Debt issuance costs amortization	6,041	2,830
Other	99	(300)
Closing balance	$ 35,013,942	$ 30,858,604

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

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

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Crude oil sales	$ 88,336	$ 57,821	$ 190,074	$ 166,137
Less: royalties	(20,176)	(15,011)	(43,821)	(40,549)
Net crude oil revenue	$ 68,160	$ 42,810	$ 146,253	$ 125,588

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 primary geographical market:

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
United States	$ 88,336	$ 16,387	$ 171,838	$ 73,745
Europe	–	41,434	18,236	92,392
	$ 88,336	$ 57,821	$ 190,074	$ 166,137

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Hibernia Project operating expenses	$ 5,776	$ 4,713	$ 17,072	$ 14,603
Movement in overlift (underlift) (i)	5,548	(359)	5,774	106
Crude oil transportation and transshipment	1,208	977	3,560	3,483
Crude oil marketing	109	53	250	208
Total operating, transportation and marketing	$ 12,641	$ 5,384	$ 26,656	$ 18,400

(i) At September 30, 2024, the Corporation was in an overlift position, having sold more barrels than produced. The 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 a corresponding expense included within operating, transportation and marketing expenses.

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

14. Revenue and operating expenses from pipeline operations:

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Transportation revenue	$ 654,007	$ 175,036	$ 1,220,959	$ 501,834
Lease revenue	15,395	17,761	44,779	53,005
Other revenue	680	853	4,302	2,737
Total	$ 670,082	$ 193,650	$ 1,270,040	$ 557,576

Pipeline operating and production expenses	$ 95,247	$ 60,166	$ 210,284	$ 168,147
Salaries and benefits	44,184	29,547	119,881	79,351
Other general and administration costs	13,477	2,622	25,106	8,796
Total operating expenses excluding finance costs and depreciation	$ 152,908	$ 92,335	$ 355,271	$ 256,294

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

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings and cash collections. Contract assets are recognized in those instances where billing occurs subsequent to revenue recognition and the right to invoice the customer is conditioned on something other than the passage of time. For the periods ended September 30, 2024 and December 31, 2023, there were no contract assets recognized. Contract liabilities are substantially related to capital improvements paid for in advance by certain customers, which are subsequently recognized as revenue on a straight-line basis over the initial term of the related customer contracts as well as pipeline abandonment surcharges collected by customers and recognized as revenue in the future once the abandonment costs are incurred.

The following table presents the activity in contract liabilities:

	Nine months ended September 30, 2024	Year ended December 31, 2023
Opening balance	$ 65,820	$ 46,626
Additions and modifications	273,306	20,288
Transfer to Revenues	(117,276)	(1,094)
Ending balance	221,850	65,820
Other current liabilities	141,393	213
Other non-current liabilities	80,457	65,607
	$ 221,850	$ 65,820

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

15. Commitments:

The Corporation's commitments at September 30, 2024 are summarized in the table below:

	Remainder 2024	2025-2028	Thereafter	Total
Crude oil transportation and transshipment services	$ 1,177	$ 23,440	$ 9,217	$ 33,834
Hibernia Project contracts	456	4,765	1,992	7,213
Pipeline PPE	6,822	-	-	6,822
Other operating commitments	19,563	294,242	890,027	1,203,832
Total Commitments	$ 28,018	$ 322,447	$ 901,236	$1,251,701

Other 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 payments for 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 the Province, 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 spot volume revenue, to a maximum combined payment of $50 million annually. Future payments included in the above table represent the minimum guaranteed amounts.

16. Contingencies:

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

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

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

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

16. Contingencies (continued):

Flood Insurance Proceeds

In 2021, there was widespread flooding in British Columbia and Washington State, which resulted in financial losses, including damage to TMC's assets and delays to the TMEP construction. The Corporation has recognized a total of $88.0 million in insurance proceeds since the initial event in 2021. The insurance proceeds receivable as of September 30, 2024 and December 31, 2023 were nil and $54.4 million, respectively. While certain claims included in the amounts recognized have reached final settlement, there is a claim remaining where the proceeds recognized represent the interim settlement. The amount and timing of any future insurance proceeds on claims in progress cannot be reasonably estimated.

17. 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, 2023. CDEV is exposed to financial risks including market risk relating to commodity prices, foreign exchange rates and interest rates, as well as credit and contract risk and liquidity risk.

(a) Credit and contract risk:

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

i. For its crude oil sales contracts, the Corporation has assessed the risk of non-collection of funds as low, as it shares cargos with its marketing agent, generally contracts with large purchasers whose creditworthiness has been appropriately assessed prior to execution of the related contract and utilizes credit risk mitigation tools when necessary under the provisions of its marketing agreement. CHHC's marketing agent maintains credit surveillance over all purchasers.

ii. For the oil shipment sales contracts, the Corporation limits its exposure to credit risk by requiring shippers who fail to maintain specified credit ratings or a suitable financial position to provide acceptable security, generally in the form of guarantees from credit worthy parties or letters of credit from well rated financial institutions. A majority of the Corporation's customers operate in the oil and gas exploration and development, or energy marketing or transportation industries. There may be exposure to long-term downturns in energy commodity prices, including the price for crude oil, and economic instability from these events or other credit events impacting these industries and customers' ability to pay for services.

As at September 30, 2024 and December 31, 2023 there were no significant accounts receivable past due or impaired.

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

17. Risks to the Corporation (continued):

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

	September 30, 2024	December 31, 2023
Contracts with pipeline shippers	$ 144,076	$ 70,406
Contracts with crude oil customers	28,907	17,737
Hibernia Project joint account	644	4,340
HST/GST input tax credits	10,101	25,297
Other	11,745	56,135
Trade and other receivables	$ 195,473	$ 173,915
Amount outstanding greater than 90 days	$ 10,430	$ 1,747

The carrying amount of cash and cash equivalents, restricted cash and restricted investments, and investments held for future obligations balances represents the maximum credit exposure.

Cash and cash equivalents, restricted cash and restricted investments, and investments held for future obligations balances are held by investment-grade Canadian banks and financial institutions and the GoC. All cash equivalents and investments are purchased from issuers with a credit rating of R1 High by Dominion Bond Rating Service. Accordingly, the expected credit losses ("ECLs") provision at September 30, 2024 related to cash and cash equivalents and investments is insignificant. The Corporation realized no actual impairment losses during the periods ended September 30, 2024 or 2023.

(b) Liquidity risk:

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

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

The Corporation continues to retain cash and short-term investments that provide it with financial flexibility to meet its obligations as they come due. The Corporation may be exposed to long-term downturns in the energy industry and economic volatility which is mitigated by the current regulatory frameworks governing the Corporation's pipeline operations and the competitive position of the Corporation's pipeline and oil producing assets.

Expected future cash flow from the present operations currently exceeds estimated operating expenses and future capital expenditures, aside from TMEP. External financing was secured by TMC as described in note 10. Trade and other payables and income taxes payable are generally due within one year from the date of the statement of financial position.

(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.

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

17. 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 September 30, 2024 or 2023.

(ii) Interest rate risk:

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

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

(d) Fair value of financial instruments:

The following table shows the carrying amounts and fair values of restricted investments and loans payable including their levels in the fair value hierarchy at September 30, 2024 and December 31, 2023:

	Classification	Hierarchy	Carrying amounts		Fair value	
			2024	2023	2024	2023
Financial assets						
Restricted investments	FVTPL	Level 2	123,896	105,428	123,896	105,428
Financial liabilities						
Loans payable	Amortized cost	Level 2	35,013,942	32,975,494	34,803,615	32,547,762

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.

18. 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 $nil dividends to the Government of Canada during the three and nine months ended September 30, 2024 and 2023.

The GoC has provided TMC with a guarantee in relation to its Syndicated Credit Agreement (see Note 10) in exchange for a fee which is accrued at a fixed rate based on outstanding balance under the Syndicated Credit Facility. Prior to March 24, 2023, the guarantee fee was 5% per annum less the daily weighted average interest rate per annum payable by TMC in accordance with the Syndicated Facility. The guarantee provided increased in conjunction with the increase to the Syndicated Credit Agreement on May 17, 2024.

For the three and nine months ended September 30, 2024, TMC incurred $11,219 and $32,522 in guarantee fees, respectively. For the three and nine months ended September 30, 2023, TMC incurred $8,506 and $16,120 in guarantee fees, respectively. Guarantee fees are included in interest expense. Along with the amendment to the Syndicated Credit Agreement on May 17, 2024, the due date of the guarantee fee payable was extended to August 31, 2027, or upon events of default. As of September 30, 2024 and December 31, 2023, the guarantee fees payable was $95,193 and $62,671, respectively, and was recorded in “Long term interest payable”.

On July 15, 2020, CEEFC and CDEV entered into a Service Agreement whereby CDEV provides executive, administrative, banking, financial and support services, and other administrative services to facilitate the organization and functioning of CEEFC and CEEFC’s administration of the LEEFF program. In the period ended September 30, 2024, CDEV earned management fees from CEEFC of $600 (September 30, 2023 - $600). At September 30, 2024, CDEV has a related party receivable from CEEFC of $307 (December 31, 2023 - $279).

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

19. Supplementary information:

The following presents a breakdown of the primary operating entities comprising CDEV. CDEV corporate, CEI, TMP Finance, CGF (2023) and CIC are grouped as Others:

	September 30, 2024							
	TMC (US GAAP)	IFRS Adjustments		TMC (IFRS)	CHHC	Others	Eliminations	Consolidated
Statement of Comprehensive Income:								
Revenues:								
Transportation revenue	$ 1,140,303	$ 80,656	(1)	$ 1,220,959				$ 1,220,959
Lease revenue	44,779			44,779				44,779
Net crude oil revenue				-	133,466	-	12,787	146,253
Other revenue	2,053	2,249		4,302		1,946	(1,346)	4,902
Other income/ FX	91			91	2,795	-	-	2,886
	1,187,226	82,905		1,270,131	136,261	1,946	11,441	1,419,779
Expenses:								
Goodwill impairment			(2)	-				-
Depletion and depreciation	393,030	(11,817)	(3)	381,213	24,274	25,316	(18,764)	412,039
Operating and production	210,308	(24)		210,284	26,656	-		236,940
Salaries and benefits	118,247	1,634	(4)	119,881	1,183	3,844		124,908
General and admin Other and FX	27,380	(2,274)		25,106	2,213	10,674	(111)	37,882
	748,965	(12,481)		736,484	54,326	39,834	(18,875)	811,769
Finance Costs:								
Equity AFUDC	461,412	(461,412)	(5)	-		-		-
Other, net	701	(11,859)		(11,158)	-	-		(11,158)
Unwind of discount	-	(12,310)	(5)	(12,310)	(2,957)	(58)		(15,325)
Net Interest (expense)	(845,433)	188,441	(5)	(656,992)	9,106	(17,525)	(216,715)	(882,126)
	(383,320)	(297,140)		(680,460)	6,149	(17,583)	(216,715)	(908,609)
Net income before income taxes	54,941	(201,754)		(146,813)	88,084	(55,471)	(186,399)	(300,599)
Income taxes (recovery)	12,685	(49,721)	(6)	(37,036)	25,095	-		(11,941)
Net Income	**$ 42,256**	**$ (152,033)**		**$ (109,777)**	**$ 62,989**	**$ (55,471)**	**$ (186,399)**	**$ (288,658)**
Other Comprehensive Income	**$ 5,911**	**$ 8,837**	(7)	**$ 14,748**	**$ -**	**$ 29,496**	**$ (29,496)**	**$ 14,748**
Statement of Financial Position:								
Assets:								
Current assets	518,608	(4,000)	(8)	514,608	138,125	425,891	(111,105)	967,519
Non-current assets	36,570,869	(1,373,064)	(9)	35,197,805	293,205	18,166,686	(17,600,947)	36,056,749
	$ 37,089,477	**$ (1,377,064)**		**$ 35,712,413**	**$ 431,330**	**$ 18,592,577**	**$ (17,712,052)**	**$ 37,024,268**
Liabilities								
Current liabilities	933,632	12,599		946,231	25,412	12,531	(6,428)	977,746
Non-current liabilities	27,798,139	77,198	(10)	27,875,337	140,661	17,496,828	(8,562,129)	36,950,697
	$ 28,731,771	**$ 89,797**		**$ 28,821,568**	**$ 166,073**	**$ 17,509,359**	**$ (8,568,557)**	**$ 37,928,443**
Shareholder's Equity	**$ 8,357,706**	(1,466,861)	(11)	**$ 6,890,845**	**$ 265,257**	**$ 1,083,218**	**$ (9,143,495)**	**$ (904,175)**
	$ 37,089,477	**$ (1,377,064)**		**$ 35,712,413**	**$ 431,330**	**$ 18,592,577**	**$ (17,712,052)**	**$ 37,024,268**

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

19. Supplementary information (continued):

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

19. 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 receipts on the TMPL. These regulatory adjustments are reversed under IFRS Accounting Standards.

2) Goodwill impairment is higher under IFRS due to the difference in the carrying value of goodwill which is primarily related to treatment of decommissioning liabilities recorded on acquisition under IFRS but not recognized under US GAAP. The full carrying value of goodwill was impaired in 2023 under both US GAAP and IFRS.

3) Depreciation is lower under IFRS Accounting Standards due to a lower fixed asset base as a result of the recognition of an Allowance for Funds Used During Construction ("AFUDC") under US GAAP as described further in footnote 5. This is 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.

4) 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.

5) 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 of the decommissioning obligation under IFRS Accounting Standards is also included in finance cost IFRS Accounting Standards adjustments.

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

19. Supplementary information (continued):

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

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

9) 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 under IFRS. TMC also records proceeds from certain contracts (Firm 50 premiums) as contributions in aid of construction under US GAAP ASC 980, which reduces fixed assets. These contributions are recognized as revenue under IFRS Accounting Standards.

10) Non-current liabilities differs 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.

11) The cumulative impact of the IFRS Accounting Standards adjustments to shareholder’s equity total $1,467 million with $152 million being the impact on the 2024 net income.

20. Change in classification:

Certain comparative figures in the interim condensed consolidated financial statements and notes were reclassified to conform to this period’s presentation.

At December 31, 2023, the Corporation reclassified an amount from “Change in non-cash working capital” to “Non-capitalized unpaid interest” within the “Operating activities” of the consolidated statement of cash flows. This change was made to group the entire impact of the unpaid non-capitalized interest on the consolidated statement of cash flows. Comparative amounts were reclassified for consistency, which resulted in an increase of “Non-capitalized unpaid interest” of $48,036 and $134,318 and a decrease of “Change in non-cash working capital” by the same amount in the Statement of Cash Flows for the three and nine months ended September 30, 2023, respectively. This reclassification impacted figures disclosed in note 12.