2025

Annual Report

Canada Development
Investment Corporation

CDEV

Delivering **expert financial and commercial advice** to maximize national impact as the trusted advisor and asset manager to government.

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1.0 Who We Are

Our mission

Canada Development Investment Corporation (CDEV) advances Canada's economic prosperity by delivering financial and commercial expertise as the trusted advisor and active asset manager to government.

Our work at a glance

Through the CDEV Group of Companies, CDEV is responsible for more than $75 billion in government assets and initiatives, oversees eight portfolio companies, and has returned $11.2 billion in payments to Canada since 2010.

What we do

As a federal Crown corporation reporting to Parliament through the Minister of Finance, CDEV operates at the intersection of public policy and private markets and is regularly called upon to advise on and execute critical financial transactions, support priority policy objectives, and maximize the value of corporate assets in Canada's best interest.

Our Expertise

- ↗ Financial and Commercial Advisory
- ↗ Asset Management
- ↗ Monetizations and Divestments
- ↗ Indigenous Economic Participation

2.0 Our impact for Canada

As a trusted advisor and active asset manager to the Government of Canada, CDEV plays a central role in overseeing significant public assets.

Financial and Commercial Advisory

10

High-impact financial advisory projects delivered across four departments in 2025

$7.8M

Cost savings through internalized expertise in 2025

CDEV Group of Companies

Canada Growth Fund

$4.9B

Committed across 18 investments to date

Canada Hibernia Holding Corporation

$3.8B

Cumulative payments to federal government

Canada Enterprise Emergency Funding Corporation

$575M

Tariff loan commitments approved

16342451 Canada Inc. (Telesat Loan Co.)

156

Satellites under development for Canada's largest space program

Trans Mountain Corporation

$1.7B

Capital returned to Canada

1,180km

Canada's only pipeline to access world markets

>65%

Export volumes to Asia, up from 32% in 2024

Canada Indigenous Loan Guarantee Corporation

$400M

Largest Indigenous loan guarantee in Canadian history issued

300+

Meetings with Indigenous groups to promote economic participation

3.0 Message from the Board Chair

It is a privilege to share my first message as Chair of the Board of Canada Development Investment Corporation (CDEV).

I assumed this role at an important time for Canada and for CDEV, as the country works to strengthen its economic resilience, build the major projects that support long-term growth, and expand access to global markets.

CDEV plays a valuable role in this effort by **applying commercial expertise to advance strategic national priorities while protecting the public interest.** As global economic uncertainty and shifting trade dynamics continue to affect Canadian industries, the corporation's ability to operate at the intersection of public policy and private markets is increasingly important in helping Canada invest, grow, and compete.

In 2025, CDEV made significant progress in delivering on its mandate. The corporation advanced the **Indigenous Loan Guarantee Program**, including the issuance of the first federal loan guarantee supporting Indigenous participation in major projects. CDEV launched the **Large Enterprise Tariff Loan (LETL)** facility to help Canadian companies navigate global trade pressures. The expanded **Trans Mountain system** also entered operations, enabling Canadian energy to reach more diversified international markets. The **Canada Growth Fund** continued to deploy capital through a growing portfolio of strategic investments and partnerships, supporting Canada's economic objectives.

In short, **CDEV's expanding mandate reflects the Government of Canada's confidence in the corporation's capabilities and expertise.**

On behalf of the Board of Directors, I thank President and CEO Elizabeth Wademan, the executive leadership team, and employees across the CDEV Group of Companies for their ambition and dedication throughout the past year. The Board has every confidence that CDEV is well positioned to continue delivering results for Canadians in the year ahead.

Dwight Ball
CHAIR OF THE BOARD

4.0 Message from the President & CEO

2025 was a year of strong execution and meaningful impact for CDEV. At a critical moment for Canada, we translated an expanded mandate into real economic outcomes for Canadians.

We did so in a **challenging and uncertain environment**, shaped by global volatility and ongoing trade tensions. Throughout, CDEV remained focused on what we do best: bringing a **disciplined, steady and practical approach** to complex financial situations. As the Government of Canada has taken a more active and strategic role in the economy, our work—often behind the scenes—has become increasingly important in helping protect jobs, strengthen resilience, and advance long-term national priorities.

A central part of that work is our role as the government's trusted financial and commercial adviser. Across departments and agencies, we are asked to support some of the country's **most complex and strategically significant files**. This requires not only technical expertise, but sound judgment and the ability to operate at the speed of business.

In 2025, the government turned to CDEV to lead ten high-priority advisory mandates spanning multiple ministries. Through our internal expertise, we saved more than $7.8 million in external advisory costs, representing over 17,000 hours of work delivered in-house. Just as importantly, we helped ensure that critical decisions were grounded in **rigorous, independent, and commercially sound analysis.**

We also continued to deliver through the CDEV Group of Companies as an active asset manager responsible for overseeing $75 billion of key strategic assets and programs. In 2025, **CDEV paid dividends of $417 million to the Government of Canada**.

A defining milestone this year was the **$10-billion Indigenous Loan Guarantee Program, advanced from design to delivery** through the Canada Indigenous Loan Guarantee Corporation (CILGC). In July, we supported the largest Indigenous loan guarantee in Canadian history, enabling 38 First Nations to acquire a **12.5% ownership stake in Enbridge's Westcoast pipeline system**. This represents an important step toward **meaningful economic participation and long-term prosperity**.

Through the Canada Enterprise Emergency Funding Corporation (CEEFC), we responded quickly to emerging trade pressures by **launching the $10-billion Large Enterprise Tariff Loan facility in just four weeks**. This included support for Algoma Steel and Arctic Canadian Diamond Company, helping stabilize operations, protect jobs, and sustain critical sectors of the Canadian economy.

Across our portfolio, we continued to **steward nationally significant assets**. The expanded Trans Mountain pipeline system is now strengthening Canada's access to global markets, particularly in Asia, and contributing to a more **diversified and resilient export base.**

Through Canada Growth Fund Inc. (CGF), we are helping to mobilize private capital at scale, with $4.9 billion committed across 18 transactions to support economic growth and emissions reduction, underpinned by strong governance and accountability.

None of this work would be possible without our people. I am particularly proud that CDEV was recognized as a **Great Place to Work® for the second consecutive year,** with 95% of employees affirming that CDEV is a great place to work. Building a **high-performing, inclusive, and engaged team** remains fundamental to our success.

I would like to thank our Board of Directors for their leadership during an exceptionally active year. I am pleased to welcome Dwight Ball as Chair and extend my sincere appreciation to Jennifer Reynolds for her service as Lead Director. I am also deeply grateful to the entire CDEV team for their professionalism, dedication, and commitment.

Looking ahead, **the opportunity—and responsibility—before us is clear**. As Canada navigates a more complex global economy, the need for strong financial judgment, disciplined execution, and strategic investment will only grow.

With more than four decades of experience, and a highly qualified team, CDEV remains committed to being the partner of choice for critical financial transactions, delivering enduring value for Canadians at a time when it matters most.

Elizabeth Wademan
PRESIDENT AND CEO

5.0 Executive Leadership Team

Elizabeth Wademan
President and Chief Executive Officer

Tess Lofsky
Executive Vice President, General Counsel and Corporate Secretary

Carlos Gallardo
Chief Financial Officer

Russ Wenman
Executive Vice President
& Group Head, Execution and Advisory

Andrew Akers
Chief Administrative Officer

Louise Youdale
Vice President, People and Culture

Sébastien Labelle
Vice President

2025 Success Stories

6.0 2025 Success Stories

Trans Mountain Corporation

Expanding Canada's access to global markets

Trans Mountain plays a critical role in strengthening Canada's economic resilience and generating tangible returns for Canadians. By the end of 2025, the system had delivered $1.7 billion in revenues to Canada, with returns expected to grow annually as throughput stabilizes and market access continues to expand. This performance reflects the successful transition of Trans Mountain from a major nation-building investment to a revenue-generating public asset that is delivering long-term value.

Since the expanded system entered service, increasing pipeline capacity by almost three times, the Westridge Marine Terminal has loaded an estimated 380 vessels, with approximately 60 percent of exports destined for Asian markets. Shipments have reached 26 terminals across Asia, underscoring Trans Mountain's role in opening durable access to new global markets, strengthening Canada's trade diversification, and reducing reliance on traditional export destinations. Together, these outcomes demonstrate how Trans Mountain is translating expanded capacity into sustained revenue generation and improved market access for Canadian energy.

Capital returned to Canada

$1.7 billion

Expansion Project achievements

+700%	86%	890k
Increase in tidewater export capacity	Average utilization in 2025	Barrels per day capacity, up from 300,000

Market Access

>65% Exports to Asia, up from 32% in 2024

Financial and Commercial Advisory

Trusted partner with unique skill set

CDEV provides commercial and financial advice across complex government corporate finance matters to support priority policy objectives. Drawing on deep private and public sector expertise and capabilities not widely available elsewhere in government, CDEV brings the agility and rapid responsiveness required for government to act quickly and effectively.

As a result, CDEV is positioned as the federal government's entity of choice for financial and commercial advisory in the best interest of Canada, including monetizations and divestments, creative capital and funding solutions, corporate finance negotiations, strategic asset reviews, and leading governance practices.

In 2025, CDEV executed 10 financial advisory projects across four government departments: Finance Canada, Natural Resources Canada, Transport Canada, and Innovation, Science and Economic Development Canada. This work included supporting the government's objective to ensure the long-term sustainability and competitiveness of Canada's airports, as well as assessing the National Research Council of Canada's Canadian Photonics Fabrication Centre to help position it to attract private capital, scale its operations, and serve as a platform for Canadian innovation and new photonic applications.

By leveraging its internal capabilities and expertise, CDEV saved over $7.8 million in 2025 by offsetting more than 17,000 hours of external advisor time. Through disciplined and rigorous commercial analysis, CDEV maximizes the value of the government's assets while reinforcing its role as the federal government's entity of choice for financial and commercial advisory.

17,000 hours +

Hours of external advisor time offset

$7.8 million +

Cost savings through internalized expertise in 2025

Canada Indigenous Loan Guarantee Corporation

Largest Indigenous loan guarantee in Canadian history

In 2025, Canada Indigenous Loan Guarantee Corporation (CILGC) issued its first loan guarantee, a landmark achievement under the Indigenous Loan Guarantee Program and a significant step forward in advancing Indigenous economic participation in major infrastructure projects.

The transaction enabled 38 First Nations in British Columbia to acquire a 12.5 percent equity interest in Enbridge's Westcoast pipeline system through a $736 million investment, supported by a $400 million federal loan guarantee issued by CILGC. The Crown-backed bonds guaranteed by CILGC were given a AAA credit rating, which materially reduced financing costs and transferred construction and market risk away from participating communities, enabling access to long-term, stable cash flows from a high-quality regulated energy asset.

The successful closing of the transaction in July 2025, following the rapid establishment of CILGC and completion of all financing conditions, demonstrates the program's ability to deliver complex transactions at scale and in record time. This transaction represents the largest Indigenous loan guarantee in Canadian history and establishes a replicable model for Indigenous equity participation in major projects across the country.

Federal loan guarantee

$400 million

12.5% Indigenous equity interest

38 First Nations in partnership

Canada Enterprise Emergency Funding Corporation

Supporting strategic industries through LETL

Algoma Steel

Through the Large Enterprise Tariff Loan facility, CEEFC provided $400 million in financing to Algoma Steel Inc. The transaction helped a fully integrated Canadian steel producer stabilize operations amid tariff-related pressures while protecting taxpayer interests.

This financing enabled Algoma's early transition to electric arc furnace (EAF) steelmaking, a modernization initiative expected to enhance long-term competitiveness and significantly reduce emissions. By supporting the company to manage the financial impact of tariffs while advancing its operational transformation, the facility helps Algoma to remain competitive in a changing global market.

The investment aligns with the Government of Canada's broader efforts to strengthen domestic industrial capacity, protect Canadian steel jobs, and reinforce Canada's industrial base and supply chain resilience during a period of global uncertainty. Steel remains foundational to Canada's economy and national security, supporting sectors such as construction, energy, manufacturing, transportation, and defense.

CEEFC loan

$400 million

~18% Share of Canadian steel production

Spotlight on CDEV People & Culture

7.0 Building a high-performing organization

With **Louise Youdale**, Vice President, People & Culture

CDEV's ability to deliver on its mandate is underpinned by a strong talent and culture focus that supports a high-performing, inclusive, and values-driven organization. It plays a critical strategic role in strengthening organizational foundations, supporting employee engagement, talent development, and workplace well-being.

What defines CDEV's culture?

CDEV operates as a high-performing, impact-oriented organization, grounded in clear purpose and guided by strong values. These foundations shape how the organization delivers on its mandate and supports government priorities in a complex and evolving economic environment. In 2025, CDEV formalized its Mission and Values to provide a clear North Star for the organization and to align and inspire our team.

What sets CDEV apart

CDEV's mission to advance economic prosperity for Canada is delivered through a unique combination of financial and commercial expertise not found elsewhere in government. Operating at the intersection of public policy and private markets, CDEV brings deep private-sector experience into the public domain, with a team drawn from investment banking, asset management, financial services, consulting, legal advisory, and mergers and acquisitions.

This skill set enables CDEV to advise on and execute complex, policy-driven financial transactions, engage effectively with private capital, and actively manage public assets on behalf of the Government of Canada. By pairing commercial discipline with a strong public-interest mandate, CDEV delivers impactful outcomes that support national priorities, protect taxpayer interests, and generate long-term value for Canadians.

What values guide how CDEV operates?

Integrity

We build trust by doing what is right, always.

Excellence

We push for the highest standards to deliver outstanding outcomes.

Accountability

We take ownership, hold each other to account, and are empowered to deliver on our commitments.

Agility

We adapt quickly, leveraging our diverse skills and capabilities to execute at the speed of business.

Collaboration

We work together as one team, to achieve more together.

Growth Mindset

We stay curious, creative, and committed to continuous improvement.

How does culture support delivery?

A strong organizational culture is essential to delivering on CDEV's mandate. In 2025, CDEV achieved Great Place to Work® Certification for the second consecutive year, reflecting high levels of employee engagement, trust, and satisfaction and placing CDEV in the Top 250 Best Workplaces in Canada. With a 95% satisfaction score, this recognition underscores CDEV's continued focus on building an inclusive, supportive, and high-performing workplace that attracts and retains the expertise required to deliver complex financial and commercial mandates in the public interest.

Great Place To Work®
Certified
OCT 2025-OCT 2026
CANADA ™

Environmental, Social & Governance Reporting

8.0 Environmental, Social & Governance Reporting

Environment

As a federal Crown corporation whose mandate includes managing critical public assets and delivering specialized financial and commercial expertise on behalf of the Government of Canada, CDEV recognizes that how it identifies and manages climate-related risks and opportunities is directly tied to its effectiveness in delivering sustainable economic growth and prosperity.

In 2025, CDEV continued to strengthen its climate governance and disclosure practices and published its most recent TCFD-aligned Climate-Related Disclosure Report, demonstrating ongoing progress in integrating climate considerations into strategic decision-making, enterprise risk management, and governance. The report highlights how a qualitative climate scenario analysis is used to identify, assess, and prioritize climate-related risks and opportunities. CDEV will also refresh its climate change materiality assessment in 2026 to continuously improve the integration of climate change in our business model.

CDEV also participates in the Crown Corporations Working Group on sustainability and the Crown Corporation Greening Community of Practice, supporting alignment with the Government of Canada's Greening Government Strategy. By building internal capability, collaboration, and climate awareness, CDEV supports Canada's broader low-carbon transition while maintaining strong stewardship of public assets.

Social

Accessibility

CDEV is committed to building a barrier-free, accessible, and inclusive organization for all stakeholders, particularly people with disabilities. Accessibility considerations are integrated into how CDEV develops policies, supports employees, delivers services, and communicates with the public. CDEV continues to report annually through its Multi-year Accessibility Plan, which outlines actions taken and progress made.

Diversity, Equity, and Inclusion

CDEV engages in proactive employment practices and maintains a strong focus on diversity, equity, and inclusion across the organization, strengthening its ability to deliver on its mandate and attract and retain top talent. In 2025, women represented two-thirds of CDEV's Board of Directors and more than one-third of the Executive Leadership Team, including the President and Chief Executive Officer, reflecting continued progress in advancing gender representation at senior levels. CDEV joined VersaFi as a partner in January 2025, supporting a national community that champions the advancement of women and gender-diverse individuals across all intersecting identities in the financial sector.

Advancing Indigenous reconciliation remains a priority. In 2025, CDEV marked key dates including National Indigenous Peoples Day, the International Day of the World's Indigenous Peoples, and the National Day for Truth and Reconciliation, and CDEV employees joined the Moose Hide campaign, an Indigenous-led grassroots movement that stands against gender-based violence.

The CDEV Group of Companies also continued to support alignment, where relevant, with the Fighting Against Forced Labour and Child Labour in Supply Chains Act. As part of this work, Canada Hibernia Holding Corporation continued its compliance and reporting activities under the Act.

Governance

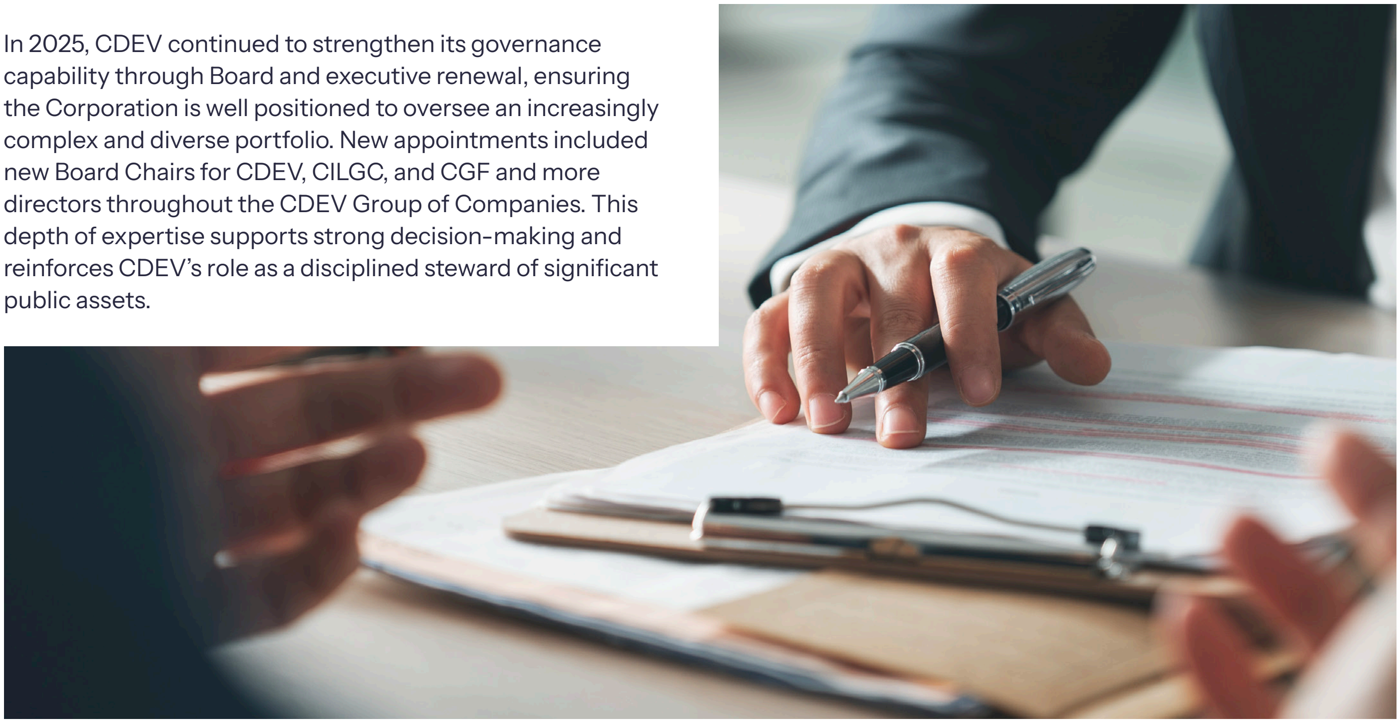
CDEV is overseen by an independent Board of Directors responsible for the stewardship of the Corporation, including ensuring strong governance practices, setting and overseeing strategic direction, monitoring corporate performance and objectives, providing financial oversight and monitoring compliance and risk management, overseeing human resources and compensation, and ensuring that its assets, liabilities and subsidiaries are managed in a manner that maximizes value for Canada.

The Board is supported by three standing committees: the Audit Committee, the Nominating and Governance Committee, and the Human Resources and Compensation Committee. These committees support the Board in fulfilling its oversight responsibilities related to financial reporting, governance practices, executive compensation, succession planning, and human resources policies.

In 2025, CDEV continued to strengthen its governance capability through Board and executive renewal, ensuring the Corporation is well positioned to oversee an increasingly complex and diverse portfolio. New appointments included new Board Chairs for CDEV, CILGC, and CGF and more directors throughout the CDEV Group of Companies. This depth of expertise supports strong decision-making and reinforces CDEV's role as a disciplined steward of significant public assets.

CDEV's management team, led by a Governor in Council–appointed President and Chief Executive Officer, works closely with the leadership teams across the CDEV Group of Companies to ensure effective oversight, accountability, and value creation. CDEV provides active, value-added oversight while maintaining appropriate arm's-length relationships, with portfolio company boards reporting regularly to the CDEV Board.

Enterprise risk management is a shared responsibility of the Board and management. Management reports regularly on key risks and mitigation measures, and the Board receives consolidated risk summaries across the CDEV Group of Companies as part of its oversight responsibilities. This governance framework supports sound risk management, strong accountability, and the long-term protection of value for Canadians.



Board of Directors

Dwight Ball

CHAIR OF THE CDEV BOARD
Deer Lake, Newfoundland and Labrador

Jennifer Reynolds

CHAIR OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE
Toronto, Ontario

Alicia Damley

CHAIR OF THE AUDIT COMMITTEE
Mississauga, Ontario

Sandra Rosch

CHAIR OF THE NOMINATING AND GOVERNANCE COMMITTEE
Toronto, Ontario

Sean Strickland

DIRECTOR
Waterloo, Ontario

Elizabeth Wademan

PRESIDENT AND CHIEF EXECUTIVE OFFICER
Toronto, Ontario

9.0 ESG Reporting - CDEV Group of Companies

CDEV's ESG reporting reflects a group-wide approach. Detailed operational metrics and performance data are reported at the subsidiary level where impacts occur, while CDEV provides governance oversight, alignment, and consolidated climate-related disclosure where appropriate.

10 Canada Enterprise Emergency Funding Corporation's Approach to ESG

Canada Enterprise Emergency Funding Corporation integrates ESG considerations into the design and delivery of its financing programs, which are grounded in public policy objectives and focused on supporting Canadian businesses and jobs.

CEEFC is overseen by an independent Board of Directors and operates under strong governance and risk management practices. Climate-related risks associated with CEEFC are disclosed through CDEV's 2024 Climate-Related Disclosure Report. Borrowers under CEEFC facilities are required to publish annual climate-related disclosures aligned with the TCFD framework, supporting transparency and consistency with government expectations.

11 Canada Hibernia Holding Corporation's Approach to ESG

Environment

In 2025, environmental stewardship remained a core focus of the Hibernia Project. Hibernia Management and Development Company Ltd. (HMDC) continued to integrate stringent environmental protection measures into the design and operation of offshore facilities, with production, storage, offloading, and transportation systems engineered to minimize the likelihood and impact of oil spills. Hibernia maintains a comprehensive Oil Spill Response Plan and applies rigorous industry standards to spill prevention and emergency preparedness.

The Hibernia platform operates in a challenging offshore environment subject to severe weather and iceberg activity. Risks associated with storms, hurricanes, and icebergs continued to be managed through a combination of weather tracking, iceberg monitoring and management systems, and the robust design of the platform. Environmental performance and climate-related indicators continued to be monitored and disclosed as part of HMDC's ongoing reporting practices, supporting transparency and continuous improvement.

Social

Safety, health, and well-being continued to be fundamental to Hibernia's operations in 2025. Lessons learned from other offshore developments have been embedded in operational practices, and safety remained an expectation in every decision made by personnel working at Hibernia. This commitment supports the protection of workers, the environment, and surrounding communities.

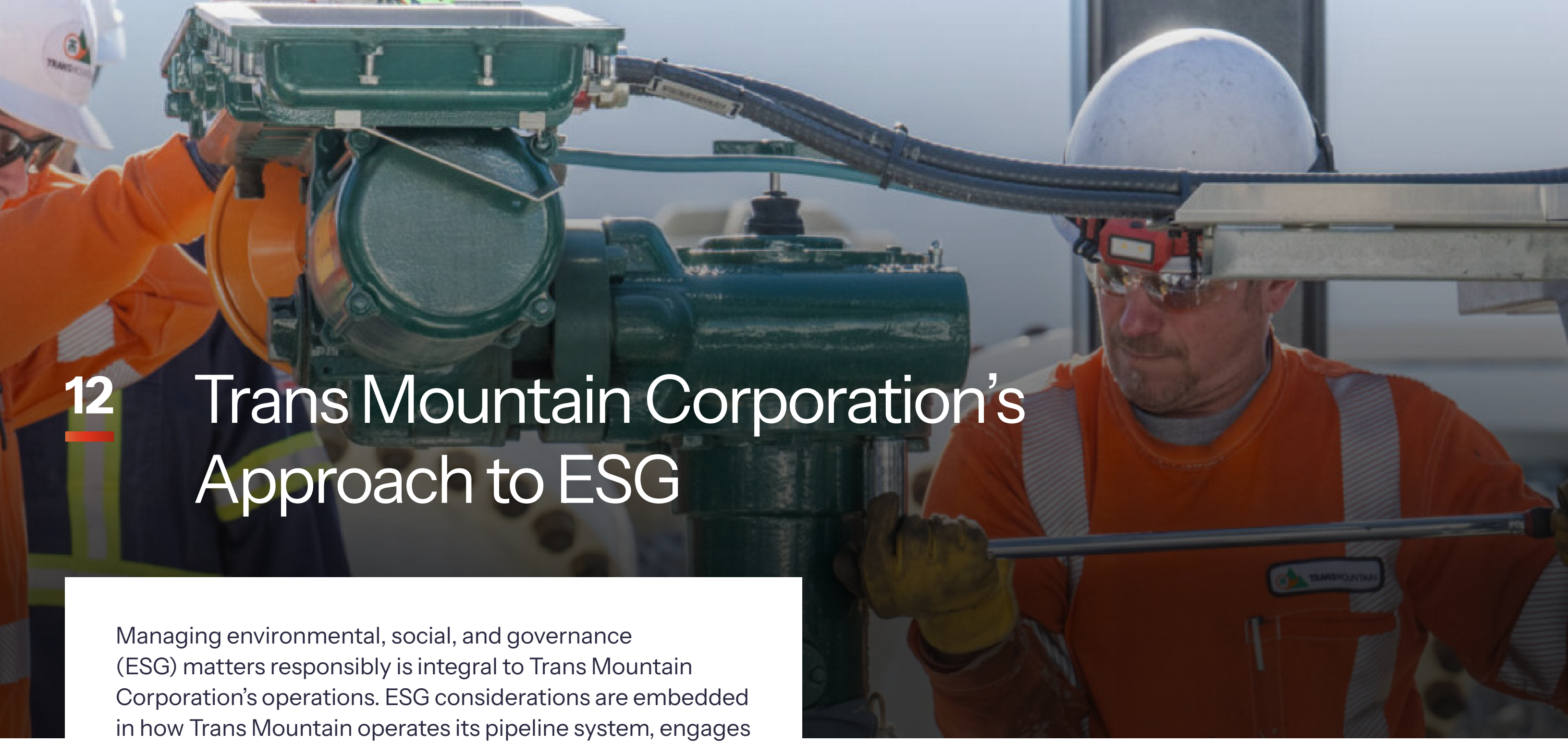
Hibernia continued to support employment, procurement, and community engagement in Newfoundland and Labrador in accordance with the Canada–Newfoundland and Labrador Benefits Plan.

Throughout 2025, the project supported local employment and contracting opportunities and continued to invest in research and development and community initiatives, contributing to economic activity and skills development in the province.

Governance

Strong governance structures continued to underpin the Hibernia Project's operations in 2025. HMDC maintained robust oversight of environmental performance, safety, and operational risk through established governance committees which include representatives from all Hibernia owner companies and address technical, health, safety, environmental, legal, and financial matters.

Canada Hibernia Holding Corporation, as an owner participant, continued to engage in executive and governance forums that support oversight monitoring and approvals required for Hibernia Project planning and operations. Safety, security, health and environmental performance and compliance remained regular topics of management and committee review, supporting accountability, transparency, and the long-term stewardship of this significant offshore asset.



12 Trans Mountain Corporation's Approach to ESG

Managing environmental, social, and governance (ESG) matters responsibly is integral to Trans Mountain Corporation's operations. ESG considerations are embedded in how Trans Mountain operates its pipeline system, engages with communities and Indigenous Peoples, and governs its business. As Trans Mountain's operating environment and business evolve, the company continues to assess and refine its ESG priorities. Further detail is provided in Trans Mountain Corporation's 2024 ESG Report.

Environment

Trans Mountain's pipeline system provides transportation services with a relatively low greenhouse gas emissions footprint. The pipeline traverses diverse and often challenging terrain, including mountainous regions, waterways, parkland, and urban areas, requiring a strong focus on environmental protection and operational integrity.

Following the completion of the Trans Mountain Expansion Project and the commencement of operations of the expanded system in 2024, Trans Mountain's environmental focus includes safe and reliable operations, asset integrity, spill prevention, biodiversity protection, and post-construction reclamation and monitoring. Environmental management practices address impacts on land, water, wetlands, and biodiversity, including the protection of Indigenous heritage resources.

Trans Mountain maintains robust emergency preparedness and response capabilities and continues to assess and mitigate climate-related risks as part of its environmental management approach.

Social

Trans Mountain respects the communities where it operates and works to build and maintain constructive relationships with Indigenous communities, landowners, and local stakeholders.
The company operates in a manner consistent with Canada's commitment to advance reconciliation with Indigenous Peoples and engages with Indigenous communities throughout the lifecycle of its assets.

Safety remains a core priority. Trans Mountain is committed to operating safely and responsibly to protect employees, contractors, and the public. The company fosters a positive, inclusive, and diverse workplace and emphasizes employee and contractor safety across all operations.

Governance

Trans Mountain's Board of Directors and leadership team provide oversight of ESG matters and set expectations for ethical conduct, accountability, and performance across the organization. Corporate values, including safety, integrity, respect, and excellence, guide decision-making and behaviour at all levels.

Governance practices support oversight of environmental and social matters, ethics, cybersecurity, and responsible procurement. ESG considerations are incorporated into business planning and risk management, and the company remains responsive to evolving risks, regulatory requirements, and societal expectations.

Through strong governance structures and clear accountability, Trans Mountain seeks to operate responsibly today while positioning the organization for long-term sustainability.

13 Canada Growth Fund's Approach to ESG

During 2025, Canada Growth Fund Inc. (CGF) continued to advance its mandate to mobilize private capital in support of Canada's economic and climate objectives, with environmental, social, and governance considerations embedded throughout its investment activities. CGF operated as part of the CDEV Group of Companies, applying a disciplined, commercially driven approach to impact investing while maintaining strong accountability and transparency.

Environmental

In 2025, environmental and climate considerations remained central to CGF's investment activities. Climate impact and emissions-reduction potential were integrated throughout the investment lifecycle, including origination, due diligence, execution, and ongoing monitoring. CGF used innovative financial instruments, including carbon contracts for difference and offtake agreements, to reduce policy and market risk, improve project bankability, and support investment in emissions-reduction initiatives that might not otherwise proceed at scale.

These tools supported the validation and advancement of projects in areas such as clean technology, carbon capture, hydrogen, biofuels, electrification, and low-carbon supply chains, contributing to measurable progress toward Canada's climate objectives.

Social

In 2025, CGF integrated social considerations into its investment approach through a focus on long-term economic resilience, inclusive growth, and job creation. Investment due diligence included assessment of social impacts, labour considerations, Indigenous engagement and rights, and alignment with broader public policy objectives. CGF's activities supported the development of sustainable industries and supply chains that contribute to economic opportunity across regions and communities in Canada.

By mobilizing private capital alongside public objectives, CGF helped advance projects that support both economic growth and positive social outcomes.

Governance

Strong governance continued to underpin CGF's operations in 2025. CGF operated within a robust governance framework that included independent oversight, disciplined risk management, and rigorous due diligence processes. Its independent investment manager assessed governance practices across all investments to ensure alignment with CGF's mandate, accountability standards, and long-term value creation for Canadians.

CGF reported publicly on its environmental, social, and governance approach and outcomes through annual reporting and an Impact Measurement and Management framework. This reporting supported transparency and accountability and enabled CGF to track progress against its objectives during the year.

Management Discussion and Analysis of Results

14 Management Discussion and Analysis of Results

The public communications of Canada Development Investment Corporation ("CDEV"), including this annual report, may include forward-looking statements that reflect management's expectations regarding CDEV's objectives, strategies, outlooks, plans, anticipations, estimates and intentions. This Management Discussion and Analysis is effective as of December 31, 2025.

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.

Corporate Overview

CDEV advances economic prosperity for Canada by delivering financial and commercial expertise that government relies on. As a self-sustaining Crown corporation operating since 1982, CDEV has become the federal government's trusted advisor and active asset manager responsible for more than $75 billion in strategic assets.

CDEV is regularly called upon to advise on and execute critical financial transactions, support priority policy objectives, and maximize the value of corporate assets in Canada's best interest. In periods of economic pressure, CDEV brings the agility and rapid responsiveness required for government to act quickly and effectively.

Operating at the speed of business and at arm's length, CDEV plays a unique role providing impactful internal expertise and skills not found elsewhere in government. Drawing on deep private and public sector experience, CDEV has a solid track record of implementing policy objectives by establishing and operationalizing new entities quickly and successfully. CDEV is an active manager of the CDEV Group of Companies, consisting of eight diverse subsidiaries:

CANADA ELDOR INC. ("CEI") manages the remaining obligations of the corporation relating to disposal of low-level nuclear wastes and decommissioning of a former mine site. It has no commercial operations. CDEV has implemented appropriate governance to ensure that CEI respects its obligations and liabilities under the agreement of purchase and sale with Cameco Inc. entered into in 1988.

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION ("CEEFC") currently manages the Large Employer Emergency Financing Facility ("LEEFF"); LEEFF stopped taking new applications in 2022. CEEFC also administers the Large Enterprise Tariff Loan ("LETL") facility to support large Canadian enterprises affected by actual and potential new tariffs and countermeasures and which face challenges accessing traditional sources of market financing. Established in May 2020, CEEFC is led by a President and CEO. Employees of CDEV provide management services to CEEFC through a services agreement. As discussed below, CEEFC's results have not been consolidated within CDEV at December 31, 2025.

CANADA GROWTH FUND INC. ("CGF") has the mandate to build a financially prudent portfolio of investments that unlock private sector investment in Canadian businesses and projects to help grow Canada's economy at speed and scale on the paths to emissions reductions, in the interest of remaining competitive globally over the longer term. On March 11, 2024, CDEV and CGF entered into an Investment Management Agreement ("IMA") with the Public Sector Pension Investment Board ("PSP Investments") and its wholly owned subsidiary, Canada Growth Fund Investment Management Inc. ("CGFIM"), formalizing the structure whereby CGFIM provides investment management services to CGF and its CGF Board. CGF was incorporated in December 2022 and CGFIM began investment activities in June 2023. As discussed below, CGF's results have not been consolidated within CDEV at December 31, 2025.

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

CANADA INDIGENOUS LOAN GUARANTEE CORPORATION ("CILGC") facilitates equity investments by Indigenous groups in major projects. More specifically, CILGC is mandated to deliver the Indigenous Loan Guarantee Program ("ILGP"), as announced in Budget 2024. Incorporated in December 2024, CILGC undertakes financial and commercial due diligence of eligible ILGP applications and will administer the portfolio of loan guarantees over the long term. The organization is currently operational with support from CDEV while recruitment for the CILGC leadership team is underway, and it has issued its first loan guarantee of $400 million, helping 38 First Nations in British Columbia make an investment of $736 million for a 12.5% stake in Enbridge's Westcoast pipeline system. As discussed below, CILGC's results have not been consolidated within CDEV at December 31, 2025.

CANADA INNOVATION CORPORATION ("CIC") is mandated to help maximize business investment in research and development across all sectors and in all regions of Canada to promote innovation-driven economic growth. Incorporated in February 2023, it is expected to be fully implemented no later than 2026–2027, according to an announcement of the Government of Canada in December 2023.

CANADA TMP FINANCE LTD.'S ("TMP FINANCE") primary responsibility is to provide financing to its subsidiary, Trans Mountain Corporation ("TMC"). TMC has a mandate to operate the Trans Mountain Pipeline. TMC has more than 700 employees led by a seasoned executive team. CDEV fulfills its supervisory role as owner of TMC through a Memorandum of Understanding ("MOU") which lays out areas of responsibility and accountability, including the responsibility for appointing the TMC Board. CDEV management is deeply involved in ensuring the financial health of TMC for the long-term goal of successful monetization in due course. TMP Finance was incorporated in 2018.

16342451 CANADA INC. (TELESAT LOAN CO.) was established in September 2024. Currently the subsidiary oversees and manages the Government of Canada's $2.14 billion loan for the Telesat Lightspeed project. The subsidiary could be used in the future to manage other loans or hold assets on behalf of the government.

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 an MOU with Natural Resources Canada.

Since CDEV's inception in 1982, we have been effective in the management and divestiture of corporate interests of the Crown. The assets sold on behalf of the Crown by CDEV through 2019 include Canadair Limited, de Havilland Aircraft of Canada Limited, Teleglobe Canada, Fishery Products International Limited, Canada Development Corporation, Nordion International Inc., Telesat Canada, shares of Cameco Corporation, interests in Chrysler and common and preferred shares of General Motors, and Ridley Terminals Inc. In 2024, CEEFC divested its investment in Air Canada shares for proceeds of $544 million. Cumulative cash proceeds to the Crown from these divestment activities totaled approximately $9 billion through 2025. In addition, CHHC has paid a total of $2.70 billion in cumulative dividends from operations. CDEV has collected over $1.07 billion in NPI receipts since September 2019, excluding receipts from CHHC.

Corporate Performance

Key Objectives from the 2025 Corporate Plan:

Active Asset Management

Trans Mountain Corporation

- Oversee, monitor and provide strategic support to TMC, including preparing TMC for divestment at the appropriate time and assisting TMC in accessing the required financial resources to run effective operations

Canada Hibernia Holding Corporation

- Manage the working interest in Hibernia through CHHC and keep the asset ready for potential divestiture and maximize value where possible
- Continue to manage responsibilities related to NPI/INPI including any audit functions and receipt of any NPI/INPI proceeds from Hibernia owners

Canada Eldor Inc.

- Continue to oversee the management of CEI's obligations

Canada Enterprise Emergency Funding Corporation

- Launch the Large Enterprise Tariff Loan (LETL) facility through CEEFC
- Assist CEEFC with the management of its LEEFF loan portfolio

Canada Growth Fund

- Maintain oversight of CGF

16342451 Canada Inc. (Telesat Loan Co)

- Assist the subsidiary with the management of its loan portfolio

Canada Indigenous Loan Guarantee Corporation

- Launch the Indigenous Loan Guarantee Program

Canada Innovation Corporation

- Support the full implementation of CIC by 2026-2027

Financial Advisory

- Assist the government in standing up new companies and with other mandates (asset reviews, etc.) while managing CDEV's operations efficiently

Performance

We and our subsidiaries continue to manage our investments and obligations as detailed below:

Canada Development Investment Corporation

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

In 2025, CDEV management continued to work on its mandate for TMC, including to work with TMC and financial advisors to optimize its financing structure and maximize the return on investment for Canada from the now operational pipeline, ensuring that: (i) TMC is a valuable investment for Canada; (ii) it complies with applicable laws and regulations; and (iii) it operates in a manner consistent with Canada's commitment to advance reconciliation with Indigenous peoples.

CDEV, in its role as the entity responsible for administrating the NPI and INPI, has calculated the net NPI and INPI revenues collected in the year ending December 31, 2025. The table below shows the calculation of these amounts, including the amounts received from CHHC:

	2025	2024
Total NPI/INPI collected by CDEV	$ 132,953,522	$ 177,442,957
Less: refunds/provisions for overpayments by Hibernia project owners	116,542	(7,834,352)
Gross NPI/INPI	133,070,064	169,608,605
Less: administrative expenses incurred	(3,704,726)	(3,020,422)
Net NPI/INPI	**$ 129,365,338**	**$ 166,588,183**

CDEV paid dividends to the GoC of $417 million in 2025, $297 million of which were funded by NPI receipts including $25 million related to NPI paid by CHHC (2024-$nil). CDEV retains sufficient liquidity to meet operational requirements and potential contingencies, with excess funds returned to the shareholder.

Trans Mountain Corporation

Following the commercial commencement of the expanded pipeline system on May 1, 2024, TMC continued operations of both the legacy and expanded systems under regulated toll structures.

In the year ended December 31, 2025, TMC generated $3,010 million in revenue and $2,317 million in earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"). In the comparative period TMC generated $1,971 million in revenue and $1,436 million in Adjusted EBITDA. Revenue increased mainly due to a $1,012 million increase in transportation revenue related to the commercial in-service of the TMEP, which increased throughput, and attracted higher tolls. We note that under TMC's continuing use of US GAAP, revenue and Adjusted EBITDA was $3,004 million and $2,310 million, respectively, compared to $1,882 million and $1,346 million in 2024. For details see note 31 of the consolidated financial statements.

As of December 31, 2025, construction of the TMEP was complete, with reclamation, road and civil work expected to continue into 2026. In 2025, TMC incurred a total of $366 million in construction capital on the TMEP, mainly related to cleanup, reclamation, road and civil work. This was in addition to the $27.95 billion spent through to December 2024 under CDEV ownership. In the current period there was a net addition to the TMEP capital incurred of $204 million, excluding financing costs, which was related to various general construction contractors' credits/settlements received on the TMEP of $122 million as well as changes in accrual estimates resulting in credits of $40 million to the capital costs incurred.

In 2024, TMC spent approximately $1.54 billion on the TMEP, excluding financing costs.

↗ TMC Refinancing

In December 2024, TMC refinanced approximately $19 billion of third-party debt. The debt restructuring is expected to reduce financing costs by approximately $3.5 billion over six years. As the debt was issued by the GoC at advantageous market rates, the Corporation must report it as a "non-cash" benefit in its Statement of Financial Position under "Deferred Income – government grant." This reflects the benefit derived from holding debt that is considered below market rates.

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

For further details please see the TMC 2025 financial and management reports at www.transmountain.com.

↗ Canada TMP Finance Limited

TMP Finance is the parent of TMC and its entities. Until Q1 2022, TMP Finance provided funding to TMC to fund its expansion project capital expenditures 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.

In April 2022, TMC entered into a one-year senior unsecured revolving facility for $10.0 billion with a syndicate of lenders (the "Syndicated Facility") which has been subsequently amended and restated. The Syndicated Facility contained a guarantee provided by the GoC.

On December 13, 2024, Canada TMP Finance increased its borrowings from EDC, so as to acquire more equity in TMC and lend incremental funds to TMC, for TMC to refinance and pay down its Syndicated Facility. This included an extension of, and amendments to TMP Finance's loan from EDC, along with an interest rate reduction. The borrowing authority for TMP Finance was increased to borrow up to an additional $20 billion from the Canada Account, comprising up to $19 billion for TMC to fully repay its third-party syndicated debt and any outstanding accrued interest, as well as providing a new working capital facility of $1 billion.

The available borrowing limit on this working capital facility is limited to $500 million by the borrowing authority at December 31, 2025. All debt associated with TMC is now funded by the EDC Canada Account. The full loan balance between EDC and TMP Finance incurs interest at or around the GoC's cost of capital at the time of the transaction.

At December 31, 2025, funds drawn on the Acquisition and Construction Facilities totaled $17,060,262. Prior to the amendment, no further cash draws were permitted and there were no other required payments on the Canada Account borrowings until maturity, with all interest charges paid in kind and added to the principal of loan when interest is due. As a result of the amendments, after June 30, 2025, interest will be paid semi-annually in cash. The amount drawn on the Refinancing Facility at December 31, 2025, was $18,343,653.

The debt refinancing under the amended loan agreement with EDC was recognized under IFRS Accounting Standards as an extinguishment of the original loans with the difference between the fair value of the loans and their carrying value treated as a government grant and recognized as deferred income. The deferred income represents the benefit from the below market rate obtained on the EDC loans and will be amortized over the term of the loans.

For the year ended December 31, 2025 we recognized an amortization of deferred income – government grant of $445 million related to TMP Finance's government grant benefit.

For the year ended December 31, 2025, gross loan interest expense for TMP Finance's loans was $1,524 million, of which $nil was capitalized (2024-1,735 million, of which $562 million was capitalized and added to the capital cost of the project).

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 over the useful life of the pipeline, as well as cessation in the capitalization of interest.

The increase in interest expense is due to higher loan balances and the discontinuation of capitalization of interest. Interest expense is partially offset by the lower interest rates under the amended agreement.

↗ Canada Hibernia Holding Corporation

CHHC's after-tax income of $60 million in 2025 was lower than the $77 million recorded in 2024 mainly due to lower net crude oil revenue, interest income, and foreign exchange gains, partially offset by lower expenses for operating, transportation and marketing and income taxes.

Net crude oil revenue, calculated as crude oil sales less royalties and net profits interest ("NPI"), decreased by 11% or $17 million to $138 million in 2025 from $156 million in 2024. On consolidation, net crude oil revenue for 2025 was $149 million (2024-$169 million) due to the elimination of NPI payments made to CDEV. A $24 million or 11% decrease in crude oil sales revenue was due to a 12% decrease in average realized oil price partially offset by a 1% increase in sales volume.

Sales volumes increased by 1% to 1.98 million barrels of oil in 2025 from 1.96 million barrels in the prior year, due to draws from inventory which offset a 3% decrease in CHHC's production volume. Gross Hibernia production averaged 70,712 barrels per day in 2025, which was relatively unchanged from 70,439 barrels per day in 2024, as new production from the drilling program was offset by natural decline of existing wells.

CHHC sells its oil based on the Dated Brent ("Brent") benchmark price for crude oil, in US dollars (USD). The average price of Brent crude decreased by 15% to average US $69.02 per barrel in 2025, from US $80.75 per barrel in 2024. There was no significant change in CHHC's average realized differential to Brent, accordingly CHHC's average realized USD oil price similarly decreased by 14% to US $69.35 per barrel. On a Canadian dollar basis, CHHC's average realized oil price decreased by 12% to $97.25 per barrel in 2025 from $110.49 per barrel in the prior year, consistent with the 14% decrease in average realized USD oil price partially offset by the favorable impact of a weaker Canadian dollar in relation to the US dollar.

Capital expenditures in 2025 of $33.9 million were focused on drilling activities in both the Hibernia Main Field and HSE Unit.

↗ Canada Eldor Inc.

CEI's liabilities included the decommissioning of former Beaverlodge mine site properties in Saskatchewan. In December 2025, the remaining mine site properties were transferred to the Province of Saskatchewan's Institutional Control Program. CEI continues to pay for costs relating to the retiree benefits of certain former employees. During 2025, the liability for site restoration decreased by $2.0 million mainly due to the settlement of obligations combined with a decrease in the provision estimate, slightly offset by a lower discount rate. CEI holds cash and cash equivalents plus funds within the Consolidated Revenue Fund totaling $7.6 million to pay for CEI's total estimated liabilities of $0.5 million.

↗ Canada Enterprise Emergency Funding Corporation

Since March 2020, management of CDEV has administered the implementation of the LEEFF program on behalf of the GoC through CEEFC, including the retention of financial and legal advisors. On May 20, 2020, CEEFC received a mandate letter and term sheet from the Minister of Finance detailing the objective for LEEFF to help protect Canadian jobs, help Canadian businesses weather the related economic downturn and avoid bankruptcies of otherwise viable firms where possible. Since July 2022, CEEFC is no longer accepting new LEEFF applications.

In March 2025, in response to escalating trade tensions and the imposition of new tariffs and countermeasures affecting Canadian industries, CEEFC was mandated by the GoC to establish and administer the LETL facility to support large Canadian enterprises affected by actual and potential new tariffs and countermeasures and which face challenges accessing traditional sources of market financing. Loans provided under these programs are intended for otherwise viable large organizations that are unable to quickly access traditional sources of capital to manage and bridge short-term liquidity needs through a period of significant economic uncertainty. In July 2025 and further in September 2025, the GoC announced that the LETL facility will be updated to expand eligibility and provide lower cost financing to firms in the steel industry. This update is part of a series of targeted measures announced by the GoC to support Canada's steel industry amid ongoing global trade pressures. As announced by the GoC on September 5, 2025, the LETL facility has been updated to expand eligibility and provide lower cost financing to all industries.

On June 5, 2025, it was announced that Transat A.T. Inc. had reached an agreement in principle with CEEFC for the restructuring of the indebtedness incurred by Transat under the LEEFF program. This deal was executed as of July 10, 2025.

On September 29, 2025, CEEFC announced the first loan under the LETL facility which will provide Algoma Steel Inc. with access to $400 million in liquidity.

On December 18, 2025, CEEFC announced its second loan under the LETL facility which will provide Arctic Canadian Diamond Company with access to $115 million in liquidity.

CEEFC is financed through preferred shares issued directly to the Government in addition to any interest income received. On June 18, 2020, CEEFC entered into a Funding Agreement with His Majesty in Right of Canada, as represented by the Minister of Finance, to provide financing to CEEFC by way of subscription for preference shares of CEEFC for the administration and implementation of the program. Under the new LETL program in 2025, CEEFC has received $0.3 billion through the issuance of 0.3 million Class B preferred shares pursuant to the Funding Agreement. To date, CEEFC has received $3.4 billion through the issuance of 3.4 million Class A preferred shares pursuant to the Funding Agreement. In 2024, CEEFC redeemed $873 million of the preference shares from the GoC.

Select financial results for CEEFC are shown below:

($ Millions)	2020	2021	2022	2023	2024	2025	Total to December 31 2025
LEEF Program							
Loan commitments made[2]	320	7,108	193	-	-	**155**	7,776
Loans funded	110	2,588	405	-	-	**155**	3,258
Equity Investments[1] [2]	-	500	-	-	(500)	**9**	9
Loan Principal Repayments[2]	-	380	35	338	18	**85**	856
Preferred shares issued (redeemed)	200	2,890	-	-	(873)	**-**	2,217
LETL Program							
Loan commitments made	-	-	-	-	-	**515**	515
Loans funded	-	-	-	-	-	**109**	109
Preferred shares issued (redeemed)	-	-	-	-	-	**300**	300

[1] As part of a financing agreement with Air Canada, CEEFC purchased $500 million worth of Air Canada Class B Voting shares. In the fourth quarter of 2024 CEEFC divested its investment in Air Canada shares for gain of $44 million.

[2] In 2025, as part of a loan restructuring agreement with Air Transat, their existing voucher loans were converted partly to preferred shares valued at $9.3 million as at December 31, 2025.

As discussed in note 3(c) of the consolidated financial statements, CEEFC has not been consolidated within CDEV as CDEV is not deemed to have control over CEEFC based on the criteria outlined in IFRS 10.

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 2025 Annual Report at **www.ceefc-cfuec.ca**.

Canada Growth Fund

CDEV, through its ownership and the CGF Board, maintains oversight and compliance, but is not directly involved in CGF's investment activities. As at December 31, 2025, CGF had issued a cumulative $7,390 million in preferred shares to the GoC to fund its investments. Since the incorporation of CGF and the selection of PSP Investments as manager (operating through CGFIM), notable progress has been achieved. The manager, CGFIM, has demonstrated strong momentum by announcing 20 investments from inception to March 2026.

As discussed in note 3(c) of the consolidated financial statements, CGF has not been consolidated within CDEV at December 31, 2025, as CDEV is not deemed to have control over CGF based on the criteria outlined in IFRS 10. CGF prepares its financial statements using International Financial Reporting Standards ("IFRS Accounting Standards"). Costs incurred by CDEV related to CGF have been recovered from CGF.

For details on the financial and operating results of CGF please see the CGF 2025 Annual Report at **www.cgf-fcc.ca**.

↗ 16342451 Canada Inc. - Telesat LEO Loan

On September 13, 2024, 16342451 Canada Inc. signed a loan agreement with Telesat LEO Inc. (now Telesat LEO ULC) to fund its highly advanced Lightspeed Low Earth Orbit ("LEO") broadband satellite build project. The build phase of the project is expected to last 5 years.

During this construction phase there will be several funding tranches provided based on predetermined project milestones. No repayments of principal or interest are required during the construction phase, and all interest will be added to the outstanding loan balance as paid in kind (PIK). The principal loan amount available under this agreement is $2.14 billion. The loan to Telesat LEO will be funded by the Canada Account. A loan agreement was signed between EDC and 16342451 Canada Inc. to fund the $2.14 billion commitment on November 15, 2024. There were no advances made on the loans at December 31, 2024.

Warrants were issued from Telesat LEO Inc. (now Telesat LEO ULC) to 16342451 Canada Inc. on November 15, 2024, in relation to the granting of the loan. Pursuant to a corporate reorganization within the Telesat group completed in September 2025, the warrants were amended to be exercisable for limited partnership units of Lightspeed LEO Limited Partnership ("Telesat LEO LP"), a single purpose holding entity that owns 100% of Telesat LEO. The amended warrants entitle 16342451 Canada Inc. to acquire one limited partnership unit of Telesat LEO LP per warrant, being 346,551 warrants, at an exercise price of US$982.2713.

As at December 31, 2025, the fair value was determined to be $467 million (December 31, 2024 - $387 million) resulting in a gain of $80.0 million recognized as Other Income in the statement of comprehensive income.

In 2025, advances totaling $581 million were made to Telesat LEO ULC with a corresponding draw on the Canada Account. During the year ended 2025, $103 million of the deferred loan commitment fee liability (initially recognized during the year ended December 31, 2024) was allocated to the Telesat LEO ULC loan drawdowns and an expected credit loss of $14 million was recognized in relation to the drawn amounts. Interest income of $31 million was recognized during the period.

The EDC loan was determined to be at a 'below market' interest rate. As such, the EDC loan payable has been recognized based on a market interest rate and $217 million in government assistance was initially recorded in relation to the drawn amounts with $9 million recognized through profit and loss as a reduction to interest expense for the current year-to-date period.

↗ Canada Indigenous Loan Guarantee Corporation

CILGC's role includes engaging with eligible applicants, conducting due diligence, negotiating agreements, and issuing loan guarantees that empower Indigenous groups to take part in economic opportunities. CILGC is actively supported by CDEV staff and its executive team in this work. The inaugural Chair of the CILGC, Michael Bonshor, was appointed in March 2025, and the inaugural President and Chief Executive Officer, Kristan Straub, was appointed in January 2026.

On July 2, 2025, CILGC successfully completed the required financing and closing conditions for the issuance of its first Indigenous loan guarantee of $400 million of a $736-million investment by 38 First Nations in British Columbia for a 12.5% ownership interest in Enbridge's Westcoast natural gas pipeline system. Subsequent to the year end, on February 2, 2026, CILGC issued a loan guarantee for Aamjiwnaang First Nation and Kettle and Stony Point First Nation.

As discussed in note 3(c) of the consolidated financial statements for the year ended December 31, 2025, CILGC has not been consolidated within CDEV as CDEV is not deemed to have control over CILGC based on the criteria outlined in IFRS 10.

CILGC prepares its financial statements using Public Sector Accounting Standards. Costs incurred by CDEV related to the development of the ILGP will be recovered from CILGC. For details on the financial and operating results of CILGC please see the CILGC 2025 Annual Report at **www.cilgc-cgpac.ca**.

Summary of 2025 Operational Metrics

$ Millions (unless noted otherwise)	2025 Plan	2025 Actual	2024 Actual	Actual Y/Y Change**	Explanation of changes Year/ Year or to Plan
TMC throughput (K bpd)	750	761	555	37%	Increase from prior year due to commercial commencement of the Expanded System on May 1, 2024 with throughput ramping up throughout 2025.
TMC EBITDA (IFRS)	2,214	2,317	1,436	61%	Increase in IFRS EBITDA from prior year due to commercial commencement of the Expanded System on May 1, 2024, which resulted in higher tolls and increased throughput.
TMEP Capital Expenditures excluding capitalized interest (IFRS)	525	326	1,536	(79%)	Construction activity on the TMEP began to reach completion with the in-service on May 1, 2024. Construction costs continue related to cleanup, reclamation, road and civil work.
Net crude oil revenue (deducting all NPI paid by CHHC)	156	138	156	(12%)	Decrease is due primarily to an 11% decrease in crude oil sales revenue (driven by a lower average realized oil price).
Oil Sales Volume (million barrels)	2.14	1.98	1.96	1%	Slight increase in sales volume is due to draws from inventory which more than offset a 3% decrease in CHHC's production volume.
Realized Oil Sale Price ($US/ barrel)	70.00	69.35	81.07	(14%)	World oil prices decreased in 2025 due to market forces.
Oil Capital Expenditures	30.0	33.9	33.6	1%	No significant change.
Professional Fees and Administration Expenses (ex. TMC, CHHC)*	19	25	20	25%	2025 actual costs increased mainly due to higher salary costs due to new hires.

* Includes professional fees, salaries and benefits and other expenses.

** Percentages may differ due to rounding.

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. The market and economic conditions of the oil and petroleum products business can have an impact on the operations of TMC. However, the impact is reduced with the commercial commencement of the Expanded System occurring on May 1, 2024, which provides greater access to global markets and firm shipper commitments for 15- and 20-year terms that total approximately 80% of the capacity on the Expanded System. These shippers represent or are affiliates of some of the largest producing, marketing and refining companies in the Western Canada Sedimentary Basin and have direct access to large volumes of crude oil and refined products from their business operations. Tolls on the Expanded System are designed to recover an approved rate of return on capital, and certain estimated operating expenses. The refinancing of TMC and the repayment of the syndicated debt reduces the cost of debt and removes the variability in interest rates.

CHHC derives its cash flow exclusively from the Hibernia project assets and operations, primarily from the sale of its proportionate share of Hibernia crude oil. Cash flow fluctuates depending on oil production volumes, crude oil prices (including any premium or discount for Hibernia crude), the USD/CAD exchange rate, royalty and Net Profits Interest encumbrances, operating and transportation costs, income tax rates, and capital expenditure levels. CHHC is also a party to operating, royalty and other agreements, and is affected by regulatory changes under the Canada- Newfoundland and Labrador Offshore Energy Regulator and other regulators.

CDEV receives funds from the Net Profits Interest in Hibernia. These will vary significantly based upon oil prices, production levels and the capital expenditures on the project. CEI will be affected by ongoing changes in the regulatory requirements and fees of the Canadian Nuclear Safety Commission and the Government of Saskatchewan.

The impact of changing climatic conditions may have a material adverse effect on CHHC's and TMC's future financial results. Through its climate-related disclosure report, CDEV is strengthening the integration of climate into its business, including its Group of companies, through various vehicles such as climate-related accountabilities incorporated in its governance structures, annual climate-related materiality assessments, and its enterprise risk management framework. In addition, the Corporation continues to monitor significant world events and how these may impact its operations.

Risks and Contingencies

The risks inherent to the operation of an oil pipeline include operating risks typical in the industry such as worker and other safety and security risks, physical pipeline and facility integrity, and environmental management. TMC has an established operational risk management process which adheres to Canada Energy Regulator ("CER") standards and scrutiny. In February 2025, the President of the United States issued executive orders to impose new tariffs on goods being imported into the U.S. from Canada. If implemented, it could adversely impact the Canadian economy, consumer spending, inflation, Canadian dollar valuation and the Corporation's financial results. The Corporation will continue to monitor the evolving trade landscape, including new tariffs or any retaliatory tariffs, and its implications on operations and financial performance.

TMP Finance is a borrower of over $35 billion, which creates financial risk for CDEV. As the loans are from the GoC, this risk is assessed as low. The outcome of the CER's consideration of the Application for Interim Commencement Date Tolls may have future impacts on TMC's cash flows. TMC's ability to service existing and future debt required may depend on a number of 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 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 first quarter of 2026. In parallel with the CER process, TMC has been in active discussions with their shippers. TMC believes that a pause in the CER process would be beneficial to allow additional time for commercial discussions. These discussions may lead to a new negotiated toll settlement for the Expanded System, which TMC believes would be mutually beneficial to both the shippers and TMC.

As such, in October 2025, Trans Mountain requested, and the CER approved, an abeyance to suspend the current regulatory process. Subsequent to year end, Trans Mountain requested the CER continue the abeyance until April 2026 in order to allow additional time to continue the commercial discussions. The CER has approved this request.

The outcome of the CER's consideration of the Application for Interim Commencement Date Tolls may have future impacts on TMC's cash flows.

As with any oil development project, CHHC's interest in the Hibernia project faces geological, drilling and production risks. The operator of the project maintains high standards in all aspects of the operation including safety, efficiency, and environmental protection. CHHC employs prudent risk management practices in consultation with the operator and maintains suitable insurance coverage that it regards as economically sound.

Another significant risk to CHHC's earnings and cash flow is the change in crude oil prices which can fluctuate due to global economic events and conditions. A $1.00 per barrel change in the price of oil realized by CHHC is estimated to impact its earnings before tax by $1.4 million ($1.4 million in 2024). CHHC does not engage in crude oil hedging activities. Given the relatively low cost of production, CHHC is easily able to meet its obligations.

The present value of CHHC's share of decommissioning and abandonment of the Hibernia wells and facilities of $100 million is estimated based on known regulations, procedures and costs today for undertaking the decommissioning, the majority of which is projected to be incurred in the year 2048. It is possible that these costs may change materially before decommissioning due to regulatory changes, technological changes and inflation among other variables. CHHC has set aside funds totaling $188 million ($116 million deposited in the Consolidated Revenue Fund, $57 million in low-risk investments and $15 million in cash) to specifically provide for the future decommissioning and abandonment costs which are estimated at $239 million. The present value cost for decommissioning and abandonment of the TMC pipeline of $320 million is estimated based on the current expected costs to abandon the pipeline at the end of its economic life in 49 years. There is significant variability in this cost estimate and in determining the economic life of the asset. TMC retains restricted investments deposited in a trust specifically set up to fund future abandonment activities.

The revenues of CHHC are impacted by foreign exchange fluctuations as CHHC's crude oil sales are priced in US dollars. The USD/CAD exchange rate averaged 1.40 in 2025 compared to 1.37 in 2024, which had a positive year-over-year impact on CHHC's Canadian dollar realized oil sales.

CHHC bears credit risks on relatively large cargo sales. CHHC mitigates this risk by selling its crude to a credit worthy (investment grade) counterparty. TMC bears credit risk with its customers. In accordance with the rules and regulations governing the transportation on TMPL, current and new customers are required to provide reasonable financial assurance, which greatly mitigates TMC's exposure to credit risk. There exists some concentration risk where two customers represent approximately 40% of consolidated invoiced revenues. However, both have investment grade credit ratings.

While CEEFC is subject to significant credit risk through potential credit losses on the loans it issues to borrowers, the maximum exposure to CDEV is its common share investment in CEEFC of $1 (thousand) as discussed in note 3(w) of the consolidated financial statements.

CEI is subject to liabilities due to its undertakings to Cameco as part of a 1988 Purchase and Sale agreement. As the liability for mine site restoration was settled during the year, only the unpaid invoices and retiree benefit liability remains.

CDEV operations face other risks, including those related to a small management team, reputational risks, and information technology risks. Management regularly evaluates these risks in the fulfillment of the activities it undertakes to satisfy the mandates it is given.

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. The cash flow risk to 16342451 Canada Inc. is limited to any uncollected fees of 475-bps on the loan from Telesat LEO, for its role in actively managing the complex details of the loans. Additionally, 16342451 Canada Inc. is also exposed to the risk borne by fluctuations in the value of any warrants held. As such, all other credit risks, including prepayments and defaults, are borne by EDC as the ultimate lender.

The contingencies disclosed in our consolidated financial statements have been analyzed by management and our legal counsel. Management believes that the probable resolutions will be favourable to CDEV and its subsidiaries.

Financial Statements for the Year Ended December 31, 2025

The consolidated financial statements for the year ended December 31, 2025, with comparative figures for 2024, have been prepared in accordance with IFRS Accounting Standards and on a going concern basis.

TMC prepares its consolidated financial statements in accordance with US GAAP. To view the US GAAP 2025 TMC consolidated financial statements please go to www.transmountain.com. US GAAP is the typical accounting method used by TMC's Canadian peer rate-regulated companies. Note 31 presents TMC financial results in US GAAP, adjustments made to the statements to convert these results to IFRS and the TMC financial results in IFRS Accounting Standards as consolidated into CDEV. The most significant differences in accounting treatment include:

- 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 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. The IFRS adjustment related to differences in timing or presentation of revenue recognition for 2025 increased revenue by $5 million.
- Under US GAAP TMC recognizes an Allowance for Funds Used During Construction ("AFUDC") where a regulated return on capital and regulated amounts of debt interest are added to the total cost of an asset under construction. Capital return is added to income and capitalized debt interest reduces interest cost. Under IFRS no AFUDC for capital return is added to the asset value nor income and only actual debt interest incurred can be capitalized. The IFRS adjustments to AFUDC and interest in 2025 increased net finance costs by $5 million before the capitalization of interest by TMP Finance.
- IFRS requires that a provision for decommissioning obligations be recognized. Under US GAAP certain obligations are not recognized because of the significant uncertainty as to the timing and scope of cash outflows.

Consolidated revenue for the year ended December 31, 2025 was $3,135 million, compared to revenue of $2,141 million in the prior year. The increase is largely due to a $1,008 million increase in transportation revenue partially offset by a $20 million decrease in net crude oil revenue. The increase in transportation revenue is mainly due to the commercial in-service of the TMEP beginning May 1, 2024, resulting in operation of the expanded system for only a portion of the comparative year. Net crude oil revenue decreased by $20 million in the current year largely due to a 12% decrease in average realized oil prices slightly offset by a 1% increase in sales volume. Lease revenue increased by $2 million due to increases in additional variable costs billed in accordance with lease contracts. Other income of $113 million increased by $102 million largely due to the gain of $80 million on the revaluation of warrants relating to Telesat LEO LP (2024-$7 million) and a $30 million insurance settlement from TMC related to the flooding in 2021 (2024-$nil).

Total expenses for the year excluding finance costs were $1,758 million, compared to $1,225 million in the prior year. The increase was primarily driven by higher depreciation of $371 million, mostly due to the in-service of the TMEP assets which began depreciation in May 2024. Pipeline operating costs have increased by $89 million mainly due to the commencement of commercial operations on the Expanded System on May 1, 2024. Salaries and benefits also increased by $36 million largely due to higher head count with TMEP in service as well as higher incentive programs and benefits costs. Other administrative costs have increased by $34 million mainly due to a larger workforce required to support TMC's expanded Pipeline system and associated business requirements. Impairment loss on loan receivable increased by $14 million due to the expected credit loss on the outstanding balance of the loan to Telesat LEO for 2025 and none in 2024. Professional fees in 2025 increased by $1.1 million primarily due to increased legal fees.

Interest expense of $1,089 million in the year ended December 31, 2025 decreased from $1,233 million in the prior year. Subsequent to the refinancing of TMC's third party syndicated debt in December 2024, interest expense has decreased significantly due to a lower interest rate as well as the elimination of guarantee fees. While gross interest expense decreased for the period due to lower interest rates, this was partly offset by the cessation of capitalized debt financing costs following the commercial commencement of the Expanded System on May 1, 2024. Interest expense related to the Telesat Loan drawdowns of $13 million were also recorded during the year (2024 – nil).

We recorded a gain on deferred income – government grant of $454 million during the year, as a result of the amendments to the loan agreements in December 2024 and the Telesat Loan drawdowns, which has been netted against the interest expense.

We recorded a profit before income taxes of $480 million in the current year compared to a loss before income taxes of $291 million in 2024. The higher net profit for the year ended December 31, 2025, as compared to the same period in the prior year, is mainly due to significantly higher transportation revenue in the current period and lower interest expense partially offset by higher depletion and depreciation and higher operating costs as a result of the commencement of commercial operations on the Expanded System on May 1, 2024.

Current income tax expense for the year ended December 31, 2025 decreased by $4 million mainly due to lower income by CHHC for 2025 compared to 2024. Deferred tax recovery increased by $243 million due to the permanent tax rate impact of provincial income allocations in the first quarter. The combined effective tax rate for the Corporation is consistent and in line with the Canadian statutory rate.

Cash and cash equivalents together with short-term investments as at December 31, 2025 increased to $1,012 million compared to $963 million at December 31, 2024. The increase relates to operating cash flows in the period of $1,773 million, primarily generated by TMC. In addition, there were net NPI receipts of $116 million. This was partially offset by cash capital expenditures of $651 million mainly related to the TMEP, plus a loan principal repayment of $752 million, net contributions to restricted investments of $22 million and dividends paid of $417 million. See the statement of cash flows for further details.

Trade and other receivables of $201 million at December 31, 2025 increased by $9 million, mainly due to higher expense recovery and management fees receivable from related parties.

Other current assets increased by $21 million due to increases in prepaid expenses by TMC, Bulk Oil Cargo Fee (BOCF) and inventories upon the TMEP in-service.

Property, plant and equipment decreased by $755 million primarily due to net of depletion and depreciation of $997 million and decommissioning adjustments of $70 million, partially offset by $303 million in TMEP capital expenditures.

Right-of-use assets decreased by $3 million largely due to CHHC's depreciation of leases partially offset by addition of the new office space for CDEV.

Other non-current assets decreased by $30 million primarily due to the decrease in long term Enhanced Response Regime Cost Recovery Fee due to amounts collected from shippers partially offset by the remeasurement of the TMCI and legacy registered pension plans.

The warrants relating to Telesat LEO as at December 31, 2025 increased by $80 million due to a gain on revaluation. There is an offsetting loan commitment recognized in relation to the warrants which was reduced by $103 million in proportion to the Telesat Loan advances.

Trade and other payables decreased by $294 million, primarily due to a decrease in trade payables and accrued liabilities of TMC due to lower capital accruals and a decrease of $105 million in interest payable relating to the guarantee fees paid during the year.

Non-current loans payable increased by $602 million due to loan drawdowns on the EDC Telesat Loan of $581 million partially offset by the recognition of the deferred income - government grant of $217 million. Additionally, interest expense of $1,524 million was accrued to TMP's EDC loan balance, offset by the principal and interest payments of $1,299 million to EDC.

Deferred income of $217 million relating to the Government grant benefit received was recognized during the period. TMP and 16342451 Canada Inc. recognized amortization of $445 million and $9 million respectively. Overall, the deferred income – government grant balance decreased by $237 million.

Deferred income tax liability increased by $192 million due to increases in TMC deferred taxes related to temporary differences on the TMEP property, plant, and equipment and higher statutory tax rates.

Non-current provision for decommissioning obligations decreased by $106 million primarily due to changes in estimates with a higher discount rate and a restatement of CHHC's provision.

15 Management Responsibility for Financial Statements

The accompanying consolidated financial statements of Canada Development Investment Corporation ("CDEV") are the responsibility of management and were authorized for issue by the Board of Directors on March 25, 2026.

The consolidated financial statements have been prepared by the Corporation in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The financial statements of the Corporation's subsidiaries for which it has responsibility have been consolidated with those of the Corporation, excluding Canada Enterprise Emergency Funding Corporation, the Canada Growth Fund Inc. and Canada Indigenous Loan Guarantee Corporation, as these do not meet the definition of a controlled entity. When alternative accounting methods exist, the Corporation has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on best estimates and judgments. The Corporation has prepared the financial information presented elsewhere in this annual report and has ensured that it is consistent with information contained in the consolidated financial statements.

CDEV maintains systems of internal accounting and administrative controls designed to provide reasonable assurance that the consolidated financial records are reliable, form a proper basis for the preparation of consolidated financial statements and that CDEV's assets are properly accounted for and adequately safeguarded.

The Board of Directors carries out its responsibilities for the consolidated financial statements in this report principally through its Audit Committee. The Audit Committee reviews CDEV's annual consolidated financial statements and reports its findings to the Board for its consideration and approval. The Audit Committee also meets with the Corporation's joint auditors to discuss auditing matters and financial reporting issues.

These consolidated financial statements have been audited by the Corporation's joint auditors, the Auditor General of Canada and PricewaterhouseCoopers LLP, whose report is presented separately.

As President and CEO and Chief Financial Officer of CDEV, we have reviewed its consolidated financial statements and based upon our knowledge, having exercised due diligence, believe they fairly present in all material respects the financial position as at December 31, 2025, and financial performance and cash flows for the year ended December 31, 2025.

Elizabeth Wademan
President & Chief Executive Officer

Carlos Gallardo
Chief Financial Officer

Toronto, Ontario · March 25, 2026

CDEV

Year ended December 31, 2025

Consolidated Financial Statements of Canada Development Investment Corporation

16 Auditor's Report

Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

pwc

INDEPENDENT AUDITORS' REPORT

To the Minister of Finance

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Canada Development Investment Corporation and its subsidiaries (the Corporation), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of comprehensive income (loss), consolidated statement of changes in shareholder's equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Corporation as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of Canada Development Investment Corporation and its wholly-owned subsidiaries coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act*, the articles and by-laws of Canada Development Investment Corporation and its wholly-owned subsidiaries, and the directives issued pursuant to section 89 of the *Financial Administration Act* described in Note 1 to the consolidated financial statements.

In our opinion, the transactions of Canada Development Investment Corporation and its wholly-owned subsidiaries that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRS Accounting Standards have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for Canada Development Investment Corporation and its wholly-owned subsidiaries' compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable Canada Development Investment Corporation and its wholly-owned subsidiaries to comply with the specified authorities.

Auditors' Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.

Firyal Awada, CPA, CA
Principal
for the Auditor General of Canada

Ottawa, Canada
March 25, 2026

PricewaterhouseCoopers LLP

Chartered Professional Accountants,
Licensed Public Accountants

CANADA DEVELOPMENT INVESTMENT CORPORATION

Consolidated Statement of Financial Position

As at December 31
(Thousands of Canadian Dollars)

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents (note 5)[1]	$ 962,411	$ 794,896
Short-term investments (note 5)[1]	49,764	168,520
Trade and other receivables (note 29)	200,873	191,688
Income taxes receivable	5,382	-
Other current assets (note 8)	142,038	120,714
Current portion of Investments held for future obligations (note 6)	216	2,220
	1,360,684	1,278,038
Non-current assets:		
Property, plant and equipment (note 10)	34,492,479	35,247,845
Loan receivable (note 18)	495,054	-
Investments held for future obligations (note 6)	179,826	168,830
Restricted cash (note 7)	10,494	11,586
Restricted investments (note 9)	146,821	128,377
Right-of-use assets (note 11)	60,846	63,536
Warrants (note 13)	467,455	387,456
Other assets (note 12)	183,516	213,443
	36,036,491	36,221,073
	$ 37,397,175	**$ 37,499,111**
Liabilities and Shareholder's Equity		
Current liabilities:		
Trade and other payables (note 21)	$ 347,573	$ 641,575
Current portion of lease liabilities (note 11)	11,303	10,685
Income taxes payable (note 20)	-	3,241
Current portion of Net Profits Interest ("NPI") Provision	-	5,700
Current portion of provision for decommissioning obligations (note 15(a), (b))	29,244	12,840
Current portion of provision for site restoration (note 15)	101	2,111
Current portion of deferred Income – government grants (note 17)[1]	415,123	381,250
Other current liabilities (note 14)	133,574	246,152
	936,918	**1,303,554**
Non-current liabilities:		
Loans payable (note 17)	32,790,076	32,188,080
Deferred Income – government grants (note 17)[1]	2,786,820	3,058,094
Loan commitment (note 18)	276,842	380,096
Deferred income taxes (note 20)	837,660	646,037
Provision for decommissioning obligations (note 15(a), (b))	390,677	497,157
Lease liabilities (note 11)	62,278	66,219
Defined benefit obligation (note 16)	69,540	60,965
Other non-current liabilities (note 19)	127,456	132,800
	37,341,349	**37,029,448**
Shareholder's equity (deficit):		
Share capital (note 22)	1	1
Contributed surplus	603,294	603,294
NPI reserve (note 22)	32,638	182,540
Accumulated deficit	(1,570,916)	(1,684,147)
Accumulated other comprehensive income	53,891	64,421
	(881,092)	(833,891)
	$ 37,397,175	**$ 37,499,111**

[1] *Comparative figures have been reclassified to conform to the current year presentation. See note 32.*

Commitments (note 26)
Contingencies (note 27)

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

On behalf of the Board:

Director

Director

CANADA DEVELOPMENT INVESTMENT CORPORATION

Consolidated Statement of Comprehensive Income (Loss)

Year ended December 31
(Thousands of Canadian Dollars)

		2025		2024
Revenue:				
Transportation service revenue (note 25)	$	2,911,159	$	1,902,959
Net crude oil revenue (note 24)		149,256		169,360
Lease revenue (note 25)		64,856		62,755
Other revenue		9,251		5,777
		3,134,522		**2,140,851**
Other income:				
Insurance proceeds (note 27)		30,332		-
Facility use and processing fees		1,557		1,249
Foreign exchange gains		1,604		3,227
Gain (Loss) on revaluation of warrants (note 13)		79,999		7,360
		3,248,014		**2,152,687**
Expenses:				
Depletion and depreciation (note 10, 11)		996,764		626,152
Pipeline operating expenses (note 25)		410,709		322,162
Crude oil operating, transportation and marketing (note 24)		26,386		28,490
Salaries and benefits		213,552		177,146
Professional fees		26,321		25,183
Expected credit loss provision on loan receivable (note 29)		13,699		-
Loss on derecognition of property, plant and equipment (note 10)		965		11,158
Foreign exchange losses		2,508		1,541
Change in estimates of provision for site restoration (note 15)		(57)		214
Other administrative expenses		66,772		33,077
		1,757,619		**1,225,123**
Finance expenses (income):				
Interest expense (note 17)		1,089,213		1,232,807
Interest income		(93,160)		(35,050)
Unwind of discount on provisions (note 15)		14,667		21,009
		1,010,720		1,218,766
Net income (loss) before income taxes		**479,675**		**(291,202)**
Income taxes (note 20):				
Current		30,914		34,689
Deferred		190,530		(52,737)
		221,444		(18,048)
Net income (loss)		**258,231**		**(273,154)**
Other comprehensive income (loss):				
Items that may be reclassified subsequently to profit or loss				
Currency translation adjustment		(15,922)		24,976
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit obligations, net of tax (note 16)		5,392		8,536
Total other comprehensive income (loss)		**(10,530)**		**33,512**
Comprehensive income (loss)	**$**	**247,701**	**$**	**(239,642)**

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

Consolidated Statement of Changes in Shareholder's Equity

Year ended December 31
(Thousands of Canadian Dollars)

		2025		2024
Share capital				
Balance, beginning and end of year	$	1	$	1
Contributed surplus				
Balance, beginning and end of year		603,294		603,294
Net Profits Interest reserve				
Balance, beginning of year		182,540		27,731
NPI Provision – net change		133		(7,228)
NPI received		121,965		162,037
Dividends		(272,000)		-
Balance, end of year		32,638		182,540
Accumulated deficit				
Balance, beginning of year		(1,684,147)		(1,410,993)
Net income (loss)		258,231		(273,154)
Dividends		(145,000)		-
Balance, end of year		(1,570,916)		(1,684,147)
Accumulated other comprehensive income				
Balance, beginning of year		64,421		30,909
Other comprehensive income (loss)		(10,530)		33,512
Balance, end of year		53,891		64,421
Total shareholder's equity (deficit)	**$**	**(881,092)**	**$**	**(833,891)**

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

CANADA DEVELOPMENT INVESTMENT CORPORATION

Consolidated Statement of Cash Flows

Year ended December 31
(Thousands of Canadian Dollars)

	2025	2024
Cash provided by (used in):		
Operating activities:		
Net income (loss)	$ 258,231	$ (273,154)
Adjustments for:		
Depletion and depreciation	996,764	626,152
Loss on derecognition of property, plant and equipment	877	11,158
Loss (gain) on revaluation of warrants	(79,999)	(7,360)
Insurance proceeds (note 27)	(30,332)	-
Income tax expense (recovery)	221,444	(18,048)
Interest income	(93,160)	(35,050)
Non-capitalized unpaid interest	506,547	552,023
Unwind of discount on provisions	14,667	21,009
Expected credit loss provision on loan receivable	13,699	-
Net change in defined benefits	4,780	4,481
Change in provision for site restoration	(57)	214
Interest received[1]	57,782	26,858
Provisions settled	(1,953)	(5,785)
Income taxes paid	(41,485)	(28,087)
	1,827,805	874,411
Change in non-cash working capital (note 23)	(54,723)	250,134
Total cash provided by operating activities[1]	**1,773,082**	**1,124,545**
Financing activities:		
Proceeds from loans payable	581,338	20,028,000
Repayment of loans payable	(752,000)	(18,065,000)
Debt issuance costs	-	(14,703)
Dividends paid	(417,000)	-
NPI received (note 22)	121,965	162,037
NPI refunds paid (note 22)	(5,567)	(6,528)
Payment of lease liabilities, principal portion (note 11)	(8,912)	(19,077)
Total cash provided by (used in) financing activities	**(480,176)**	**2,084,729**
Investing activities:		
Purchase of property, plant and equipment (note 23)	(651,410)	(2,617,175)
Advances under loan receivable	(581,338)	-
Insurance proceeds	30,332	34,842
Purchases of Short-term investments[1]	(791,924)	(257,674)
Sales of Short-term investments[1]	909,975	154,378
Internal-use software expenditures	(11,428)	(9,403)
Purchase of restricted investments	(21,568)	(21,942)
Purchases of investments held for future obligations[1]	(34,954)	(30,000)
Redemption of investments held for future obligations[1]	31,376	-
Change in restricted cash	1,092	3,877
Total cash used in investing activities[1]	**(1,119,847)**	**(2,743,097)**
Effects of foreign currency translation on cash	(5,544)	7,388
Change in cash and cash equivalents[1]	167,515	473,565
Cash and cash equivalents, beginning of year	794,896	321,331
Cash and cash equivalents, end of year[1]	**$ 962,411**	**$ 794,896**

[1] Comparative figures have been reclassified to conform to the current year presentation. See note 32.

Total interest and standby fees paid in 2025 on the loans payable was $578,695 (2024 - $1,084,160).

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

1. Reporting entity:

The Corporation is comprised of its parent, Canada Development Investment Corporation ("the Corporation" or "CDEV") and its wholly owned subsidiaries: Canada Eldor Inc. ("CEI"), Canada Hibernia Holding Corporation ("CHHC"), Canada TMP Finance Ltd. ("TMP Finance"), Trans Mountain Corporation ("TMC"), Canada Innovation Corporation ("CIC"), and 16342451 Canada Inc. The subsidiaries Canada Growth Fund Inc. ("CGF"), Canada Enterprise Emergency Funding Corporation ("CEEFC") and Canada Indigenous Loan Guarantee Corporation ("CILGC") are not consolidated. Refer to Notes 3(b) and (c) for further details regarding the Corporation's assessment and conclusion not to consolidate these entities.

Parent

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

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

In August 2019, the GoC transferred to CDEV its activities related to the management of the Net Profits Interest ("NPI") and Incidental Net Profits Interest ("INPI") agreements under the Hibernia Development Project which were previously managed by Natural Resources Canada. Refer to note 3(t) for details.

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

Subsidiaries

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

   TMC owns and operates the Trans Mountain pipeline ("TMPL") and the Puget Sound pipeline ("Puget Pipeline"). On May 1, 2024, Trans Mountain began commercial operations of the Trans Mountain Expansion Project ("TMEP"), which increased the capacity of the TMPL from approximately 300,000 barrels per day to approximately 890,000 barrels per day. Collectively, the newly constructed pipeline and the original pipeline operate as the expanded pipeline system ("Expanded System").

   TMPL has operated since 1953, and transports crude oil and refined petroleum from Edmonton, Alberta to Burnaby, British Columbia. The Puget Pipeline interconnects with TMPL at the international border near Sumas, British Columbia, and transports products to refineries in Washington State.

   The Canada Energy Regulator ("CER") regulates TMC's operations. The CER exercises statutory authority over matters such as construction and operation of facilities, rates and ratemaking, and accounting practices for Canadian pipelines crossing a provincial or international border. Puget's operations are regulated by the United States Federal Energy Regulatory Commission and the US Department of Transportation Office of Pipeline Safety.

II. TMP Finance is the parent company of TMC. It provides debt and equity financing to TMC funded by loans from HMRC, administered by Export Development Canada ("EDC"). See note 17 for loan details.

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

IV. CHHC was incorporated under the provisions of the CBCA and was acquired by CDEV in March 1993. CHHC is subject to the FAA and the *Income Tax Act*.

1. Reporting entity (continued) | Subsidiaries (continued)

CHHC's sole purpose is the holding and management of its interest in the Hibernia Development Project ("Hibernia Project"), which is an oil development and production project located offshore Newfoundland and Labrador. The Hibernia Project comprises the original Hibernia Development Project area, where CHHC has an 8.5% working interest, and the Hibernia Southern Extension Unit ("HSE Unit"), where CHHC has a current 5.67% working interest. CHHC's working interest in the HSE Unit is subject to adjustment in accordance with the applicable provisions in the HSE Unit Agreement.

The Hibernia Project is of strategic importance to CHHC as it is CHHC's sole business activity from which it derives all of its crude oil revenues.

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

v. On May 10, 2020 CDEV was issued a directive (P.C. 2020-0305) pursuant to section 89 of the FAA to incorporate a subsidiary, and to take such steps as are necessary to facilitate the subsidiary's administration of a credit support program for large Canadian companies in response to the COVID-19 emergency, in accordance with any directive that may be given to that Subsidiary. On May 11, 2020, CEEFC was incorporated in compliance with the directive. CEEFC was incorporated under the CBCA to administer, approve and fund transactions in accordance with terms approved by the Minister of Finance in relation to the Large Employer Emergency Financing Facility program ("LEEFF") which was designed to provide bridge financing to Canada's largest employers in response to the COVID-19 emergency. CEEFC is subject to the FAA and is not subject to the provisions of the *Income Tax Act*. As of July 2022, as directed by the Minister of Finance, CEEFC no longer accepts or processes new LEEFF loan applications.

On March 23, 2025, a section 89 directive was issued to CEEFC (P.C. 2025-0455) directing it to administer a new credit support facility for large Canadian companies affected by actual and potential tariffs and countermeasures, in accordance with the terms and conditions approved by the Minister of Finance. On the same day, CDEV was also issued a section 89 directive (P.C. 2025-0456) to take such steps as are necessary to ensure that CEEFC administers this new credit support facility, in accordance with any directive that may be given to CEEFC. Additionally, an order in council (OIC) was issued on March 23, 2025 under paragraph 60.2(2)(a) of the FAA to authorize the Minister of Finance to enter into a contract with CEEFC to purchase up to $10 billion in securities to finance this new credit support facility. On September 29, 2025 CEEFC announced the first loan under the Large Enterprise Tariff Loan ("LETL") facility to provide Algoma Steel Inc. with access to $400 million in liquidity. On December 18, 2025, CEEFC announced a second loan, providing a $115 million loan facility to Burgundy Diamond Mines.

vi. CDEV was issued a directive (P.C. 2022-1269) on December 2, 2022 under section 89 of the FAA to procure the incorporation of a wholly-owned subsidiary to be named Canada Growth Fund Inc. and to take such steps as necessary to facilitate the subsidiary's establishment as a new public investment fund making investment decisions within its mandate, on an arm's length basis from the GoC, and in accordance with the terms of directive (P.C. 2022-1272) given to the subsidiary. Refer to note 3(w) for details.

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

vii. CDEV was issued a directive (P.C. 2023-0039) on January 31, 2023 under section 89 of the FAA to procure the incorporation of a wholly-owned subsidiary and to take such steps as are necessary to facilitate the subsidiary's implementation of its objects. On February 8, 2023 the Corporation incorporated CIC under the CBCA. CIC was given the mandate to maximize business investment in research and development across all sectors, and in all regions of Canada, to promote innovation-driven economic growth. The GoC announced in December 2023 that the full implementation of the CIC is scheduled for no later than 2026-2027.

viii. CDEV was issued a directive (P.C. 2024-0808) on June 21, 2024 under section 89 of the FAA to procure the incorporation of a wholly-owned subsidiary and to take such steps as necessary to facilitate transactions by the wholly-owned subsidiary in relation to the Telesat program known as Telesat Lightspeed, in accordance with any directive that may be given to that subsidiary. The wholly-owned subsidiary was issued a directive (P.C. 2024-0812) on June 21, 2024, authorizing it under paragraph 91(1)(b) of the FAA to acquire shares in Telesat LEO Inc. and authorizing it under paragraph 91(3)(b) of the FAA to sell or otherwise dispose of or lease all or substantially all of its assets.

On September 5, 2024, 16342451 Canada Inc. was incorporated under the CBCA and authorized to issue Common Shares.

On June 21, 2024, 16342451 Canada Inc. was issued a directive (P.C. 2024-0811) to (i) make a loan to Telesat LEO Inc. in relation to the Telesat program known as Telesat Lightspeed, (ii) administer the loan, including making any amendments to that loan, granting any waivers or consents in connection with it and enforcing rights under it, as the wholly-owned subsidiary may determine advisable, and (iii) manage the loan, including the disposition of any warrants or shares acquired in connection with the loan. A loan agreement was executed with Telesat LEO Inc. on September 13, 2024 ("Telesat Loan"). On November 15, 2024, a loan agreement was executed with HMRC, administered by EDC. 16342451 Canada Inc. received warrants in Telesat LEO Inc. on November 15, 2024. Pursuant to a corporate reorganization within the Telesat group completed on September 12, 2025, Telesat LEO Inc. was succeeded by Telesat LEO ULC ("Telesat LEO"). See note 18 for further details on the loans.

IX. CDEV was issued a directive (P.C. 2024-1142) on October 25, 2024, under section 89 of the FAA which stated that CDEV was to procure the incorporation, under the CBCA of a wholly-owned subsidiary and to take such steps as are necessary to facilitate the subsidiary's administration of Indigenous loan guarantees, in accordance with any directive that may be given to that subsidiary. The wholly-owned subsidiary was issued a directive (P.C. 2024-1143) on October 25, 2024, under section 89(1) of the FAA directing the wholly-owned subsidiary of CDEV to take such steps as are necessary to implement its mandate, in accordance with the terms approved by the Minister of Finance. The wholly-owned subsidiary was designated as an agent of the Crown by section 262 the *Budget Implementation Act, 2024, No. 1*.

On December 16, 2024, CILGC was incorporated under the CBCA and is authorized to issue Common Shares. CILGC is subject to the FAA but is not subject to provisions of the *Income Tax Act*. CILGC's mandate is to deliver Indigenous loan guarantees and is responsible for various administrative and operational activities in relation to delivering the guarantees. On March 23, 2025, an order in council (P.C. 2025-0458) was issued under subsection 261(1) of the Budget Implementation Act, 2024, No. 1, authorizing CILGC to increase the amount of the aggregate of the principal and interest in respect of all the guarantees provided it, from $5 billion to $10 billion.

CILGC issued its first loan guarantee in July 2025. The guarantee covers $400 million of a $736 million investment by 38 First Nations in British Columbia for a 12.5% stake in Enbridge's Westcoast pipeline system.

2. Basis of preparation:

a. Statement of compliance:

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on March 25, 2026.

b. Basis of measurement:

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

c. Functional and presentation currency:

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

3. Material Accounting Policy Information:

The accounting policies set out below have been applied consistently by the Corporation and its subsidiaries to all years presented in these consolidated financial statements, unless otherwise disclosed in (a) below.

a. Changes in accounting policies:

Certain accounting standards, amendments to standards and interpretations issued by the IASB, and set out in the CPA Canada Handbook, are effective for the first time in the current financial year and have been adopted effective January 1, 2025, in accordance with the applicable transitional provisions. The application of these amendments had no impact on the Corporation's consolidated financial statements.

3. Material Accounting Policy Information (continued)

b. Basis of consolidation:

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

c. Unconsolidated structured entities:

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

CEEFC, CGF and CILGC have been determined to be unconsolidated structured entities and have not been consolidated within CDEV. Although CDEV holds the sole common voting share in these entities, CDEV is not deemed to have control over them, as it is not exposed to, nor does it have rights to, variable returns that are significant to CDEV, nor does it have the ability to use its power to affect those returns.

The nature of the GoC's involvement in these entities, including its investment in preferred shares of CEEFC and CGF and its assumption of loan guarantee risk for CILGC, is described in note 3(w), Use of estimates and judgments.

d. Undivided working interests:

The Hibernia Project activities are conducted jointly with other parties, and the Corporation has determined this relationship to be one of undivided working interests. CHHC accounts for its undivided working interests by recognizing its proportionate share of the assets, liabilities, revenues and expenses of the Hibernia Project in its financial statements.

The Hibernia Project explores for, develops, and produces oil reserves from the Hibernia offshore oilfield, which is located east of St. John's, NL, Canada. The activities of Hibernia are conducted jointly, primarily through HMDC, as operator and agent of the Hibernia Development Project joint account. HMDC's principal place of business is located in St. John's, NL, Canada.

CHHC has an 8.5% undivided working interest in the original Hibernia Project area and a current 5.67% undivided working interest in the HSE Unit development. CHHC records in its financial statements its proportionate share of the assets, liabilities, revenues and expenses of the Hibernia Project.

CHHC also has an 8.5% equity interest in HMDC and considers HMDC to be an associate. An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in a joint venture. Since all assets, liabilities, revenues and expenses of the Hibernia Project are proportionately owned by the project's owners, HMDC holds no beneficial interest in the joint property and has nil assets, liabilities, revenues and expenses of its own. Accordingly, there are no amounts recognized in the Corporation's consolidated financial statements related to its equity ownership in HMDC.

e. Business combinations:

The acquisition method of accounting is used to account for business combinations. Net assets acquired and the liabilities assumed are recorded at fair value. Any excess of the purchase price over the fair value of the net assets acquired is recorded as goodwill. The operating results of the acquired business are reflected in the Corporation's consolidated financial statements after the acquisition date. Acquisition-related costs are expensed as incurred and included in professional fees.

f. Cash and cash equivalents and short-term investments

Cash and cash equivalents include funds in bank accounts and investments which are considered to be highly liquid investments with original maturities of three months or less.

Short-term investments are highly liquid investments with maturities greater than three months but are cashable after 90 days with maturities of less than 365 days.

g. Restricted cash:

Cash and cash equivalents that are restricted as to withdrawal or usage are presented as restricted cash on the consolidated statement of financial position. Restricted cash consists of cash held as security for letters of credit (see note 7).

h. Investments held for future obligations:

The Corporation's investments held for future obligations are comprised from time to time of short-term investments with a maturity of three months or less and other investments and are held primarily for funding future abandonment obligations. Although a portion of the underlying investments is short-term and highly liquid, the funds have been classified outside of cash and cash equivalents since they are not held for the purpose of meeting short-term cash commitments. There is no external restriction on the use of the investments.

3. Material Accounting Policy Information (continued)

i. Restricted Investments:

Restricted investments are long-term investments held in the Trans Mountain Pipeline Reclamation Trust (the "Trust") that is to be used solely to satisfy the CER's directives on future abandonment costs. The assets of the Trust are consolidated by TMC. The CER sets Land Matters Consultation Initiative tolls to collect cash for investment in the Trust. The restricted assets are measured at fair value with offsetting adjustments recorded to deferred revenue. The amounts will be recognized into revenue once the CER's directives on future abandonment are fulfilled.

j. Property, plant and equipment ("PPE"):

i. Recognition and measurement:

Items of PPE, which include oil development and production assets, and oil pipeline assets, are measured at acquisition cost less accumulated depletion and depreciation and accumulated impairment losses.

Expenditures are capitalized for construction, expansion, major renewals and betterments. Maintenance and repair costs are expensed as incurred. Expenditures are capitalized for project development if they are expected to have future benefit.

Gains and losses on disposal or derecognition of an item of PPE are determined by comparing the proceeds, if any, from disposal or derecognition with the carrying amount of PPE and are recognized in the consolidated statement of comprehensive income (loss).

ii. Subsequent costs:

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of PPE are recognized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in the consolidated statement of comprehensive income (loss) as incurred. Capitalized oil interests represent costs incurred in developing proven and/or probable reserves and bringing in or enhancing production from such reserves and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing PPE are recognized in the consolidated statement of comprehensive income (loss) as incurred.

iii. Depletion and depreciation:

The net carrying value of crude oil PPE is depleted and depreciated using the unit of production method by reference to the ratio of production in the period to the related proven and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. Estimates of reserves are reviewed by independent reserve engineers at least annually.

Proven and probable reserves are estimated using independent reserve engineer reports and represent the estimated quantities of crude oil which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

The Corporation has estimated the useful life of the offshore production facilities, which includes the gravity base structure, topsides, offshore loading system and related assets including subsea assets, to be consistent with the reserve lives of the areas for which they serve, with the exception of facility turnarounds and major overhauls which may be necessary to extend the life of these facilities. As a result, the Corporation includes the cost of these assets within their associated major component for the purpose of depletion using the unit of production method.

Following the CER approval of TMC's 2024 Depreciation Study, the depreciation rates changed effective July 1, 2025. Depreciation on pipeline assets is on a straight-line basis over the useful life of the asset as follows:

Asset	Useful Life in Years
Pipelines	25-75
Tanks and Station Equipment	20-60
Other	5-40

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Depletion and depreciation on assets under construction begins only when the asset is complete and is put into service.

k. Internal-use software:

The Corporation has intangible assets related to internal-use software and included in "Other assets" on the consolidated statement of financial position. Internal-use software projects are recorded at cost less accumulated amortization and impairment losses. The Corporation capitalizes costs incurred during the development stage of internal-use software projects which include employee costs directly attributable to the project. Amortization is calculated on a straight-line basis over the asset's useful life, commencing when the asset is available for use and recorded in "Other assets."

The useful life of the software is estimated to be five years based on the expected technical obsolescence of such assets.

l. Leases:

As a lessee

All leases are accounted for by recognizing a right-of-use asset and lease liability at the lease commencement date, except for short term leases (original lease term of 12 months or less) and leases of low-value assets. As a practical expedient, these types of leases are expensed or (if appropriate) capitalized as incurred, depending on the activity in which the leased asset is used. Low-value assets comprise IT and office equipment.

Right-of-use assets are initially measured at cost comprised of the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before the commencement date, initial direct costs incurred, and the estimated costs to dismantle, remove or restore the leased asset where the Corporation is contractually required to do so.

Right-of-use assets are subsequently depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of PPE. Right-of-use assets are tested for impairment in accordance with IAS 36, Impairment of assets.

Lease liabilities are initially measured at the present value of the contractual payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if this is not readily determinable, the Corporation's incremental borrowing rate. The Corporation's incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The lease liability is subsequently measured at amortized cost using the effective interest method. Lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. The lease liability will be remeasured if there is a change in the lease term due to a change in assessment of whether the Corporation will exercise a purchase, extension or termination option, a change in the estimate of the amount expected to be payable under a residual value guarantee or a change in future lease payments arising from a change in an index or rate.

As a lessor

Leases where the Corporation is the lessor and retains substantially all of the risks and benefits incidental to ownership of the asset are classified as operating leases. Operating lease payments are recognized as lease revenue in the consolidated statement of comprehensive income (loss).

m. Financial instruments:

Financial instruments comprise financial assets (cash and cash equivalents, short-term investments, restricted cash and investments, investments held for future obligations, warrants, loan receivable and trade and other receivables) and financial liabilities (trade and other payables, lease liabilities, long-term interest payable, loan commitment and loans payable).

Financial instruments are initially recognized on the date at which the Corporation becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value and subsequently measured in accordance with their classification. The classification is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. If the Corporation's business model changes, the classification of the financial instruments would be reassessed.

The following table presents the measurement categories for the Corporation's financial assets and financial liabilities:

Financial instrument	Classification
Financial assets:	
Cash and cash equivalents	Amortized cost
Short-term investments	Amortized cost
Trade and other receivables	Amortized cost
Restricted cash	Amortized cost
Loan receivable	Amortized cost
Restricted investments	Fair value through profit and loss
Investments held for future obligations	Amortized cost
Warrants	Fair value through profit and loss
Financial liabilities:	
Trade and other payables	Amortized cost
Lease liabilities	Amortized cost
Loan Commitment	Refer to note 18
Loans payable	Amortized cost

The Corporation classifies its financial assets as at amortized cost if both of the following criteria are met: (i) the asset is held within a business model whose objective is to collect the contractual cash flows, and (ii) the contractual terms give rise to cash flows that are solely payments of principal and interest. The carrying amounts of financial instruments measured at amortized cost is determined using the effective interest method.

Warrants which are derivative financial assets are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognized in profit or loss.

Transaction costs directly attributable to the acquisition of financial instruments at fair value through profit or loss are recognized in the consolidated statement of comprehensive income (loss) immediately. Transaction costs of other financial instruments are included in the initial measurement of the financial instrument.

n. Impairment:

i. Financial instruments:

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Corporation is recognized as a separate asset or liability. The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. The Corporation also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. The terms are considered substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

The Corporation measures its loss allowance on its financial assets at an amount equal to the lifetime expected credit losses ("ECLs") when the credit risk on that financial asset has increased significantly since initial recognition. In the event that credit risk on the financial asset has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The Corporation uses a combination of historical, present, and forward-looking information to determine the appropriate loss allowance provision.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognized are referred to as 'Stage 1 financial instruments'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognized but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which lifetime ECL are recognized and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

A simplified approach is used when measuring the loss allowance on the Corporation's trade and other receivables. The ECLs on these financial assets are estimated using a provision matrix based on the Corporation's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For the loan commitment, loss allowance estimates consider the portion of the commitment that is expected to be drawn over the relevant time period. The Corporation also assesses a 12-month ECL on its undrawn loan commitment. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The commitment has been measured at the higher of its ECL and the initial amount recognized less amounts allocated to draw downs of the Telesat loan. The Corporation assesses the loan receivable for impairment using the ECL model in accordance with IFRS 9.

An impairment loss is reversed if the reversal can be attributed objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the consolidated statement of comprehensive income (loss) as the lower of the recoverable amount or the carrying amount net of depreciation if no impairment had initially been recognized.

ii. Non-financial assets:

The carrying amounts of the Corporation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped into CGUs. A CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The Corporation has grouped its oil development and production assets into one CGU and oil pipeline assets into another CGU. When significant parts of an item of PPE have different useful lives, they are accounted for as separate components within the CGU.

The recoverable amount of an asset or a CGU is the greater of its value in use ("VIU") and its fair value less costs of disposal to sell ("FVLCD"). FVLCD is defined as the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal.

The Corporation calculates FVLCD for its oil CGU by reference to the after-tax future cash flows expected to be derived from production of proven and probable reserves, less estimated selling costs. The estimated after-tax future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For its pipeline CGU the recoverable amount is calculated using an income-based approach based on discounted cash flows under different expected scenarios for the development of its asset base.

In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. VIU is computed by reference to the present value of the future cash flows expected to be derived from production of proven and probable reserves.

An impairment loss is recognized in the consolidated statement of comprehensive income (loss) if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation, if no impairment loss had been recognized.

o. Foreign currency transactions:

Transactions in foreign currencies are translated to Canadian dollars at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using exchange rates prevailing at the end of each reporting period. Non-monetary items which are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items that are measured at a revalued amount in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Foreign currency differences arising on retranslation are recognized in the consolidated statement of comprehensive income (loss) unless they are from the consolidation of a foreign operation where foreign currency differences arising on translation are recognized in other comprehensive income.

p. Provisions and contingencies:

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Provisions are not recognized for future operating losses.

The Corporation recognizes a decommissioning provision for dismantling, decommissioning and site disturbance remediation obligations related to the Hibernia Project and the Puget pipeline and the TMPL pipeline. The amount recognized is the present value of the estimated future expenditures to settle the present obligation, determined in accordance with local conditions and requirements.

Decommissioning costs are based on management's best estimates, considering current regulations and technology. The discount rate used in the calculation of the decommissioning provision is a risk- free rate based on the applicable time horizon of the underlying cash flows. When a provision for a decommissioning cost is recognized, a corresponding amount is recognized to increase the related PPE and is subsequently depreciated as part of the costs of the PPE.

Subsequent to the initial measurement, the provision is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as unwind of discount on decommissioning obligations within finance costs whereas increases/decreases due to changes in the estimated future cash flows are capitalized in PPE in the consolidated statement of financial position. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

Environmental expenditures are capitalized or expensed, as appropriate. Certain environmental expenditures required in obtaining rights-of-way, regulatory approvals or permitting as part of construction are capitalized. Environmental costs that relate to an existing condition caused by past operations, which do not contribute to current or future revenue generation are accrued and expensed. Generally environmental liabilities are not discounted to a net present value, as the impact of discounting would not be material. They are recorded when environmental assessments and/or remedial efforts are probable, and the costs can be reasonably estimated. Generally, recording of these accruals coincides with completion of a feasibility study or commitment to a formal plan of action. Receivables are recognized for anticipated associated insurance recoveries when such recoveries are deemed to be virtually certain. Environmental liabilities assumed in a business combination are recorded at estimated fair value, where appropriate.

Reviews of potential environmental issues and claims that could impact the Corporation's assets or operations are routinely conducted. These reviews assist in identifying environmental issues and estimating the costs and timing of remediation efforts. Environmental liabilities are also routinely adjusted to reflect changes in previous estimates. In making environmental liability estimations, the material effect of environmental compliance, pending legal actions against the Corporation, and potential third-party liability claims are considered. Often, as the remediation evaluation and effort progress, additional information is obtained, requiring revisions to estimated costs. These revisions are reflected in income in the period in which they are reasonably determinable. See note 27.

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Corporation, or present obligations where it is not probable that an outflow of economic resources will be required, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

TMEP Construction Offset Obligations

Liabilities are recorded for obligations to offset greenhouse gas emissions generated by construction of the TMEP which could be settled over multiple years. TMEP construction offset obligations are included in "Other current liabilities" and "Other non-current liabilities" within the accompanying consolidated Statement of Financial Position. The quantity of emissions required, expressed in tonnes of carbon dioxide equivalent ("CO2e"), is estimated using the National Inventory Report 1990-2021: Greenhouse Gas Sources and Sinks in Canada from Environment and Climate Change Canada and the Carbon Budget Model of the Canadian Forest Sector. Costs per tonne of CO2e is estimated based on expected fair value of offsets which includes assumptions such as the type of offset, location of generated offset, and expected timing of settlement. Estimates are regularly reviewed and updated based on the most recent available information.

3. Material Accounting Policy Information (continued)

q. Defined benefit obligation:

The defined benefit obligation includes pension and other post-employment benefits for employees and retirees of TMC and post-employment benefit obligations of CEI. For further details of these plans see note 16.

The Corporation's net obligation in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income ("OCI").

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of comprehensive income (loss). Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of comprehensive income (loss) as past service costs.

r. Income taxes:

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in the consolidated statement of comprehensive income (loss) except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax is the expected tax payable on income before income taxes for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

s. Revenue from contracts with customers:

Crude oil revenue:

Nature of contracts with customers:

CHHC generates revenue from the sale of crude oil to customers in the ordinary course of its activities. CHHC uses the services of crude oil marketers whereby CHHC combines its crude with the particular marketer (who is also a working interest owner in the Hibernia Project) to facilitate sales of full cargo shipments of crude oil to customers. CHHC's contracts with customers are distinct and short-term in nature, whereby typically one contract represents one cargo sale. Payment terms are typically 30 calendar days following the delivery date.

Revenue recognition:

Revenue is recognized when control of the crude oil is transferred to a customer, which is generally when title passes from CHHC to the customer, at contractual delivery points. Each sale represents one performance obligation, and CHHC normally satisfies its performance obligation upon delivery of crude oil, which occurs at a point in time. The crude oil is considered delivered upon loading to a vessel or alternatively upon reaching the customer's destination point, depending on the delivery terms. The delivery terms and title transfer location are stated in each contract.

Revenue is measured at the transaction price, which is the amount of consideration to which CHHC expects to be entitled. The consideration specified in CHHC's contracts with customers includes a component of variable consideration. The variable consideration reflects floating sales prices based on benchmark crude oil prices at future dates, thus the transaction price is not known at the time the contract is signed.

CHHC pays its crude oil marketers a fixed price marketing fee per barrel of crude oil sold and expenses these costs when incurred.

NPI and INPI paid by CHHC are eliminated upon consolidation with the Parent, who became responsible for managing the NPI agreements. Royalties and NPI are paid and remitted by CHHC. Royalties and NPI are measured according to the terms of the various agreements and reflect the provincial and federal Governments' interests in Hibernia Project resources.

Transportation service revenue:

Nature of contracts with customers:

TMC provides crude oil and refined petroleum transportation services. The TMPL and the Puget Pipeline are common carrier pipelines and the regulated tariffs are designed to provide revenues sufficient to recover the costs of providing transportation services to shippers, including a return on invested capital. The TMPL provides services on both a firm and non-firm basis, whereas Puget Pipeline provides services on a non-firm basis.

Upon commencement of the commercial operations of the Expanded System on May 1, 2024, the majority of transportation services on the TMPL are provided under long-term firm service customer contracts with 15 and 20 year terms. Under the firm service customer contracts there are minimum volume commitment elements.

Prior to the in-service of the TMPL Expanded System, the majority of TMC's transportation services were non-firm. However, there were certain take-or-pay contracts approved by the CER in 2010 (the "Firm 50 contracts"), which commenced in 2012 and terminated upon the commencement of the Expanded System. These contracts allowed the shippers a fixed capacity per day at a fixed premium per barrel in addition to the standard per-unit tariff rates. TMC provided the transport services on a stand-ready basis for the shipper's minimum volume commitment amount and the shipper was obligated to pay for the fixed premium amount, regardless of whether it flowed quantities on the pipeline.

Non-firm ("uncommitted") transportation services are provided on the TMPL and the Puget Pipeline upon shipper nomination when and to the extent that it is determined capacity is available in these pipeline systems. The shippers pay a per-unit rate for actual quantities of product delivered from the transportation system.

TMC also provides leased storage space for tanks under long-term contracts. The lease rates are designed to recover the operating costs of the tanks and to provide a return on invested capital.

The customer service contracts primarily include transportation service contracts. Generally, for the majority of these contracts: (i) the promise is to transfer a series of distinct integrated services over a period of time, which is a single performance obligation; (ii) the transaction price includes fixed and/or variable consideration, which amount is determinable at contract inception and/or at each month end based on the right to invoice at month end for the value of services provided to the customer that month; and (iii) the transaction price is recognized as revenue over the service period specified in the contract (which can be a day, including each day in a series of promised daily services, a month, a year, or other time increment, including a deficiency makeup period) as the services are rendered using a time-based (passage of time) or units-based (units of service transferred) output method for measuring transfer of control of the services and progress towards satisfying the performance obligation, based on the nature of the promised service (e.g., firm or non-firm) and the terms and conditions of the contract (e.g., contracts with or without makeup rights).

Firm services are services that are promised to be available to the customer at all times during the period(s) covered by the contract, with limited exceptions. The firm service contracts are typically structured with take-or-pay or minimum volume provisions, which specify minimum service quantities a customer will pay for even if it chooses not to receive or use them in the specified service period. The transaction price is recognized as revenue in the specified service period as the promised units of services are transferred to the customer.

Long-term firm service customer contracts, under which shippers are obligated to pay fixed amounts regardless of volumes shipped, may contain make-up rights. Make-up rights are earned by shippers when minimum volume commitments are not utilized during the period but under certain circumstances can be used in future periods, subject to expiry. If it is expected that the customer will make up all deficiencies it is contractually entitled to, any non-refundable consideration received relating to temporary deficiencies that will be made up in future periods will be deferred as a contract liability. Revenues associated with make-up rights are recognized at the earlier of when the make-up volume is shipped, the make-up right expires, or when it is determined that the likelihood that the shipper will utilize the make-up right is remote.

Non-firm services are the opposite of firm services in that such services are provided to a customer on an "as available" basis. Generally, there is no obligation to perform these services until a customer's periodic request for service is accepted. For the majority of the non-firm service contracts, the customer will pay only for the actual quantities of services it chooses to receive or use, and the transaction price is typically recognized as revenue as those units of service are transferred to the customer in the specified service period (typically a monthly period).

Pipeline abandonment Trust surcharges collected from shippers are recorded as deferred revenue (see note 19). The Trust was established in 2015 in the Province of Alberta. As the use of funds is restricted to pay future abandonment costs, the deferred surcharges collected are retained in the Trust as restricted cash and restricted investments and will be recognized as revenue when the funds in the Trust are used for future abandonment activities.

t. Net Profits Interest:

On August 20, 2019, the GoC, through a letter from the Minister of Finance, prescribed the transfer of Canada's responsibility pursuant to the Hibernia Development Project's NPI agreements from the Minister for Natural Resources ("NRCan") to the Corporation. To this effect, the Corporation and NRCan entered into a memorandum of understanding ("MOU") on August 23, 2019. Under the NPI Agreements, the GoC, now the Corporation, is entitled to receive NPI from each owner of Hibernia (the "Project Owners"), including the Corporation's subsidiary, CHHC. The NPI payment is based on a percentage of net crude oil sales (crude oil sales adjusted for eligible transportation, operating and capital costs), up to a maximum of 10%.

The GoC has instructed CDEV to pay all declared dividends that are derived from the NPI agreement to GoC. Amounts received under the NPI Agreements are recorded as capital contributions when the Corporation receives the cash from the Project Owners.

u. Other liabilities:

Dock Premiums

To facilitate the management of dock capacity on the Trans Mountain pipeline system during apportionment, through CER's directive a premium is included in the tariff structure. The funds collected through this process in a given year are to be returned to the shippers in the form of reduced tolls for service for all shippers. The amounts collected are recorded as a liability at the time of collection, and the liability is reduced in subsequent periods as toll surcredits are issued. The timing of such tariff reductions varies depending on the toll filing which is agreed with the shippers and approved annually by the CER but is generally one year or more.

Deferred Income – Government Grants

The Corporation accounts for the benefit of a government loan at a below-market interest rate as a government grant under IAS 20, Accounting for Government Grants and disclosure of Government Assistance; it accounts for the loan under IFRS 9 Financial Instruments. The benefit of the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received. The benefit is recognized in profit or loss (netted against interest expense) on a systematic basis over the periods for which the related costs for which the grant is intended to compensate are recognized.

v. Finance expenses and income:

Finance income comprises interest income, which is recognized as it accrues in the consolidated statement of comprehensive income (loss), using the effective interest method.

Finance expenses comprise unwinding of the discount on decommissioning obligations and the provision for site restoration and interest expense on loans payable and lease liabilities.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized until such time as substantially all the necessary activities to prepare that asset for its intended use or sale are complete. The Corporation's indebtedness is considered general borrowings and the borrowing costs eligible for capitalization are calculated by applying a capitalization rate to the cumulative expenditures on such assets, or in the Corporation's case, Construction work in progress. Capitalized amounts are limited each period to the actual borrowing costs incurred. Capitalized borrowing costs are classified under investing activities in the consolidated statement of cash flows.

Other financing costs are expensed in the period in which they are incurred and reported in finance expenses.

w. Use of estimates and judgments:

The timely preparation of the Corporation's consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses as well as disclosure. Actual results may differ materially from these estimates. The long-term consequences of climate changes on the consolidated financial statements are difficult to predict and require entities to make significant assumptions and develop estimates. Climate change, and the evolving worldwide demand for energy and global advancement of alternative sources of energy that are not sourced from fossil fuels, could impact the estimation of the Corporation's oil reserves; could change the assumptions used to determine the recoverable amount of the Corporation's property and equipment and could affect the carrying value of those assets; may affect future development; may curtail the expected useful lives of oil assets thereby accelerating depletion and depreciation charges; and may accelerate decommissioning obligations increasing the present value of the associated provision. The timing in which global energy markets transition from carbon-based sources to alternative energy is uncertain.

Key sources of estimation uncertainty :

Reserves

The Corporation's estimate of oil reserves is considered in the measurement of depletion, depreciation, impairment, and decommissioning obligations. The estimation of reserves is an inherently complex process and involves the exercise of professional judgment.

The Corporation's reserves are evaluated by an independent qualified reserves evaluator. Reserve estimates are based on a range of geological, technical and economic factors, including projected future rates of production, projected future oil prices, engineering data, HSE Unit working interest redeterminations, and the timing and amount of future expenditures, all of which are subject to uncertainty. Estimates reflect market and regulatory conditions existing at December 31, 2025, which could differ from other points in time through the year, or future periods.

Pursuant to the HSE Unit Agreement dated February 16, 2010, HSE unit interest ownership is subject to change as a result of revised tract factor allocations. These tract factors are subject to interim resets, a first redetermination, and a final redetermination. The first and second interim resets occurred in 2015 and 2017, respectively, and there will be no further interim resets. Historical capital costs were adjusted following each interim reset. Redeterminations likewise result in an adjustment to historical capital and other costs, as well as an adjustment to historical production which will be settled prospectively. The first redetermination was implemented effective March 1, 2021, and is used to estimate CHHC's working interest reserves in the HSE Unit. The final redetermination is anticipated to be completed by 2031, with this date being subject to annual review.

Government Grants

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

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

The market rate for the EDC Loan with TMP Finance is determined at the inception of the loan agreement. The rate from a similar transaction involving third-party lenders for a comparable project was assumed to be appropriate for discounting the cash flows using the Canadian Overnight Repo Rate Average ("CORRA") + 1.25% estimated at the date of inception of the loan.

The market rate for the EDC Loan with 16342451 Canada Inc. which funds the Telesat Loan is determined at the drawdown date of each loan advance. For this loan, subsequent drawdowns are treated as a continuation of the commitment at the inception date with the government grant calculated using margin as at inception. A market rate of CORRA +6.79% (estimated at the date of loan commitment) was deemed to be appropriate for discounting the cash flows. The market rate was assumed to be equivalent to the market rate of the Telesat loan at origination.

Differences in estimated market interest rates would result in significantly different values for the grants and loans payable. On initial recognition, if the estimated market rate was understated, the estimated fair value of the loan would be overstated resulting in an understated government grant, and vice versa. There are no unfulfilled conditions and other contingencies attached to the government grants. 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.

Expected Credit Losses on the Telesat Loan Receivable and Loan Commitment

The Corporation measures expected credit losses ("ECLs") on the loan receivable from Telesat and the related undrawn loan commitment in accordance with IFRS 9. The determination of ECLs involves significant judgment, particularly in assessing changes in Telesat LEO's credit risk, estimating probability of default, loss given default, and exposure at default, and incorporating forward-looking macroeconomic and industry information. These estimates depend on assumptions regarding Telesat LEO's financial performance, liquidity, and operating environment. Actual credit losses may differ from the amounts estimated, and any changes in these underlying assumptions may result in material adjustments to the ECL allowance in future periods.

Leases

The Corporation uses judgment in determining who the lessee is in Hibernia Project lease contracts for the purpose of recognizing right-of-use assets and lease liabilities and in determining the lease term for certain contracts, including whether extension or termination options are reasonably certain to be exercised. Accordingly, the Corporation recognizes its proportionate share of the Hibernia Project leases entered into by the operator, as the Corporation is considered to share responsibility for the lease liabilities.

In measuring the present value of lease liabilities, judgment is used to estimate the Corporation's incremental borrowing rate when the interest rate implicit in the lease cannot be readily determined.

Factors include the GoC's borrowing rates, credit risk spreads applicable to the Corporation or its subsidiaries, and the duration of the lease term. Refer to note 11 for further lease disclosures.

Decommissioning obligations

The Corporation recognizes a provision for future decommissioning of property and equipment based on estimated future decommissioning costs. Management applies judgment in assessing the expected method of reclamation of the Corporation's decommissioning obligations at the end of each reporting period. Actual costs are uncertain and estimates may vary as a result of changes to relevant laws and regulations, the use of technologies and the emergence of new technologies, operating experience, prices, and closure plans. The estimated timing of future decommissioning may change due to certain factors, including development plans and reserves life. Changes to estimates related to future expected costs, discount rates, inflation rates, and timing may have a material impact on the amounts presented.

The Corporation has recognized a provision for decommissioning obligations associated with future removal and site restoration costs. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected pipeline abandonment cost and the expected timing of those costs. However, the actual timing and the nature and extent of abandonment activities that will ultimately be required to comply with regulations at the end of the pipelines' life in future is uncertain and these estimates may change significantly as new information becomes available. See note 15 for details of decommissioning obligations.

Income taxes

Tax interpretations, regulations and legislation in the various jurisdictions in which TMC and CHHC operate are subject to change. As such income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings. Details related to the Income tax expense and the reconciliation of effective tax rate are disclosed in note 20.

Warrant valuation

The Corporation holds warrants that are classified as financial assets at fair value through profit or loss. The fair value of these warrants has been determined using a Black-Scholes pricing model. The use of this model requires management to make certain assumptions and estimates, including the equity value, which is not directly observable from publicly available market prices, the volatility of the underlying stock, the risk-free interest rate, and the expected life of the warrants. Changes in these assumptions can significantly impact the valuation of the warrants. Management regularly reviews the assumptions used and updates them as necessary. However, actual results may differ from these estimates, which could result in material adjustments to the consolidated financial statements.

Impairment of PPE

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future discounted cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. See note 10 for further details.

Defined benefit obligation

The cost of the defined benefit obligation is determined using actuarial valuations which involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details about pension obligations are provided in note 16.

Critical judgments in applying accounting policies:

Unconsolidated structured entities

CDEV has investments in unconsolidated structured entities, CEEFC, CGF and CILGC. Management exercises judgment in determining whether or not the Corporation has control of these wholly owned subsidiaries, and consequently whether or not it should consolidate their financial results.

In the case of CEEFC and CGF, CDEV and the GoC both have an investment in these entities: the former through its common voting share investment and the latter through its significant preferred share investments. While the GoC has control over CDEV and thus can indirectly control CEEFC and CGF, it cannot explicitly do so directly by virtue of its preferred shares interest or direct interests/arrangements with these entities. CDEV is, however, not meaningfully exposed to variability of returns from these entities' operations.

CDEV, through its common voting interests, has power over certain relevant activities of CEEFC. The preferred shares are issued at the request of CEEFC directly with the GoC pursuant to a Funding Agreement between CEEFC and the GoC.

CDEV, through its common voting interest, has power over certain relevant activities of CGF, with certain power delegated to CGFIM as manager.

CILGC is wholly owned by CDEV through its one common voting share which grants CDEV power over certain relevant activities of CILGC. While the GoC does not hold preferred shares in CILGC, the GoC retains the primary exposure to variability of returns by assuming the financial risk associated with Indigenous loan guarantees. However, the GoC, via the Minister of Finance, retains ultimate decision-making authority—by virtue of its direct interests or arrangements with CILGC—over actions that have a direct impact on CILGC's financial returns. Accordingly, while CDEV has power over certain relevant activities of CILGC it is not able to use those powers to influence its returns. Therefore, although CDEV owns the only outstanding common share of CILGC, it does not consolidate CILGC's operations.

Accordingly, while CDEV has power over certain relevant activities of CEEFC, CGF and CILGC, it is not able to use those powers to influence their returns. Therefore, although the Corporation owns the sole outstanding common share of each entity, it does not consolidate their operations because the Corporation does not have the ability to affect the returns from the common share investments through its power over the entities. At December 31, 2025, CEEFC had preferred shares issued with a face value of $2,517,000 (December 31, 2024 - $2,217,000). As at December 31, 2025, CGF had issued a cumulative $7,390,000 in preferred shares to the GoC to fund its investments.

The maximum exposure to loss is determined by considering the nature of the interests in the unconsolidated structured entities. At December 31, 2025, the maximum exposure to CDEV for financial risk related to CEEFC, CGF and CILGC is reflected by the carrying amount of its investments in the consolidated statement of financial position of $1 each.

Undivided working interests

CHHC's Hibernia Project activities are conducted jointly with other parties. Judgment is involved in determining whether the Hibernia Project represents a joint arrangement pursuant to IFRS 11, Joint Arrangements ("IFRS 11"), which is an arrangement over which two or more parties involved have joint control.

The Corporation has determined that the Hibernia Project arrangement is not jointly controlled, because unanimous consent is not required among all parties involved and no single group of parties has joint control over the relevant activities. Joint activities where control can be achieved through agreement between more than one combination of involved parties are considered to be outside the scope of IFRS 11. The Corporation considers the Hibernia Project relationship as being one of "undivided working interests" rather than as a joint arrangement pursuant to IFRS 11. The Corporation recognizes its proportionate share of the assets, liabilities, revenues, and expenses of the Hibernia Project in its financial statements. Currently there are no differences in CHHC's accounting for undivided working interests whether classified as a joint arrangement in scope of IFRS 11 or not.

NPI and INPI

Management used significant judgment in determining the appropriate accounting treatment for the NPI and INPI payments received. Based on the nature of the transaction, Management determined that the payments should be recognized directly in equity, rather than in the consolidated statement of comprehensive income (loss) as CDEV is required under the MOU to administer the program on behalf of the GoC and expects to ultimately dividend to the GoC all NPI and INPI payments received from Hibernia Project Owners. These transactions therefore lack commercial substance for CDEV, as they are not expected to result in any net economic benefits or losses for CDEV.

4. Accounting pronouncements issued but not yet effective:

Certain new accounting standards, amendments and interpretations are effective for future annual periods and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Corporation are set out below. The Corporation does not plan to adopt these pronouncements early.

Amendments to IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*. The amendments clarify the classification of financial assets with environmental, social and corporate governance and similar features, and address concerns raised regarding the settlement of liabilities through electronic payment systems. Also, IFRS 7 and IFRS 9 have been revised to incorporate amendments issued by the IASB in December 2024. The amendments to IFRS 9 help entities to provide information on the financial effects of nature-dependent electricity contracts. The amendments to IFRS 7 include complementary disclosure requirements. The amendments are effective for annual periods starting on or after January 1, 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Corporation does not anticipate that the amendments will have a material effect on its consolidated financial statements.

IFRS 18 - *Presentation and Disclosure in Financial Statements*

IFRS 18 will replace IAS 1 *Presentation of Financial Statements*, carrying forward many of the requirements in IAS 1 unchanged and introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Some IAS 1 paragraphs have been moved to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and IFRS 7, *Financial Instruments: Disclosures*.

4. Accounting pronouncements issued but not yet effective (continued)

Even though IFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, its impact on presentation and disclosure are expected to be pervasive, in particular those related to the Consolidated Statement of Comprehensive Income (Loss) and providing management-defined performance measures within the consolidated financial statements. The key new concepts introduced in IFRS 18 relate to the structure of the Consolidated Statement of Comprehensive Income (Loss); the required disclosures in the financial statements for 'management-defined performance measures'; and enhanced principles on aggregation and disaggregation. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The related amendments to IAS 7, *Statement of Cash Flows* and IAS 33, *Earnings Per Share*, as well as related revisions to IAS 8 and IFRS 7, become effective when IFRS 18 is applied. IFRS 18 requires retrospective application with specific transition provisions. Management is currently assessing the impact of applying IFRS 18 on the Corporation's consolidated financial statements.

5. Cash and cash equivalents and short-term investments:

Interest income arising on cash and cash equivalents was earned at annual interest rates ranging from 1.48% to 4.35% in 2025 (2024 – 2.7% to 5.45%). The carrying amount of cash and cash equivalents approximates fair value due to the short term to maturity. At December 31, 2025 and 2024, the balance was held in deposit accounts at Canadian banks and financial institutions.

Included in cash and cash equivalents at December 31, 2025 is $15,498 (2024 - $18,537) of cash in savings accounts that the corporation has internally designated as forming part of its future abandonment and risk fund, as further described in note 6.

Short-term investments include short-term highly liquid investments including banker's acceptances and Guaranteed Investment Certificates ("GICs"). Interest was earned on short-term investments at annual interest rates ranging from 1.15% to 5.50% in 2025 (2024 – 1.15% to 5.90%).

6. Investments held for future obligations:

The Corporation has deposited cash in the Consolidated Revenue Fund ("CRF") of the GoC established under Section 129(1) of the FAA. The Corporation has set aside funds in the CRF and investments to provide for future obligations as follows:

		2025		2024
CRF balance, beginning of year	$	120,037	$	115,302
Allocated interest		2,884		4,735
Withdrawals		-		-
CRF balance, end of year		122,921		120,037
Term deposits with original maturities of 1 to 3 years		38,862		30,877
GIC with original maturity of 2 years		18,259		20,136
	$	180,042	$	171,050
Current	$	216	$	2,220
Non-current		179,826		168,830
	$	**180,042**	**$**	**171,050**

At December 31, 2025, the balance of investments held for future obligations consists of cash on deposit and investments held for future abandonment and risk fund and site restoration. This is comprised of cash on deposit in the CRF of $7,312 held for CEI and $115,609 held for CHHC (2024 - $7,140 and $112,897 respectively) and investments of $57,121 held by CHHC (2024 - $51,013).

The Corporation has deposited cash in the CRF and holds investments to provide for future abandonment obligations of the Hibernia facility and to provide for security against future risks. The Corporation has reduced a portion of its third-party insurance coverage as a result of the risk fund.

The term deposits and GIC are held with major Canadian banks and earned interest income at annual interest rates ranging from 3.46% to 6.12% during 2025 (2024 - 4.82% to 6.12%). The Corporation also holds $15,498 of cash in savings accounts, included in cash and cash equivalents on the Consolidated Statement of Financial Position at December 31, 2025 (2024 - $18,537) which have been internally designated as forming part of the future abandonment and risk fund.

Funds held in the CRF are interest bearing at a rate of 90% of the three-month treasury bill tender rate. Interest income was earned at annual interest rates ranging from 2.00% to 2.93% during 2025 (2024 - 3.15% to 4.53%). The interest is retained in the CRF. Access to these funds is unrestricted.

7. Restricted cash:

		2025		2024
Restricted cash - TMC held for future abandonment costs	$	780	$	1,872
Restricted cash - TMC held as security		982		982
Restricted cash - CHHC letters of credit		8,732		8,732
	$	**10,494**	**$**	**11,586**

The restricted cash balance includes $8,732 (2024 - $8,732) used to collateralize letters of credit associated with the Hibernia Project.

8. Other current assets:

		2025		2024
Inventory	$	42,525	$	34,814
Prepaid expenses and deposits		44,137		37,861
Prepaid Bulk Oil Cargo Fee (“BOCF”)		12,705		5,722
Enhanced Response Regime Recovery (“TMEP BOCF”)		42,671		42,317
	$	**142,038**	**$**	**120,714**

The BOCF is intended to provide the Western Canada Marine Response Corporation (“WCMRC”) with funds for spill response and is collected from shippers based on volume of commodities moved through the WCMRC’s response area. Trans Mountain Pipeline Limited Partnership (“TMP LP”) remits the BOCF related to traffic through the Westridge Marine Terminal (the “dock”) to WCMRC and collects it from TMPL shippers through a tariff provision. Beginning in 2015, the WCMRC published its Trans Mountain Expansion Project Bulk Oil Cargo Fee (“TMEP BOCF”) which was payable by TMP LP. The intent of the TMEP BOCF was to provide WCMRC the funds it required to be operationally ready to provide the enhanced spill response capabilities for expected traffic increases related to the TMEP (the Enhanced Response Regime, or “ERR”). On January 19, 2016, the CER approved an alternative funding mechanism that allowed TMP LP to recover its TMEP BOCF payments from shippers following the commencement of commercial operations of the Expanded System. As a result, as of May 1, 2024, TMP LP began recovery of these payments over a five-year period through the Enhanced Response Regime Cost Recovery Fee (“ECRF”), which is an element of the variable toll for transportation to the Westridge Marine Terminal. Recovery includes financing costs incurred prior to the commencement of service, and carrying charges applied to the remaining balance following the commencement of service.

9. Restricted investments:

Restricted investments of $146,821 (2024 - $128,377) held at TMC are long-term investments in Canadian Government and Federal agency bonds held in trust. The restricted investments are to be used solely for the purposes of satisfying future abandonment costs of the pipeline under the CER’s directives. The interest is retained in the Trust and the Corporation does not have access to it until it performs approved abandonment activities.

10. Property, plant and equipment:

	Construction work in progress	Pipeline	Oil development assets, production facilities and corporate	TOTAL
Cost				
Balance at January 1, 2024	$ 30,332,636	$ 3,840,090	$ 602,965	$ 34,775,691
Additions	2,226,957	-	29,214	2,256,171
Transfers	(32,490,935)	32,490,935	-	-
Decommissioning adjustments	-	(155,921)	7,019	(148,902)
Derecognition	-	(14,931)	-	(14,931)
Foreign exchange movements	1,142	25,816	-	26,958
Balance at December 31, 2024	$ 69,800	$ 36,185,989	$ 639,198	$ 36,894,987
Additions	302,850	-	34,799	337,649
Transfers	(182,610)	182,610	-	-
Decommissioning adjustments	-	(69,495)	(32,902)	(102,397)
Derecognition	-	(2,784)	-	(2,784)
Foreign exchange movements	(606)	(14,855)	-	(15,461)
Balance at December 31, 2025	$ 189,434	$ 36,281,465	$ 641,095	$ 37,111,994
Accumulated depletion and depreciation				
Balance at January 1, 2024	$ -	$ 529,835	$ 505,121	$ 1,034,956
Depletion and depreciation	-	585,017	26,078	611,095
Derecognition	-	(3,773)	-	(3,773)
Foreign exchange movements	-	4,864	-	4,864
Balance at December 31, 2024	$ -	$ 1,115,943	$ 531,199	$ 1,647,142
Depletion and depreciation	-	951,429	25,995	977,424
Derecognition	-	(1,833)	-	(1,833)
Foreign exchange movements	-	(3,218)	-	(3,218)
Balance at December 31, 2025	$ -	$ 2,062,321	$ 557,194	$ 2,619,515
Carrying amounts:				
At December 31, 2024	$ 69,800	$ 35,070,046	$ 107,999	$ 35,247,845
At December 31, 2025	$ 189,434	$ 34,219,144	$ 83,901	$ 34,492,479

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 December 31, 2025, construction in progress related to the TMEP was $125,664 compared to $26,839 as of December 31, 2024, and construction in progress related to capital expenditures on the existing pipeline system was $63,770 as of December 31, 2025, compared to $42,960 as of December 31, 2024.

At December 31, 2025, costs related to oil development assets and production facilities subject to the calculations of depletion and depreciation included future development costs of $416,100 (2024 - $505,500). Oil development assets and production facilities include $69,417 at December 31, 2025 (2024 - $106,720) of capitalized costs relating to the future decommissioning obligations, which will be depreciated over the life of the asset.

For details on decommissioning adjustments, see note 15, Provisions.

During the year ended December 31, 2025 no capitalized interest was included in the additions to construction work in progress– pipeline (2024 - $561,815).

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.

10. Property, plant and equipment (continued)

Oil development and production facility CGU

There were no indicators of impairment noted for the oil development and production facility CGU at December 31, 2025 and December 31, 2024 and accordingly no impairment tests were required.

Pipeline CGU

As at December 31, 2025, the Corporation identified indicators of impairment for its Pipeline CGU relating to uncertainty over future tolling outcomes for the Expanded System. An impairment test was performed, and the recoverable amount was determined to exceed the carrying value for the CGU. Accordingly, no impairment was recognized.

The recoverable amount of the Pipeline CGU was determined using fair value less costs of disposal ("FVLCD") based on discounted cash flows. The estimation of FVLCD requires the use of significant unobservable inputs and therefore represents a Level 3 fair value measurement.

For purposes of determining the FVLCD of the CGU at December 31, 2025, the estimate of discounted cash flows was based on multiple tolling and cashflow scenarios including the Interim Approved Tolls, Negotiation-Based Tolls and Final Potential Tolls, weighted based on management's assessment of their likelihood. For each tolling scenario, terminal value was estimated using a probability-weighted combination of a re-contracting terminal value and a cost-of-service terminal value. Future cash flows were discounted using a weighted average cost of capital reflecting current market conditions and the risk profile of the Pipeline CGU, with a midpoint discount rate of 7.5% applied in the weighted fair value conclusion. The impairment test required the use of judgment and key assumptions, including assumptions related to the discount rate, throughput volumes, tolls, operating costs and the long-term utilization of the pipeline.

Sensitivity analysis

The impairment assessment is sensitive to changes in key assumptions. Management considered reasonably possible changes in these assumptions and their impact on the impairment conclusion. In particular, management considered the impact of a 0.5% increase in the discount rate used, or a change to a less favourable tolling case. None of these changes, with all other assumptions held constant, would result in the recoverable amount declining to or below the carrying value of the assets and an impairment being recognized.

At December 31, 2024 there were no material changes to TMC's existing operations or the TMEP construction which would indicate impairment. Accordingly, an impairment test as of December 31, 2024 was not required.

11. Right-of-use assets and leases:

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

The category of equipment includes the Corporation's proportionate working interest share of three support vessels leased by HMDC on behalf of the Hibernia Project owners. The leases comprise monthly fixed payments and extend to the year 2032. Equipment leases also include construction camp equipment, pipeline operating equipment, vehicles and office equipment.

Land includes lease for space at the Westridge Marine Terminal which consists of land and water area as well as land for pump stations and temporary construction space and extend up to the year 2105. The category of buildings includes the monthly fixed lease payments made for the Corporation's office building spaces in Alberta, B.C., and Ontario. The leases extend to the year 2031.

Lease modifications during 2024 reflect lease term extensions and rate adjustments for two of the support vessels and for one of the Corporation's office leases, as a result of renegotiated contract terms.

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

The Corporation is not exposed to any significant additional potential cash outflows that are not included in the reported amount of the lease liabilities, other than certain termination penalties which the Corporation considers not reasonably certain to be incurred as at December 31, 2025.

11. Right-of-use assets and leases (continued)

Consolidated Statement of Financial Position:

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

		Equipment and Vehicles		Land and Buildings		Total
January 1, 2024	$	17,035	$	43,494	**$**	**60,529**
Additions		8,061		948		**9,009**
Lease modifications		10,391		1,930		**12,321**
Incentives		-		(3,120)		**(3,120)**
Depreciation*		(7,395)		(7,925)		**(15,320)**
Foreign exchange		117		-		**117**
December 31, 2024	$	28,209	$	35,327	**$**	**63,536**
Additions		2,970		3,216		**6,186**
Lease modifications		324		41		**365**
Derecognition		-		(785)		**(785)**
Depreciation*		(5,849)		(2,540)		**(8,389)**
Foreign exchange		(67)		-		**(67)**
December 31, 2025	$	25,587	$	35,259	**$**	**60,846**

*Includes depreciation costs capitalized as additions to PPE of $73 and $7,080 for the years ended December 31, 2025 and 2024 respectively.

Details of lease liabilities are as follows:

		2025		2024
Lease liabilities, opening	$	76,904	$	74,491
Additions		6,186		9,009
Lease modification		365		12,321
Derecognition		(873)		-
Interest expense		3,973		4,047
Lease payments		(12,885)		(23,124)
Foreign exchange movements		(89)		160
Lease liabilities, closing	$	73,581	$	76,904
Current	$	11,303	$	10,685
Non-current		62,278		66,219
	$	**73,581**	**$**	**76,904**

The weighted average incremental borrowing rate applied to lease liabilities at December 31, 2025 is 5.13% (2024- 4.60%). Please see note 29(b) for the maturity analysis – contractual undiscounted cash flows.

11. Right-of-use assets and leases (continued)

Consolidated Statement of Comprehensive Income (Loss) and Statement of Cash Flows:

		2025		2024
Consolidated Statement of Comprehensive Income (Loss):				
Interest on lease liabilities	$	3,973	$	4,047
Less: capitalized lease interest		(2)		(196)
Net interest on lease liabilities		3,971		3,851
Consolidated Statement of Cash Flows:				
Total cash outflow for leases	**$**	**(12,885)**	**$**	**(23,124)**

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.

These leases have remaining lease terms of up to 13 years, some of which have extension options of up to 5 years per the renewal term. The agreement terms on certain merchant tanks are subject to automatic renewal for successive 5-year terms unless terminated by either party within the specified notice period. In relation to the same merchant tanks, the Corporation retains the right to relinquish the right of the lessee to use any specified tank, or multiples of such, if the assets are required for regulated service and the appropriate notice period of approximately 2 years is given. Options for a lessee to renew the contract are not included as part of future minimum operating lease revenues. None of the Corporation's leases allow the lessee to purchase the leased asset.

Some leases contain payments for both lease and non-lease components, such as the services associated with the operation of the various merchant tanks. Variable lease payments related to the service of operating certain merchant tanks have been excluded from the future operating lease revenues as their variability is dependent on the use of the merchant tanks, market conditions and pricing, occurrence or non-occurrence of certain events or based on other factors controlled by the corporation as lessor.

For the year ended December 31, 2025, lease income for merchant tank operating leases recognized in "Lease revenue" totaled $64,856 (2024 - $62,755), which included the variable lease payments described above.

The future undiscounted minimum operating lease revenues based on contractual agreements are as follows:

2026	$	34,894
2027		32,856
2028		31,255
2029		29,679
2030		28,126
Thereafter		171,630
Total	**$**	**328,440**

12. Other assets:

		2025		2024
WCMRC recoverable amounts	$	96,279	$	145,329
Internal-use software		39,472		38,421
Recoverable projects		11,693		11,664
Pension asset		26,736		15,180
Other		9,336		2,849
	$	**183,516**	**$**	**213,443**

TMC has provided funds to the Western Canada Marine Response Corporation ("WCMRC") for enhanced spill response capability for expected traffic increases related to the TMEP (the Enhanced Response Regime, or "ERR"). Costs related to the ERR were remitted to WCMRC by TMC. TMC began recovery of these payments over a period of up to 5 years through the ECRF, which is an element of the variable toll for transportation to the Westridge Marine Terminal. Recoverable Projects relates to costs for projects that are reimbursable by third parties.

Depreciation and amortization expense charged against "Other assets" related to internal-use software was $10,363 for the year ended December 31, 2025 (2024 – $7,243).

13. Telesat LEO Warrants:

On November 15, 2024, in exchange for the loan commitment (see note 18), 16342451 Canada Inc. received warrants in Telesat LEO Inc. (now Telesat LEO ULC). Pursuant to a corporate reorganization within the Telesat group completed on September 12, 2025, the warrants ("Telesat LEO Warrants") were amended to be exercisable for limited partnership units of Lightspeed LEO Limited Partnership ("LEO LP"), a single purpose holding entity that owns 100% of Telesat LEO. The transaction entitles the subsidiary to acquire one limited partnership unit of LEO LP per warrant, being 346,551 warrants at an exercise price of US$982.2713, which entitles the subsidiary to acquire an indirect 10% fully diluted ownership in Telesat LEO. The Telesat LEO Warrants are exercisable in whole or in part at any time after the second anniversary of the date of issuance of the warrants to the date that is ten years from the date of issuance of the warrants (subject to vesting and the other terms of the Warrant Agreement).

The warrants are classified as derivative financial assets, initially recognized at their fair value of $380,096 and subsequently measured at fair value through profit or loss. In 2025, the Corporation recognized fair value gains of $79,999 (2024 -$7,360) related to the Telesat LEO Warrants in Other income. Refer to note 29 for fair value and risk management assessment.

14. Other current liabilities:

		2025		2024
Dock premiums	$	15,968	$	47,092
Environmental accrual		4,889		2,326
Defined benefit obligation (note 16)		2,550		1,960
Contract liabilities (note 25)		47,041		134,411
TMEP construction emission offset obligation		17,000		48,772
Customer Revenue Sharing*		42,664		–
Other		3,462		11,591
	$	**133,574**	**$**	**246,152**

Please see note 3(u) for a description of Dock premiums.

*Pursuant to TMC's Transportation Service Agreement, shippers are entitled to certain revenue sharing which is calculated based on a portion of revenue collected from uncommitted volumes. Revenue sharing amounts are recorded in other current liabilities and are refunded to shippers through future tolls, generally within one year.

15. 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, 2024	**$ 522,275**	**$ 123,667**	**$ 645,942**	**$ 3,204**
Additional provisions	224,331	-	224,331	113
Changes in estimates	(300,223)	13,303	(286,920)	(258)
Obligations settled	(7,056)	(4,401)	(11,457)	(1,384)
Changes in discount rate	(80,029)	(6,284)	(86,313)	359
Effect of foreign exchange	3,482	-	3,482	-
Unwind of discount	16,979	3,953	20,932	77
Balance at December 31, 2024	**$ 379,759**	**$ 130,238**	**$ 509,997**	**$ 2,111**
Additional provisions	-	-	-	-
Changes in estimates	9,256	(20,671)	(11,415)	(66)
Obligations settled	(1,189)	-	(1,189)	(1,953)
Changes in discount rate	(78,751)	(12,231)	(90,982)	9
Effect of foreign exchange	(1,157)	-	(1,157)	-
Unwind of discount	11,635	3,032	14,667	-
Balance at December 31, 2025	**319,553**	**100,368**	**419,921**	**101**
Current	$ 29,244	$ -	$ 29,244	$ 101
Non-current	290,309	100,368	390,677	-
	$ 319,553	**$ 100,368**	**$ 419,921**	**$ 101**

Sensitivity Analysis:

Changes to the discount rate or the inflation rate would have the following impact on the provision for decommissioning obligations of the Corporation at December 31, 2025:

	One percent increase		One percent decrease	
Discount Rate	$	(124,135)	$	193,822
Inflation Rate	$	195,678	$	(126,822)

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 $239,449 at December 31, 2025 (2024 - $249,100). Estimates of decommissioning obligation costs can change significantly based on factors such as operating experience and changes in legislation and regulations. The change in estimate for wells and facilities decommissioning includes the impact of a change in treatment for certain well slot reclamation expenditures, leading to a reduction of $21,193.

Payments to settle the obligations are expected to occur in 2048 based upon the useful lives of the underlying assets. The provision was calculated at December 31, 2025 using an inflation rate of 2.5% (2024 - 2.5%) and was discounted using a risk-free rate of 3.85% (2024 - 3.27%).

15. Provisions (continued)

b. Provision for decommissioning obligations of pipeline:

The provision for decommissioning obligations for the pipeline properties is based on management's estimate of costs to abandon which is estimated to be $319,553 at December 31, 2025 (2024 - $379,759) discounted using an average risk-free rate of 3.85% (2024 - 3.33%). There were additional provisions to reflect the expanded system commencement on May 1, 2024. The undiscounted decommissioning liability is estimated to be $1,813,000 (2024 - $1,847,000) with an inflation rate of 2.00% (2024 - 2.00%) and these obligations will be settled based on the expected date of abandonment, which currently extends up to the year 2074.

The decommissioning provision reflects the discounted cash flows expected to be incurred to decommission TMC's pipeline system. The weighted average estimated economic life of assets covered by the decommissioning is estimated at 43 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.

16. Defined benefit obligation:

	2025	2024
TMC (see detailed schedule below):		
Pension plan	$ 29,285	$ 31,298
Other post-employment benefits	15,734	16,089
CEI retiree benefits	335	358
Net defined benefit obligation	$ 45,354	$ 47,745
Current liabilities [(a)]	$ 2,550	$ 1,960
Non-current liabilities [(b)]	69,540	60,965
Non-current assets [(c)]	(26,736)	(15,180)
	$ 45,354	**$ 47,745**

(a) Amounts included in Other current liabilities on the consolidated statement of financial position (see note 14).

(b) Amounts included in Defined benefit obligation on the consolidated statement of financial position.

(c) Amounts included in Other assets on the consolidated statement of financial position.

Trans Mountain Canada Inc. ("TMCI"), a subsidiary of TMC, sponsors pension plans covering eligible Canadian employees and retirees (the Legacy and TMCI plans). Legacy plans are closed to new participants. The plans include registered defined benefit pension plans (the Legacy plan includes a defined contribution component and is included in the following disclosures), and supplemental unfunded arrangements (which provide pension benefits in excess of Income Tax Act limits). Post-employment benefits other than pension are also provided for qualified retired employees.

Retirement benefits under the defined benefit plans are based on employees' years of credited service and pensionable earnings. Contributions for the defined benefit component of the plans are based on independent actuarial valuations. The most recent actuarial valuation for the defined benefit pension plans for funding purposes was completed as of December 31, 2025. Contributions for the defined contribution component of the Legacy plan were based on pensionable earnings.

Certain employees are eligible to receive supplemental benefits under the defined benefit plans. The supplemental plans provide pension benefits in excess of Income Tax Act limits, but consistent with the plan formula. The TMCI supplemental plan is unfunded and the Legacy supplemental plan is secured by a letter of credit.

Other post-employment benefits ("OPEB") are provided to current and future retirees and their dependents, including depending on circumstance, supplemental health, dental and life insurance coverage. Medical benefits under those OPEB plans may be subject to deductibles, co-payment provisions, dollar caps and other limitations on the amount of employer costs, and the Corporation reserves the right to change these benefits. Post-employment benefits are unfunded and annual expense is recorded on an accrual basis based on independent actuarial determination, considering, among other factors, health care cost escalation. The most recent actuarial valuation for accounting purposes was completed as of December 31, 2025.

Under the terms of the purchase and sale agreement in 1988 between CEI and Cameco, CEI is responsible for defined benefit obligations related to certain retirees. These benefits include life insurance and health and dental benefits.

16. Defined benefit obligation (continued)

	2025		2024	
	Pension	OPEB	Pension	OPEB
Change in defined benefit obligation:				
Defined benefit obligation at end of prior year	$ 313,040	$ 16,089	$ 291,489	$ 15,447
Current service cost	14,233	369	11,591	377
Past service cost	-	-	-	-
Interest expense	13,561	688	13,160	696
Benefit payments from plan assets	(11,653)	-	(10,299)	-
Benefit payments from employer	(2,980)	(713)	(2,212)	(566)
Participant contributions	7,552	-	6,378	-
Effect of changes in demographic assumptions	-	-	-	7
Effect of changes in financial assumptions	(14,570)	(573)	(1,938)	(171)
Effect of experience assumptions	16,517	(126)	4,871	299
Defined benefit obligation at end of year	**$ 335,700**	**$ 15,734**	**$ 313,040**	**$ 16,089**

	2025		2024	
	Pension	OPEB	Pension	OPEB
Change in fair value of plan assets:				
Fair value of plan assets at end of prior year	$ 282,166	-	$ 254,991	-
Interest income	12,593	-	11,780	-
Return on plan assets (excluding interest income)	7,994	-	12,600	-
Employer contributions	8,534	-	7,471	-
Employer direct benefit payments	2,980	713	2,212	566
Participant contributions	7,552	-	6,378	-
Benefit payments from plan assets	(11,653)	-	(10,299)	-
Benefit payments from employer	(2,980)	(713)	(2,212)	(566)
Administrative expenses paid from plan assets	(771)	-	(755)	-
Fair value of plan assets at end of year	**$ 306,415**	**-**	**$ 282,166**	**-**
Change in asset ceiling				
Asset ceiling at end of prior year	424	-	2,224	-
Interest income	18	-	103	-
Remeasurements	-	-	-	-
Change in asset ceiling (excluding interest)	(442)	-	(1,903)	-
Asset ceiling at end of year	**-**	**-**	**$ 424**	**-**
Funded status reflected in the consolidated statement of financial position:				
Defined benefit obligation	335,700	15,734	313,040	16,089
Fair value of pension plan assets	306,415	-	282,166	-
Funded status	**$ 29,285**	**$ 15,734**	**$ 30,874**	**$ 16,089**
Effect of the asset ceiling from remeasurement	-	-	424	-
Net defined benefit liability at end of year	**$ 29,285**	**$ 15,734**	**$ 31,298**	**$ 16,089**
Presented as follows:				
Current benefit liability (a)	1,624	846	1,041	839
Non-current benefit liability (b)	54,397	14,888	45,437	15,250
Non-current benefit asset (c)	(26,736)	-	(15,180)	-
Net defined benefit liability	**$ 29,285**	**$ 15,734**	**$ 31,298**	**$ 16,089**

(a) Amounts included in Other current liabilities on the consolidated statement of financial position.

(b) Amounts included in Defined benefit obligation on the consolidated statement of financial position.

(c) Amounts included in Other assets on the consolidated statement of financial position.

16. Defined benefit obligation (continued)

The components of defined benefits cost recognized in net income and other comprehensive income related to the pension and OPEB plans are as follows:

	2025		2024	
	Pension	OPEB	Pension	OPEB
Components of defined benefit cost:				
Service cost				
Current service cost	$ 14,233	$ 369	$ 11,591	$ 377
Total service cost	14,233	369	11,591	377
Net interest cost				
Interest expense on DBO	13,561	688	13,160	696
Interest (income) on plan assets	(12,593)	-	(11,780)	-
Interest expense of effect of asset ceiling	18	-	103	-
Total net interest cost	986	688	1,483	696
Administrative expenses and/or taxes (not reserved within DBO)	675	-	675	-
Defined benefit cost included in net income	**$ 15,894**	**$ 1,057**	**$ 13,749**	**$ 1,073**
Remeasurements (recognized in OCI)				
Effect of changes in demographic assumptions	-	-	-	7
Effect of changes in financial assumptions	(14,570)	(573)	(1,938)	(171)
(Return) on plan assets (excluding interest income)	(7,898)	-	(12,520)	-
Effect of experience adjustments	16,517	(126)	4,871	299
Changes in asset ceiling (excluding interest income)	(442)	-	(1,903)	-
Total remeasurements included in OCI	(6,393)	(699)	(11,490)	135
Total defined benefit cost	**$ 9,501**	**$ 358**	**$ 2,259**	**$ 1,208**

Net defined benefit liability reconciliation

	2025		2024	
	Pension	OPEB	Pension	OPEB
Net defined benefit liability	**$ 31,298**	**$ 16,089**	**$ 38,722**	**$ 15,447**
Defined benefit cost included in P&L	15,894	1,057	13,749	1,073
Total remeasurements included in OCI	(6,393)	(699)	(11,490)	135
Cash flows				
a. Employer contributions	(8,534)	-	(7,471)	-
b. Employer direct benefit payments	(2,980)	(713)	(2,212)	(566)
Net defined benefit liability, end of year	**$ 29,285**	**$ 15,734**	**$ 31,298**	**$ 16,089**

16. Defined benefit obligation (continued)

Defined benefit obligation by participant status - OPEB

		2025		2024
Actives	$	6,013	$	6,168
Retirees		9,721		9,921
	$	**15,734**	$	**16,089**

Plan Assets

The investment policies and strategies for the assets of the pension plans are established by the Pension Committee (the "Committee"), which is responsible for investment decisions and management oversight of the plans. The stated philosophy of the Committee is to manage these assets in a manner consistent with the purpose for which the plans were established and the time frame over which the plans' obligations need to be met. The objectives of the investment management program are to (i) meet or exceed plan actuarial earnings assumptions over the long term and (ii) provide a reasonable return on assets within established risk tolerance guidelines and to maintain the liquidity needs of the plans with the goal of paying benefit and expense obligations when due. In seeking to meet these objectives, the Committee recognizes that prudent investing requires taking reasonable risks in order to raise the likelihood of achieving the targeted investment returns. In order to reduce portfolio risk and volatility, the Committee has adopted a strategy of using multiple asset classes.

As at December 31, 2025 and 2024, the target asset allocation for the Legacy plans was 95% fixed income and 5% equity and the target allocation for the TMCI plans was 40% fixed income, 50% equity, and 10% real estate.

Below are the details of the pension plan assets by class and a description of the valuation methodologies used for assets measured at fair value.

- Level 1 assets' fair values are based on quoted market prices for the instruments in actively traded markets. Included in this level are cash and exchange traded mutual funds. These investments are valued at the closing price reported on the active market on which the individual securities are traded.
- Included in Level 2 are real estate investment funds for which the fair value is determined using inputs other than quoted prices included in Level 1 that are observable for the assets.

Listed below are the fair values of the pension plans' assets that are recorded at fair value by class and categorized by fair value measurement:

		2025		2024
Measured within Level 1 of fair value hierarchy				
Cash	$	3,928	$	3,341
Mutual funds		285,670		261,759
Measured within Level 2 of fair value hierarchy				
Real estate		16,817		17,066
	$	**306,415**	**$**	**282,166**

Plan Assets by Asset Category:	2025	2024
Domestic Equity	8%	7%
International Equity	32%	30%
Domestic Fixed Income	48%	57%
Other	12%	6%
Total	**100%**	**100**

Includes assets for the TMCI RPP and Legacy RPP and excludes assets for the Legacy SPP which is not invested.

16. Defined benefit obligation (continued)

Expected Payment of Future Benefits and Employer Contributions

Following are the expected future benefit payments:

	2025		2024	
	Pension	OPEB	Pension	OPEB
Expected employer contributions	11,940	846	9,927	839
Expected total benefit payments				
Year 1	15,890	846	14,512	839
Year 2	16,599	859	15,063	848
Year 3	17,035	877	15,523	860
Year 4	17,436	896	15,812	878
Year 5	17,770	912	16,129	897
Next 5 years	94,421	4,890	84,773	4,789

Significant actuarial assumptions

Benefit obligations and net benefit cost are based on actuarial estimates and assumptions. The following table details the weighted-average actuarial assumptions used in determining the benefit obligation and net benefit costs of the pension and OPEB plans as at year end:

	2025		2024	
	Pension	OPEB	Pension	OPEB
Assumptions related to defined benefit obligations:				
Effective discount rate for defined benefit obligation	4.99%	5.01%	4.70%	4.72%
Immediate health care cost trend rate		5.09%		5.14%
Ultimate health care cost trend rate		4.00%		4.00%
Year rate reaches ultimate trend rate		2040		2040
Assumptions related to benefit costs:				
Effective discount rate for benefit obligations	4.70%	4.72%	4.64%	4.64%
Effective rate for net interest cost	4.42%	4.39%	4.62%	4.63%
Effective discount rate for service cost	4.78%	4.81%	4.63%	4.64%
Effective rate for interest on service cost	4.62%	4.77%	4.63%	4.65%
Immediate health care cost trend rate		5.14%		5.10%
Ultimate health care cost trend rate		4.00%		4.00%
Year rate reaches ultimate trend rate		**2040**		**2040**

Duration of defined benefit obligation	2025	2024
Weighted average duration of defined benefit obligations (in years)	14.25	14.19

16. Defined benefit obligation (continued)

Sensitivity analysis

Assumed health care cost trends have a significant effect on the amounts reported for OPEB plans. A sensitivity analysis was performed for significant assumptions. A one-percentage point change in assumed rates would have the following effects as at year end:

	2025		2024	
	One percent increase	One percent decrease	One percent increase	One percent decrease
Health care cost trend rate				
i. Effect on total service cost and interest cost components	97	(75)	94	(71)
ii. Effect on benefit obligation	980	(789)	1,033	(828)
iii. Effect on net benefit periodic cost	97	(75)	94	(71)
Discount rate				
i. Effect on benefit obligation	(1,820)	2,261	(1,909)	(2,384)
ii. Effect on net benefit periodic cost	(22)	25	(32)	41

A sensitivity analysis of the most material assumptions for the Pension plan is as follows:

	2025		2024	
Increase/(decrease) in present value of defined benefit obligation	One percent increase	One percent decrease	One percent increase	One percent decrease
Salary scale	13,411	(11,706)	12,372	(10,911)
Discount rate	(40,826)	51,275	(37,965)	47,770

17. Loans payable:

Loans with EDC

The Corporation's loan arrangements comprise (i) loans held by Canada TMP Finance Ltd. related to TMC, and (ii) a loan held by 16342451 Canada Inc. related to the Telesat LEO Lightspeed program. These arrangements are described separately below.

i. TMP Finance Facilities:

On August 29, 2018, the Corporation, through TMP Finance entered into Credit Agreements with HMRC. The facilities are part of the Canada Account of the GoC, administered by EDC. The Acquisition Facility was used to fund the acquisition of the Trans Mountain Pipeline entities. The Construction Facility was used primarily to finance the TMEP construction. On March 25, 2019, the Corporation entered into an amended CER Credit Agreement. The CER Facility allows the Corporation to borrow funds for the purpose of providing financial assurance for the TMPL as required by the CER. The maturity date for all GoC loan facilities was previously amended to August 29, 2027 effective June 27, 2024.

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

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

17. Loans payable (continued)

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

a. The maturity date of all GoC facilities has been extended to August 31, 2032.

b. The interest rate for the acquisition and construction facilities has been revised from 4.7% to 3.01%, effective June 30, 2024.

c. Interest on the existing loans was paid in kind ("PIK") and added to the Construction Facility balance semi-annually

d. Interest on the Refinancing Facility of 3.01% was paid in kind and added to the Refinancing Facility balance on June 30, 2025.

e. After June 30, 2025, interest on all facilities will be paid in cash semi-annually.

At December 31, 2025, funds drawn on the Acquisition and Construction Facilities totaled $17,060,262 (December 31, 2024 - $17,550,304.) During the year, PIK interest of $261,957 was added to the Construction Facility balance (2024 - $655,834) and $290,653 was added to the Refinancing Facility balance (2024 - $nil). On December 15, 2025, the Corporation made an optional early principal repayment of $752,000 on the Acquisition Facility. The total amount drawn at December 31, 2025 on the Refinancing Facility is $18,343,653 (December 31, 2024 - $18,053,000). As at December 31, 2025, contractual interest payable was $1,407 on the Acquisition and Construction Facilities (2024 - $1,443), and $1,513 on the Refinancing Facility (2024 - $22,677).

As a result of the amendment and refinancing of the TMP Finance loan facilities, TMC's previously outstanding syndicated credit facility was replaced, as described below.

Credit Agreement with Syndicated Lenders

On April 29, 2022, TMC entered into a credit agreement with a syndicate of lenders (the "Syndicated Credit Agreement") which contained an unsecured revolving facility (the Syndicated Facility") and included a guarantee provided from the GoC. See note 30 for more information on the guarantee and associated fees. On March 24, 2023, the Corporation amended and restated the Syndicated Credit Agreement to a two-year senior unsecured Equator Principles 4 compliant revolving facility and, among other changes, amended it to include a letter of credit facility ("LC Facility"). On May 17, 2024, the Syndicated Credit Agreement was further amended to extend the maturity date to August 31, 2026 and increase the available credit to $18.9 billion. On December 20, 2024, TMC paid the outstanding balance and cancelled the Syndicated Facility.

Letter of Credit Facilities

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

As of December 31, 2025, TMC had letters of credit of $55 million issued and outstanding from the available $100 million Demand LC Facility (December 31, 2024 - $73.4 million issued and outstanding from the $100 million LC facility).

Loan Modification

In accordance with IFRS 9, the Corporation performed a quantitative assessment of the modifications to the Acquisition and Construction facilities. As the present value of the cash flows under the amended terms, discounted at the original effective interest rate, differed by more than 10% from the present value of the remaining cash flows under the original loan terms, the modification was determined to be substantial. Accordingly, the existing financial liability was derecognized (at carrying amount of $17,524,707) and a new financial liability was recognized at fair value ($15,822,820). This resulted in a deferred gain from the loan modification of $1,701,887 at December 31, 2024 which was recognized as part of the related government grant (see "Government Grants" section below).

ii. 16342451 Canada Inc. Facility:

On November 15, 2024, 16342451 Canada Inc. executed a loan agreement with EDC (the "16342451 Canada Inc. Credit Agreement") for a maximum loan of $2.14 billion plus any capitalized PIK interest, to be disbursed on a non-revolving basis as drawdowns are made on the related Telesat loan. The loan bears a variable interest rate equal to the 3-month term CORRA. The loan matures on the 15th year anniversary of the date of the initial advance. See note 18 for additional information on the nature and terms of the EDC Loan.

Therefore, the EDC Loan will be initially recognized at the point of each future drawdown by 16342451 Canada Inc. at fair value less directly attributable transaction costs and will be subsequently measured at amortized cost under the effective interest rate method.

As at December 31, 2025, $589,091 was drawn under this facility (December 31, 2024 - $nil). During the year ended December 31, 2025, PIK interest of $7,752 was added to the outstanding balance.

Government Grants

The loans with EDC bear interest at below-market rates and include a government grant component in accordance with IAS 20. The benefit of below-market interest rates is measured as the difference between the fair value of the loan on initial recognition and its nominal value at the effective date.

17. Loans payable (continued)

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

The benefit will be amortized over the remaining term of the loans. For the period ending December 31, 2025, $445,073 has been recognized as amortization of deferred income – government grant and has been netted against the gross interest expense in the consolidated statement of comprehensive income (loss) (December 31, 2024 - $13,296).

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

During the year ended December 31, 2025, the Corporation recognized $216,972 in Deferred income - government grants in the consolidated statement of financial position (December 31, 2024 - $nil). For the year ended December 31, 2025, $9,299 has been recognized as grant income and has been netted against the gross interest expense (December 31, 2024 - $nil).

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

Deferred Income – Government grants		2025		2024
Deferred Income – 16342451 Canada Inc. Loan	$	207,672	$	-
Deferred Income – TMP Finance Loans		2,994,271		3,439,344
Total deferred income – government grants	$	3,201,943	$	3,439,344
Current (note 32)	$	415,123	$	381,250
Non-current (note 32)		2,786,820		3,058,094
	$	**3,201,943**	**$**	**3,439,344**

Details of the loan facilities at December 31, 2025 are as follows:

Facility	Original Borrowing Limit[4]	Balance as at December 31, 2025	Balance as at December 31, 2024	Interest Rate Disbursed amounts[1]	Standby Fee Undisbursed amounts	Maturity Date
Acquisition	$ 4,670,000	$ 3,586,960	$ 4,157,166	3.01%	-	August 31, 2032
Construction	$ 13,500,000	$ 12,031,844	$ 11,700,337	3.01%	-	August 31, 2032
CER[2]	$ 550,000	$ -	$ -	3.01%	0.30%	December 31, 2035
Refinancing	$ 19,000,000	$ 16,793,759	$ 16,330,577	3.01%	-	August 31, 2032
Working Capital[3]	$ 500,000	$ -	$ -	3.01%	-	August 31, 2032
Total under TMP Credit Agreement		**$ 32,412,563**	**$32,188,080**			
16342451 Canada Inc. Credit Facility	$ 2,140,000	$ 377,513	$ -	CORRA		January 15, 2040
Total under 16342451 Canada Inc.		**$ 377,513**	**$ -**			
Total with GoC		**$ 32,790,076**	**$32,188,080**			
Presented as:						
Current		$ -	$ -			
Non-current		$ 32,790,076	$ 32,188,080			

[1] [2] The interest rate on disbursed amounts for GoC facilities was 4.70% until July 2, 2024, and 3.01% thereafter. The rate change for the CER facility was effective from January 12, 2025.

[3] The available borrowing limit on the working capital facility of $1,000,000 is limited by the borrowing authority at December 31, 2025.

[4] As of April 2022, the available credit was reduced to nil for cash draws on the Acquisition and Construction facilities. As of January 17, 2025 the Refinancing facility available credit was reduced to nil for cash draws.

17. Loans payable (continued)

Total interest expense is comprised of the following:

		2025		2024
Interest on Loans payable	$	1,537,946	$	1,734,526
Amortization of debt issuance costs		–		24,190
Interest on leases (note 11)		3,971		3,851
Interest and fees capitalized (note 10)		–		(561,815)
Guarantee fees		18		42,327
Standby fees		1,650		3,024
Interest expense	$	1,543,585	$	1,246,103
Amortization of deferred income – government grants		(454,372)		(13,296)
Interest expense, net	**$**	**1,089,213**	**$**	**1,232,807**

The TMP Finance fixed rate GoC loans bore an effective interest rate of 4.7% to July 2, 2024, 3.01% to December 13, 2024, and 4.54% thereafter (2024 – 4.7%). The 16342451 Canada Inc. floating rate loan bore an average effective interest rate of 9.31% during 2025. For the year ended December 31, 2025, interest expense accrued to the TMP Finance and 16342451 Canada Inc loan balances totaled $1,524,109, of which $552,610 is included in PIK interest (December 31, 2024 - $63,014, of which $25,597 is included in PIK interest), and $13,146, of which $7,752 is included in PIK interest (December 31, 2024 - $nil) respectively. Interest of $547,625 was paid on the TMP Finance loans in December 2025.

18. Loan Commitment and Loan Receivable:

On September 13, 2024, 16342451 Canada Inc. entered into an agreement committing to provide Telesat LEO Inc. (now Telesat LEO ULC) a loan for $2.14 billion conditional on the Corporation entering into a financing arrangement with EDC, on behalf of HMRC to fund the Telesat loan. Subsequently on November 15, 2024, 16342451 Canada Inc. executed a loan agreement with EDC for a maximum amount of $2.14 billion to be disbursed on a non-revolving basis as drawdowns are made on the Telesat loan (see Note 17 for the related EDC loan).

The Telesat loan was issued for a maximum amount of $2.14 billion maturing on the 15th year anniversary of the date of the initial advance. Advances under the facility will be disbursed on a non-revolving basis as certain milestones for the project are met. The Telesat loan is secured by the project assets and bears a variable interest rate of CORRA plus 4.75%. In exchange for providing the loan commitment, 16342451 Canada Inc. received 346,551 warrants of Telesat LEO Inc. As discussed in Note 13, the warrants were recognized at fair value and a corresponding deferred loan commitment fee liability was recognized. Management has assessed the stated rate of the loan to be at a below market interest rate, and as such the commitment has subsequently been measured at the higher of its ECL and the initial amount recognized less amounts allocated to draw downs of the Telesat loan. As of December 31, 2025 and 2024, the initial amount recognized for the loan commitment exceeded the total provision for expected credit losses for the commitment.

As of December 31, 2025, $581,338 was disbursed in connection to the Telesat loan (2024 - $nil) and $103,254 of the commitment amount initially recognized was allocated to Telesat loan draw downs (2024- $nil). For the year ended December 31, 2025, interest revenue of $30,669 (2024 – nil) was recognized and is presented within interest income in the consolidated statement of comprehensive income (loss).

		Telesat Loan Receivable
Balance at December 31, 2024	$	-
Amounts disbursed		581,338
Loan commitment recognized		(103,254)
Interest income – Effective Interest Rate		25,680
Net gain on changes in expected cash flows		4,989
Net measurement of loss allowance		(13,699)
Balance at December 31, 2025	**$**	**495,054**

19. Other non-current liabilities:

	2025	2024
Contract liabilities and other deferred revenue	$ 122,706	$ 125,833
Environmental liabilities	4,750	6,967
	$ 127,456	$ 132,800

Deferred revenue is comprised of approximately $24,045 (2024 – $25,999) related to upfront fees or 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 contract as well as $98,661 (2024 – $81,253) paid by customers related to the Trust which will be recognized as revenue when the funds in the Trust are used for future abandonment activities.

20. Income taxes:

CHHC is subject to income tax in Canada. TMC is subject to income tax in Canada and one of its subsidiaries is subject to tax in the United States. The other entities of the group are not subject to income tax in Canada.

a. Income tax expense:

The components of income tax expense are as follows:

	2025	2024
Current tax expense		
Current period	$ 31,295	$ 35,060
Adjustment related to prior periods	472	308
Investment tax credits	(853)	(679)
	30,914	34,689
Deferred tax expense		
Origination and reversal of temporary differences	191,272	(52,778)
Adjustment related to prior periods	(3,605)	41
Changes in tax rates applied to temporary differences	2,863	-
	190,530	(52,737)
Total income tax expense	**$ 221,444**	**$ (18,048)**

b. Reconciliation of effective tax rate:

The statutory combined federal and provincial income tax rates applicable to TMC was 24.81% (2024- 24.67%) and CHHC was 28.65% (2024- 28.48%) in 2025. The blended statutory rate in 2025 was 25.17% (2024 – 26.01%).

	2025	2024
Net income (loss) before income taxes	$ 479,675	$ (291,202)
Income tax using blended statutory rate of 25.17% (2024 – 26.01%)	120,728	(75,754)
Expenses of non-taxable entities	96,335	54,418
Statutory rate change	3,459	-
Non-deductible expenses and other	1,065	382
Adjustments related to prior periods	(3,986)	(330)
Change in unrecognized deferred tax asset	(319)	(757)
Rate differences and other	4,162	3,993
	$ 221,444	**$ (18,048)**

20. Income taxes (continued)

Recognized deferred income tax assets (liabilities):

The significant components of the Corporation's deferred income tax assets (liabilities) and deferred income tax recovery (expense) are as follows:

	Property and equipment	Provisions	Accrued Liability and Other	Non-Capital Losses	Excess Interest Expense	Total
At December 31, 2023	**$ (1,376,256)**	**$ 101,433**	**$ 12,270**	**$ 567,558**	**$ -**	**$ (694,995)**
Credited/ (charged) to the statement of comprehensive income (loss)	(604,810)	22,135	53,222	325,726	256,464	52,737
Credited/ (charged) to the statement Other Comprehensive Income	-	-	(2,796)	-	-	(2,796)
Credited/ (charged) to CTA	(2,989)	168	95	1,350	393	(983)
At December 31, 2024	**$ (1,984,055)**	**$ 123,736**	**$ 62,791**	**$ 894,634**	**$ 256,857**	**$ (646,037)**
Credited/ (charged) to the statement of comprehensive income (loss)	(285,827)	(34,549)	(6,217)	156,273	(20,210)	(190,530)
Credited/ (charged) to the statement Other Comprehensive Income	-	-	(1,779)	-	-	(1,779)
Credited/ (charged) to CTA	1,927	(74)	(47)	(917)	(203)	686
At December 31, 2025	**$ (2,267,955)**	**$ 89,113**	**$ 54,748**	**$ 1,049,990**	**$ 236,444**	**$ (837,660)**

Expiration Periods for Deferred Tax Assets:

As of December 31, 2025, there were non-capital loss carry forwards of $4,232,141 ($3,626,404 as of December 31, 2024), which will start to expire in 2037. There was excess interest expense carried forward of $953,018 as of December 31, 2025 ($1,049,994 as of December 31, 2024), which arose prior to the December 2024 Capital and Debt restructuring of TMC (note 17) and will start to expire in 2045.

Unrecognized deferred tax assets (liabilities):

At December 31, 2025, TMC had no unrecognized deferred tax assets.

CHHC has an unrecognized net deferred income tax asset of $25,285 at December 31, 2025 (2024 - $24,183) related to its provision for decommissioning obligations, as estimated future taxable income is not expected to be sufficient to realize the deferred income tax asset in the allowable timeframes.

21. Trade and other payables:

	2025	2024
Trade payables and accrued liabilities	$ 204,422	$ 208,953
Interest payable	818	105,814
PPE accrued liabilities and contractor retainage	142,333	326,808
	$ 347,573	**$ 641,575**

Information about the Corporation's exposure to currency and liquidity risks is included in note 29.

22. Share capital and Net Profits Interest reserve:

a. Share capital

		2025		2024
Share Capital:				
Authorized – unlimited number of common shares				
Issued and fully paid – 101 common shares	$	1	$	1

The holder of common shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Corporation.

b. Net Profits Interest reserve

During the year, NPI payments received under the NPI agreements totalled $132,954 of which $10,989 was received from CHHC and eliminated upon consolidation (2024 – $177,443 of which $15,406 was eliminated). There was no additional provision set up in 2025 for future NPI-related refund payments (2024 - $5,700). NPI refund payments were $5,583 in 2025 of which $16 was paid to CHHC and eliminated upon consolidation (2024 - $7,134 of which $606 was eliminated).

23. Supplemental cash flow disclosure:

Changes in non-cash working capital and other balances for the years ended December 31 include the following:

		2025		2024
Trade and other receivables	$	(9,184)	$	(17,773)
Other current assets		(21,649)		(91,763)
Deferred charges and other assets		31,105		71,820
Trade and other payables and interest payable		(263,679)		(480,677)
Other current liabilities		(114,357)		177,664
Other non-current liabilities		(2,220)		64,085
Change in non-cash working capital and other items	**$**	**(379,984)**	**$**	**(276,644)**
Relating to:				
Operating activities	$	(54,723)	$	250,134
Financing activities		-		(91)
Investing activities		(325,261)		(526,687)
Change in non-cash working capital and other items	**$**	**(379,984)**	**$**	**(276,644)**

PPE expenditures comprise the following:

		2025		2024
PPE additions (note 10)	$	(337,649)	$	(2,256,171)
Change in non-cash items related to PPE		(313,833)		(371,205)
Capitalized lease amortization and interest		72		10,201
Cash used for PPE expenditures	**$**	**(651,410)**	**$**	**(2,617,175)**

23. Supplemental cash flow disclosure (continued)

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

		2025		2024
Opening balance	$	32,188,080	$	32,975,494
Cash movements:				
Proceeds from loans payable		581,338		20,028,000
Repayment of loans payable (note 17)		(752,000)		(18,065,000)
Debt issuance costs		-		(14,703)
Interest Paid (note 17)		(547,625)		-
Non-cash movements:				
PIK interest (note 17)		560,362		655,834
Debt issuance costs amortization (note 17)		-		24,190
Deferred Income - government grant (note 17)		(216,972)		(3,452,640)
Amortized Interest – Effective Interest Rate		976,893		37,417
Other		-		(512)
Closing balance	**$**	**32,790,076**	**$**	**32,188,080**

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

a. Net crude oil revenue for the years ended December 31 is comprised as follows:

		2025		2024
Crude oil sales	$	192,524	$	216,975
Less: royalties		(43,268)		(47,615)
Net crude oil revenue	**$**	**149,256**	**$**	**169,360**

b. Gross crude oil sales represent the entirety of CHHC's revenue generated from contracts with customers. The following table illustrates the disaggregation of crude oil sales by destination:

		2025		2024
Europe	$	96,315	$	34,165
United States		96,209		182,810
	$	**192,524**	**$**	**216,975**

c. Royalties:

CHHC pays royalties monthly to the Province of Newfoundland and Labrador on the revenues generated from Hibernia Project production in accordance with royalty and associated agreements which govern the applicable license areas. The royalty agreements consist of tiered royalty structures including gross royalty, net royalty, supplementary royalty, and certain additional royalties, some of which are based on oil price. While the stated royalty rates range from 5% of gross transfer revenue to over 50% of net transfer revenue depending on the royalty area, the majority of CHHC's revenue in 2025 was encumbered by a royalty rate of 30% of net transfer revenue, as defined in the royalty agreements. Gross transfer revenue reflects crude oil sales less eligible transportation costs, while net transfer revenue reflects gross transfer revenue less eligible operating and capital costs. In 2025, total royalties averaged 22% of crude oil sales (2024 – 22%).

d. Net Profits Interest:

CHHC is also party to an NPI Agreement, which provides for a monthly NPI payment to the GoC by all Hibernia Development Project owners. The NPI payment is based on a percentage of net crude oil sales, as defined in the NPI Agreement (crude oil sales less eligible transportation, operating and capital costs). The rate is a maximum of 10% but may be adjusted downward based on oil price environments according to an oil index factor. The adjusted rate averaged 8.3% in 2025 (2024 – 9.7%). In 2025, NPI payments averaged 6% of crude oil sales (2024 – 6%). NPI payments are paid to CDEV and upon consolidation are not recognized as a deduction to revenue since it is an intercompany charge.

24. Net crude oil revenue and operating, transportation and marketing expenses (continued)

e. Operating, transportation and marketing expenses for the years ended December 31 are comprised as follows:

		2025		2024
Hibernia Project operating expenses	$	19,800	$	23,955
Movement in overlift (underlift) (i)		677		(648)
Crude oil transportation and transshipment		5,595		4,897
Crude oil marketing		314		286
Total operating, transportation and marketing	**$**	**26,386**	**$**	**28,490**

(i) The physical nature of the production and transportation of Hibernia Project oil is such that it is more efficient for project owners to lift full tanker-loads of oil. A lifting schedule identifies the order and frequency with which each owner lifts. The amount of oil lifted by each owner at the Statement of Financial Position date may not be equal to its working interest. Some owners will have lifted more volume than their working interest entitlement (overlift) and others will have lifted less volume than their working interest entitlement (underlift).

At December 31, 2025, the Corporation was in an underlift position, having sold less barrels than produced. The underlift is recognized as inventory with corresponding credits to operating, transportation and marketing expenses and depletion and depreciation expenses. The Corporation was also in an underlift position at December 31, 2024.

25. Revenue and operating expenses from pipeline operations:

For the year ended December 31, revenues and operating expenses from pipeline operations, disaggregated by revenue source and type of revenue, are comprised as follows:

		2025		2024
Transportation service revenue	$	2,911,159	$	1,902,959
Lease revenue		64,856		62,755
Other revenue		3,233		4,977
Total	**$**	**2,979,248**	**$**	**1,970,691**
Pipeline operating and production expenses	$	410,709	$	322,162
Salaries and benefits		201,743		169,150
Other general and administration costs		80,242		43,248
Total operating expenses excluding finance costs and depreciation	**$**	**692,694**	**$**	**534,560**

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

25. Revenue and operating expenses from pipeline operations (continued)

Revenue Allocated to Remaining Performance Obligations

The contractually committed revenue primarily consists of service customer contracts, which have minimum volume commitment payment obligations. The actual revenue recognized on these customer contracts can vary depending on the service provided and the contractually committed revenue for purposes of the tabular presentation below is generally limited to the minimum revenue commitment under firm service contracts. Variable toll components from firm service contracts and consideration from uncommitted transportation services are excluded from the amounts above until actual volumes and tolls are determined.

The following table presents the estimated revenue related to remaining performance obligations for contracted revenue that has not yet been recognized, as of December 31, 2025 and will be invoiced or transferred from contract liabilities (recorded under deferred revenue, refer to notes 14 and 19) and recognized in future periods.

Year		Estimated Revenue
2026	$	2,606,166
2027		2,623,317
2028		2,696,146
2029		2,756,124
2030		2,825,027
Thereafter		43,908,784
Total	$	**57,415,564**

Contract Balances

Contract liabilities are the result of timing differences between revenue recognition, billings and cash collections and represent payments received for performance obligations which have not yet been fulfilled. For the years ended December 31, 2025 and 2024, there were no contract assets recognized. Contract liabilities primarily relate to make-up rights and deferred revenue for firm service contracts in place under the Expanded System. Contract liabilities also include 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:

		2025		2024
Opening balance	$	219,017	$	65,820
Additions and modifications		116,745		340,913
Transfer to Revenues		(186,920)		(187,716)
Ending Balance	$	148,842	$	219,017
Other current liabilities	$	47,041	$	134,411
Other non-current liabilities		101,801		84,606
	$	**148,842**	$	**219,017**

26. Commitments:

The Corporation's commitments at December 31, 2025 are summarized in the table below:

	2026	2027-2030	Thereafter	Total
Crude oil transportation and transshipment services [(i)]	$ 5,411	$ 18,422	$ -	$ 23,833
Hibernia Project contracts[(ii)]	1,372	229	-	1,601
Pipeline PPE [(iii)]	1,786	-	-	1,786
Other operating commitments [(iv)]	81,295	278,970	895,248	1,255,513
Total Commitments	$ 89,864	$ 297,621	$ 895,248	$ 1,282,733

i. CHHC is committed to crude oil transportation services pursuant to a Contract of Affreightment ("COA"), as part of the Basin Wide Transportation and Transshipment System ("BWTTS") which also involves other East Coast Canada oil producers. Also, in conjunction with the BWTTS, CHHC is committed to crude oil transshipment services pursuant to a Reserved Capacity Services agreement with Newfoundland Transshipment Ltd., also for a term of June 1, 2015 to May 31, 2030.

ii. CHHC is committed to paying its working interest share of the 2026 capital, operating and abandonment costs of the Hibernia Project estimated at $76,498, which is inclusive of amounts shown for 2026 in the commitments table above. The actual funded amount is dependent on the nature of the underlying contracts or purchase orders that have yet to be negotiated by HMDC, and the actual approved authorities for expenditure for capital projects.

iii. Pipeline PPE includes commitments for purchases of PPE which consist primarily of commitments related to remaining work on the TMEP.

iv. Other Operating commitments primarily relate to commitments to provide funding to support indigenous and local communities, payments to the Province of British Columbia (the "Province"), and commitments for power and other services. Expenses related to these operating commitments are recorded in "Pipeline operating costs" as incurred. Certain commitments include an estimate for increases in the consumer price index. In order to meet the conditions to operate in British Columbia, the Corporation is committed to making long term payments to the Province over an initial 20-year term. Payments include an annual guaranteed amount of $25 million and a variable amount based on uncommitted volume revenue, to a maximum combined payment of $50 million annually. Future payments included in the above table represent the minimum guaranteed amounts.

27. 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 was 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 was based on the alleged contamination of certain properties. On August 19, 2025 this action was dismissed.

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

Flood Insurance Proceeds

In 2021 there was widespread flooding in British Columbia and Washington State, which resulted in financial losses, including damage to TMC's assets, delays to the TMEP construction, and business interruption. The Corporation has recognized a total of $118 million in insurance proceeds since the initial event in 2021. During the year ended December 31, 2025, insurance proceeds on the flood related claims were recognized of $30,332 (2024 - $nil) in "Other income" and related to a recovery of capital costs. While certain claims included in the amounts recognized since the event have reached final settlement, there is a claim remaining where the proceeds recognized represent the interim settlements. The amount and timing of any future insurance proceeds on claims in progress cannot be reasonably estimated.

28. Capital management:

The Corporation considers its capital structure as the aggregate of its shareholder's equity (deficit) of $(881,092) (2024 - $(833,891)), which is comprised of its share capital, contributed surplus, Net Profits Interest reserve, accumulated deficit and accumulated other comprehensive income (loss), and its loans payable of $32,790,076 (2024 - $32,188,080). The Corporation and its subsidiaries' objectives when managing capital are to prudently manage its revenues, expenses, assets, liabilities and general dealings to ensure that it effectively achieves its objectives and purpose, while remaining a going concern. The Corporation's share capital is not subject to any external restrictions. CHHC monitors changes in economic conditions and the risk characteristics of the underlying energy industry so that it can continue to provide returns for shareholders and benefits for other stakeholders. In 2025, capital, operating and other commitments were fully funded by cash flow from operating activities. Management believes that cash flows from operating activities will continue to be sufficient to meet CHHC's needs for capital, operating and other commitments in 2026. To improve liquidity, CHHC can reduce or defer dividends. CHHC can also access additional funding from its abandonment and risk fund.

CEI monitors its cash and cash equivalents position and its cash held in the CRF so that it can meet its liabilities. In 2025, the site restoration liability was settled as all remaining properties were transferred to the Province of Saskatchewan's Institutional Control Program.

TMC monitors cash requirements to ensure funding is available to settle financial liabilities when they become due. In 2025, TMC's capital management strategy was to maintain sufficient cash and working capital to self-fund operations and maintenance capital projects. With the commencement of commercial operations of the Expanded System and refinancing of the syndicated facility, the primary sources of liquidity and capital resources for TMC are funds generated from operations and the available capacity on the Working Capital Facility with TMP Finance.

29. 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. This note provides information about the Corporation's exposure to each of these risks as well as the Corporation's objectives, policies and processes for measuring and managing them.

a. Credit and contract risk:

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

i. For its crude oil sales contracts, the Corporation has assessed the risk of non-collection of funds as low, as it shares cargos with its marketing agent, generally contracts with credit-worthy counterparties, and may use letters of credit, parental guarantees or other credit risk mitigation instruments prior to concluding sales contracts with certain counterparties. Receivables from the Corporation's crude oil customers are typically collected 30 calendar days following delivery of the crude. The Corporation has historically not experienced any collection issues with its crude oil customers.

In the first half of 2024, the Corporation used the services of a crude oil marketer pursuant to an agency agreement, whereby the marketer arranged contracts with customers on the Corporation's behalf. The Corporation sold to three customers during this period. In the second half of 2024, the agency agreement was terminated and the Corporation commenced a crude oil sales agreement with a different marketer. Under this latter agreement, the Corporation sells its oil directly to the marketer, accordingly the marketer was the Corporation's sole customer during the second half of 2024 and during 2025. This counterparty is investment-grade rated.

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, or prepayment for services. A majority of the Corporation's customers operate in the oil and gas exploration and development, or energy marketing or transportation fuel industries. There may be exposure to long-term downturns in energy commodity prices, including the price for crude oil, and economic instability from these events or other credit events impacting these industries and customers' ability to pay for services.

iii. The Corporation is exposed to credit risk through its loan commitment to Telesat LEO and its Telesat Loan Receivable. The commitment has been measured at the higher of its ECL and the initial amount recognized less amounts allocated to draw downs of the Telesat loan. The commitment and receivable were initially graded between a B- and CCC. As at year end, there has been no significant increase in credit risk. The Telesat loan commitment and Loan Receivable continue to remain in Stage 1. An explanation of the term "Stage 1" is included in Note 3(n).

29. Risks to the Corporation (continued) | **a)** Credit and contract risk (continued)

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

The movement in the allowance for impairment in respect of the Telesat Loan Receivable during the period was as follows:

		Telesat Loan Receivable
Balance at December 31, 2024	$	-
Amounts written off		-
Net measurement of loss allowance		13,699
Balance at December 31, 2025	**$**	**13,699**

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

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

The Corporation's allowance for doubtful accounts was insignificant as at December 31, 2025 and 2024. As at December 31, the composition of trade and other receivables is as follows:

		2025		2024
Contracts with pipeline shippers	$	171,271	$	155,982
Contracts with crude oil customers		448		13,278
Hibernia Project joint account		2,123		865
HST/GST input tax credits*		7,595		11,137
Other		19,436		10,426
Trade and other receivables	$	200,873	$	191,688
Amount outstanding greater than 90 days	$	9,387	$	10,430

*HST/GST input tax credits are not financial instruments

Of the total amount of trade and other receivables 85% (2024 – 88%) relates to contracts with customers, which was all collected subsequent to year end. Due to the high credit quality of the Corporation's counterparties, the ECLs provision at December 31, 2025 is insignificant.

The carrying amount of cash and cash equivalents, short-term investments, restricted cash and restricted investments, and investments held for future obligations balances represents the maximum credit exposure for those financial assets.

Cash and cash equivalents, short-term investments, restricted cash and restricted investments, and investments held for future obligations balances are held by investment-grade Canadian banks and financial institutions and the GoC. All cash equivalents and investments are purchased from issuers with a credit rating of R1 High by Dominion Bond Rating Service.

Accordingly, the ECLs provision at December 31, 2025 related to cash and cash equivalents and investments is insignificant. The Corporation realized no actual impairment losses during the years ended December 31, 2025 or 2024.

b. Liquidity risk:

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Corporation's approach to managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due.

The Corporation forecasts cash requirements to ensure funding is available to settle financial liabilities when they become due. The primary sources of liquidity and capital resources are funds generated from operations and the issuance of debt, including the available capacity on the Working Capital Facility. See note 17 for details on Debt.

29. Risks to the Corporation (continued) | **b)** Liquidity risk (continued)

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

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

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

Maturity analysis – contractual undiscounted cash flows:

		Contractual Cash Flows			
December 31, 2025	**Carrying Amount**	**Total**	**1 year or less**	**1-5 years**	**More than 5 years**
Trade and other Payables	$ 347,573	$ 347,573	$ 347,573	$ -	$ -
Lease liabilities	73,581	159,604	12,742	37,714	109,148
Loan commitment	276,842	1,558,661	745,630	813,031	-
Loan payable – TMP	32,412,563	42,511,219	1,065,658	5,328,289	36,117,272
Loan payable – 16342451 Canada Inc.	377,513	687,805	-	211,109	476,696
	$ 33,488,072	**$ 45,264,862**	**$ 2,171,603**	**$ 6,390,143**	**$ 36,703,116**

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

c. Market risk:

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

i. Currency risk:

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

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

It is estimated that a 1% strengthening or weakening in the Canadian dollar relative to the U.S. dollar would not result in a material impact to the Corporation's profit for the year ended December 31, 2025.

The continuing operations had realized foreign exchange gains of $1,604 and losses of $2,508 for the year ended December 31, 2025 ($3,227 and $1,541 respectively for December 31, 2024). The Corporation did not have any foreign exchange rate contracts in place as at or during the year ended December 31, 2025 or 2024.

ii. Commodity price risk:

Commodity price risk is the risk that the fair value of assets or liabilities or future cash flows will fluctuate as a result of changes in commodity prices. CHHC's production is sold at spot crude oil prices, however its financial instruments do not fluctuate with commodity prices and CHHC does not use derivative instruments. The sensitivity to commodity price risk on CHHC's financial instruments is insignificant.

iii. Interest rate risk:

Interest rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in market interest rates. The Corporation is exposed to interest rate fluctuations on its cash and cash equivalents and the various investments held. The risk is not considered significant as the Corporation's interest income is approximately 3% of total revenue.

As of December 31, 2025, the Corporation does not have significant exposure to interest rate risk on loans from its parent at fixed interest rates at the balance sheet date. 16342451 Canada Inc.'s loan from EDC bears an interest rate at the prevailing CORRA. The corresponding loan to Telesat LEO bears an interest rate at the prevailing CORRA plus fixed applicable margin. As the loans are structured on a back-to-back basis with a corresponding CORRA exposure on both the payable and receivable, the Corporation's exposure to interest rate risk is not significant. Modifications to borrowings under the Credit Agreement with the EDC reduced the fixed interest rate to 3.01% and extended the maturity date which provides improved cash flows. Borrowings under the Syndicated Credit Agreement which had variable interest rates and a related fixed rate guarantee fee were replaced with the fixed rate refinancing loan.

iv. Other Price Risk

The Corporation has no significant exposure to price risk from equity securities or commodities in the normal course of business. However, the Corporation is exposed to price risk associated with the value of the Telesat LEO Warrants whereby the fair value may not be equivalent to the liquidation value of the warrants. Refer to note 13 for further information.

d. Fair value of financial instruments:

The Corporation classifies the fair value of its financial instruments according to the following hierarchy based on the amounts of observable inputs used to value the financial instrument:

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities that can be assessed at the measurement date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices for which all significant inputs are observable, either directly or indirectly. Level 2 valuations are based on inputs which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

  Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the change has occurred. There were no movements between levels in the fair value hierarchy during the period.

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

The carrying amounts for the investments held for future obligations approximate their fair value as the amounts are either cash on deposit or investments with a maturity of 365 days or less.

The following table shows the carrying amounts and fair values of restricted investments, Telesat LEO Warrants, loan commitment and loans payable including their levels in the fair value hierarchy:

29. Risks to the Corporation (continued) | **d)** Fair value of financial instruments (continued)

			Carrying amounts		Fair value	
	Classification	Hierarchy	2025	2024	2025	2024
Financial assets						
Restricted investments	FVTPL	Level 2	146,821	128,377	146,821	128,377
Telesat LEO Warrants	FVTPL	Level 3	467,455	387,456	467,455	387,456
Loan receivable - Telesat	Amortized cost	Level 2	495,054	-	481,137	-
Financial liabilities						
Loan commitment[1]	See Note 18	Level 3	276,842	380,096	358,821	448,419
Loans payable-TMP	Amortized cost	Level 2	32,412,563	32,188,080	34,338,421	32,123,849
Loans payable- 16342451 Canada Inc.	Amortized cost	Level 2	377,513	-	341,429	-

[1] Comparative figures have been changed to reflect an updated fair value estimate.

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

December 31, 2024	$	**387,456**
Gain (Loss) on revaluation of warrants	$	**79,999**
December 31, 2025	$	**467,455**

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

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

The Corporation has determined that these valuation techniques are a Level 3 measurement within the fair value hierarchy as estimated volatility is generally unobservable and requires management estimation. The following inputs have been used in assessing the fair value of the warrants:

Key Assumptions	Inception	December 31, 2025	December 31, 2024
Equity value			
Discount rate	20%	20%	20%
Exit multiple	10X	10X	10X
Warrants value			
Equity Value (USD)	3,755,000	4,511,000	3,755,000
Risk free rate	3.52%	3.41%	3.51%
Volatility	55%	61%	55%

The loan commitment, which is Level 3 in the fair value measurement hierarchy, relates to the Corporation's obligation to make funds available under a committed lending arrangement with Telesat LEO Inc. (see note 18 for further information on the nature of the commitment and lending arrangement). The Corporation used a discounted cash flow model to measure the fair value of the undrawn portion of the Telesat LEO loan, being the loan commitment. Key inputs used in the discounted cash flow model include the expected timing and amount of future drawdowns based on contractual terms, project milestones and management forecasts, the applicable forward interest rate curve, and the discount rate used to discount future cash outflows to their present value. As the loan commitment represents an obligation of the Corporation to advance funds, the discount rate applied is commensurate to the Corporation's risk profile, updated for current market conditions as at the measurement date.

29. Risks to the Corporation (continued) | **d)** fair value of financial instruments (continued)

Sensitivity Analysis

Reasonable possible changes as at December 31, 2025 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects on the warrant valuation:

	Profit or loss	
	Increase	Decrease
December 31, 2025		
Equity Value (10% movement)	56,181	(55,597)
Risk free rate (1% movement)	7,705	(8,027)
Expected volatility (10% movement)	29,797	(33,277)
USD/CAD foreign currency rate (0.05 movement)	17,031	(17,031)

30. 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.

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.

The GoC provided TMC with a guarantee in relation to its previously outstanding Syndicated Credit Agreement (see note 17) in exchange for a fixed rate fee on the outstanding balance under the Syndicated Credit Agreement and was terminated with the cancellation of the Syndicated Credit Agreement on February 5, 2025. For the year ended December 31, 2025, TMC incurred $18 in guarantee fees (2024 - $42,327) which are included in interest expense. As of December 31, 2025, the guarantee fee payable was $ nil (2024 – $104,998).

On November 15, 2024, 16342451 Canada Inc. executed a loan agreement with EDC for a maximum loan of $2.14 billion for the purpose of funding the Telesat loan. See note 18 for further details.

In 2025, CDEV recovered $85 in expenses from CGF which were incurred during the year. This amount is included in Professional fees for 2025 (2024 – $62 included in Other income).

On October 6, 2025, CILGC 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 CILGC and CILGC's administration of the Indigenous Loan Guarantee Program. For the year ended December 31, 2025, costs incurred by the CILGC and funded by CDEV were $5,839. At December 31, 2025, CDEV has a related party receivable from CILGC of $7,720. This amount includes reimbursement of expenses incurred by CDEV prior to the incorporation of CILGC to set up CILGC and assist it in the initial set up of the Program as well as reimbursement for certain expenses CDEV incurred on behalf of the CILGC including professional and advisory fees and expenses, salaries and employee benefits, rent, travel, insurance, and other operational costs.

a. Key management personnel compensation:

Key management personnel are comprised of the directors and executive officers of CDEV and its subsidiaries. In addition to their salaries, the Corporation also provides non-cash benefits to executive officers.

	2025	2024
Key management personnel compensation comprised of: Salaries, termination, other short-term benefits, director fees and post-employment benefits	$ 20,996	$ 18,307

30. Related party transactions (continued)

b. Transactions between CDEV and its parent are below:

		2025		2024
Loans from the GoC (Canada Account) (note 17)	$	32,790,076	$	32,188,080
Deferred income – government grants (note 17)		3,201,943		3,439,344
Amortization of deferred income – government grants		(454,372)		(13,296)
Interest/standby fees (note 17)		1,538,905		694,900
Interest payable to the GoC (note 17)		2,920		24,120
Dividends paid to GoC		417,000		-
Cash on deposit in the CRF		122,921		120,037
Guarantee fees (note 17)		18		42,327
Guarantee fees payable		-		104,998
CRF Interest income		2,884		4,735

c. Transactions between CDEV and its unconsolidated structured entities are below:

		2025		2024
Accounts receivable from CEEFC	$	984	$	290
Management fees receivable from CEEFC		1,404		800
Accounts receivable from CILGC		7,720		-
Management fees receivable from CILGC		2,475		-
Accounts receivable from CGF		43		24
Other income (Expense recovery) – CGF		(85)		(62)
Other income (Expense recovery) – CILGC		(3,450)		-

31. Supplementary information:

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

	2025							
	TMC (US GAAP)	IFRS Adjustments		TMC (IFRS)	CHHC	Others	Eliminations	Consolidated
Statement of Comprehensive Income:								
Revenue:								
Transportation service revenue	$ 2,938,021	$ (26,862)	(1)	$ 2,911,159	$ -	$ -	$ -	$ 2,911,159
Net crude oil revenue	-	-		-	138,422	-	10,834	149,256
Lease revenue	63,114	1,742		64,856	-	-	-	64,856
Other revenue	3,233	-		3,233	-	6,018	-	9,251
Other income	189	30,332		30,521	2,886	-	86	33,493
Gain (Loss) on warrants	-	-		-	-	79,999	-	79,999
	3,004,557	**5,212**		**3,009,769**	**141,308**	**86,017**	**10,920**	**3,248,014**
Expenses:								
Depletion and depreciation	994,684	(43,148)	(2)	951,536	29,036	60,581	(44,389)	996,764
Operating and production	413,103	(2,394)		410,709	26,386	-	-	437,095
Salaries and benefits	200,069	1,674	(3)	201,743	1,893	9,916	-	213,552
General and admin, other and FX	80,155	87		80,242	3,201	25,821	(21)	109,243
	1,688,011	**(43,781)**		**1,644,230**	**60,516**	**96,318**	**(44,410)**	**1,756,654**
Finance Expenses (income):								
Equity AFUDC	1,492	(1,492)	(4)	-	-	-	-	-
Other, net	939	(1,904)		(965)	-	-	-	(965)
Unwind of discount	-	(11,635)	(4)	(11,635)	(3,805)	-	773	(14,667)
Net Interest (expense)	(571,516)	(3,985)	(4)	(575,501)	8,010	(430,212)	1,650	(996,053)
	(569,085)	**(19,016)**		**(588,101)**	**4,205**	**(430,212)**	**2,423**	**(1,011,685)**
Net income (loss) before income taxes	**747,461**	**29,977**		**777,438**	**84,997**	**(440,513)**	**57,753**	**479,675**
Income taxes	191,498	4,809	(5)	196,307	25,137	-	-	221,444
Net income (loss)	**$ 555,963**	**$ 25,168**		**$ 581,131**	**$ 59,860**	**$ (440,513)**	**$ 57,753**	**$ 258,231**
Other comprehensive income (loss)	**$ (14,067)**	**$ 3,537**	(6)	**$ (10,530)**	**$ -**	**$ (21,060)**	**$ 21,060**	**$ (10,530)**
Statement of Financial Position:								
Assets:								
Current assets	802,441	-	(7)	802,441	92,900	570,163	(104,820)	1,360,684
Non-current assets	35,870,548	(1,632,320)	(8)	34,238,228	283,415	36,919,062	(35,404,214)	36,036,491
	$ 36,672,989	**$ (1,632,320)**		**$ 35,040,669**	**$ 376,315**	**$ 37,489,225**	**$ (35,509,034)**	**$ 37,397,175**
Liabilities								
Current liabilities	608,409	(10,229)		598,180	14,632	428,984	(104,878)	936,918
Non-current liabilities	13,549,834	(183,108)	(9)	13,366,726	116,732	35,857,891	(12,000,000)	37,341,349
	$ 14,158,243	**$ (193,337)**		**$ 13,964,906**	**$ 131,364**	**$ 36,286,875**	**$ (12,104,878)**	**$ 38,278,267**
Shareholder's Equity	**$ 22,514,746**	**$ (1,438,983)**	(10)	**$ 21,075,763**	**$ 244,951**	**$ 1,202,350**	**$ (23,404,156)**	**$ (881,092)**
	$ 36,672,989	**$ (1,632,320)**		**$ 35,040,669**	**$ 376,315**	**$ 37,489,225**	**$ (35,509,034)**	**$ 37,397,175**

31. Supplementary information (continued)

				2024				
	TMC (US GAAP)	IFRS Adjustments		TMC (IFRS)	CHHC	Others	Eliminations	Consolidated
Statement of Comprehensive Income:								
Revenues:								
Transportation service revenue	$ 1,817,575	$ 85,384	[1]	$ 1,902,959	$ -	$ -	$ -	$ 1,902,959
Lease revenue	61,594	1,161		62,755	-	-	-	62,755
Net crude oil revenue	-	-		-	155,623	-	13,737	169,360
Other revenue	2,728	2,249		4,977	-	2,598	(1,798)	5,777
Other income/ FX	41	-		41	4,449	3	(17)	4,476
Gain (Loss) on warrants	-	-		-	-	7,360	-	7,360
	1,881,938	**88,794**	[1]	**1,970,732**	**160,072**	**9,961**	**11,922**	**2,152,687**
Expenses:								
Depletion and depreciation	607,125	(19,779)	[2]	587,346	28,418	40,411	(30,023)	626,152
Operating and production	322,666	(504)		322,162	28,490	-	-	350,652
Salaries and benefits	166,971	2,179	[3]	169,150	1,827	6,169	-	177,146
General and admin Other and FX	46,732	(3,484)		43,248	2,474	14,441	(148)	60,015
	1,143,494	**(21,588)**		**1,121,906**	**61,209**	**61,021**	**(30,171)**	**1,213,965**
Finance Costs:								
Equity AFUDC	461,827	(461,827)	[4]	-	-	-	-	-
Other, net	934	(12,092)		(11,158)	-	-	-	(11,158)
Unwind of discount	-	(16,979)	[4]	(16,979)	(3,953)	(77)	-	(21,009)
Net Interest (expense)	(1,196,616)	187,242	[4]	(1,009,374)	11,760	16,157	(216,300)	(1,197,757)
	(733,855)	**(303,656)**		**(1,037,511)**	**7,807**	**16,080**	**(216,300)**	**(1,229,924)**
Net income before income taxes	**4,589**	**(193,274)**		**(188,685)**	**106,670**	**(34,980)**	**(174,207)**	**(291,202)**
Income taxes	(415)	(47,607)	[5]	(48,022)	29,974	-	-	(18,048)
Net Income	**$ 5,004**	**$ (145,667)**		**$ (140,663)**	**$ 76,696**	**$ (34,980)**	**$ (174,207)**	**$ (273,154)**
Other Comprehensive Income	**$ 31,868**	**$ 1,644**	[6]	**$ 33,512**	**$ -**	**$ 67,024**	**$ (67,024)**	**$ 33,512**
Statement of Financial Position:								
Assets:								
Current assets	777,840	-	[7]	777,840	104,947	399,701	(4,450)	1,278,038
Non-current assets	36,602,038	(1,632,974)	[8]	34,969,064	301,663	36,779,530	(35,829,184)	36,221,073
	$ 37,379,878	**$ (1,632,974)**		**$ 35,746,904**	**$ 406,610**	**$ 37,179,231**	**$ (35,833,634)**	**$37,499,111**
Liabilities								
Current liabilities	928,016	(36,901)		891,115	15,580	20,169	(4,560)	922,304
Non-current liabilities	13,379,012	(128,385)	[9]	13,250,627	149,066	36,011,005	(12,000,000)	37,410,698
	$ 14,307,028	**$ (165,286)**		**$ 14,141,742**	**$164,646**	**$ 36,031,174**	**$ (12,004,560)**	**$ 38,333,002**
Shareholder's Equity	**$ 23,072,850**	**$ (1,467,688)**	[10]	**$ 21,605,162**	**$ 241,964**	**$ 1,148,057**	**$ (23,829,074)**	**$ (833,891)**
	$ 37,379,878	**$ (1,632,974)**		**$ 35,746,904**	**$ 406,610**	**$ 37,179,231**	**$ (35,833,634)**	**$ 37,499,111**

31. 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 "IFRS Adjustments" and are detailed below:

1. Transportation service 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 service 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. Also, during the year ended December 31, 2025, insurance proceeds were recognized related to interim settlements on the flood related claims. Under US GAAP $30,332 of the proceeds were recognized as a recovery of capital costs on rate-regulated assets. In the absence of rate-regulated accounting under IFRS, these proceeds are recognized as other income.

2. 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 4. This is partially offset by an asset retirement obligation ("ARO") and the corresponding asset retirement cost under IFRS Accounting Standards. Due to the significant uncertainty around the timing and scope of abandonment, certain ARO liabilities are not recorded under US GAAP, resulting in a correspondingly lower fixed asset base, and lower depreciation under US GAAP related to the asset retirement costs.

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

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

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

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

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

8. Non-current assets are lower under IFRS Accounting Standards primarily due to adjustments to PPE. There are differences in the fair value of the net assets under US GAAP and IFRS Accounting Standards primarily related to ARO, regulatory liabilities, and deferred taxes upon acquisition. Following the acquisition, PPE is lower under IFRS Accounting Standards due to the recognition of AFUDC under US GAAP, partially offset by higher ARO and the corresponding asset retirement cost under IFRS. TMC also records proceeds from certain contracts, including Firm 50 premiums as contributions in aid of construction under US GAAP ASC 980, which reduces fixed assets. These contributions are recognized as revenue under IFRS Accounting Standards.

9. Non-current liabilities differ under IFRS Accounting Standards primarily due to the recognition of an ARO and other environmental obligations. TMC does not record these obligations under US GAAP when the timing and scope are indeterminate. There are also adjustments to deferred taxes under IFRS Accounting Standards. The differences between US GAAP and IFRS Accounting Standards upon acquisition have a related tax effect which results in lower deferred tax on acquisition. Under US GAAP debt issuance costs are recognized as an asset while they are netted against debt under IFRS Accounting Standards. Additionally, there is an ongoing difference in deferred income taxes related to differences in net income and the tax expense recognized.

10. The cumulative impact of the IFRS Accounting Standards adjustments to shareholder's equity total $1,438,983 with $25,168 being the impact of the 2025 net loss.

32. Change in classification:

The Corporation has reclassified comparative figures to conform to the current year presentation.

i. During the year, the Corporation determined that a notice savings account included within "Cash and cash equivalents" on the consolidated Statement of Financial Position should be reclassified to "Short-term investments", within current assets. The impact of this change on previously reported amounts is outlined below:

	December 31, 2024 (Previously Reported)	Adjustment	December 31, 2024 (Reclassified Amount)
Consolidated Statement of Financial Position:			
Current assets:			
Cash and cash equivalents	815,509	(20,613)	794,896
Short-term investments	147,907	20,613	168,520

This change also impacted the Corporation's consolidated Statement of Cash Flows, as the overall Cash and cash equivalents balance was decreased by 20,613, and the corresponding prior year line item, which captured net "Sales (Purchases) of Short-term investments", was adjusted by 20,613 to reflect an adjusted net purchase position of 103,296. Additionally, in response to a change in the Corporation's accounting policy for presentation of short-term investments, this line item was further reclassified into two line items to reflect gross "Purchases of Short-term investments" of 257,674 and gross "Sales of Short-term investments" of 154,378. This accounting policy change is intended to provide more relevant information in the financial statements on the cash flow effect of short-term investment transactions.

ii. During the year, the Corporation changed its accounting policy for presentation of deferred income from government grants to provide more relevant information in the financial statements. As a result, the Corporation reclassified the "Deferred Income – government grants" liability expected to be recognized in profit or loss within one year of $381,250 from non-current liabilities to current liabilities in the consolidated Statement of Financial Position.

iii. The Corporation also removed the non-cash interest movements of $7,390 it had included as "Interest received" in the operating activities of its consolidated Statement of Cash Flows with a corresponding adjustment to the respective investing activities Additionally, in response to a change in the Corporation's accounting policy for presentation of investments held for future obligations, the Corporation also revised the description of the line item "Change in investments held for future obligations" to "Purchases of investments held for future obligations" to provide more relevant information in the financial statements on the cash flow effect of these investment transactions. As a result, the comparative figures have been updated to reflect the current year's presentation. These adjustments made to the consolidated Statement of Cash Flows were immaterial and had no overall impact on the Corporation's ending cash balance.

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