Second Quarter Report

June 30, 2026

Canada Development
Investment Corporation

CDEV

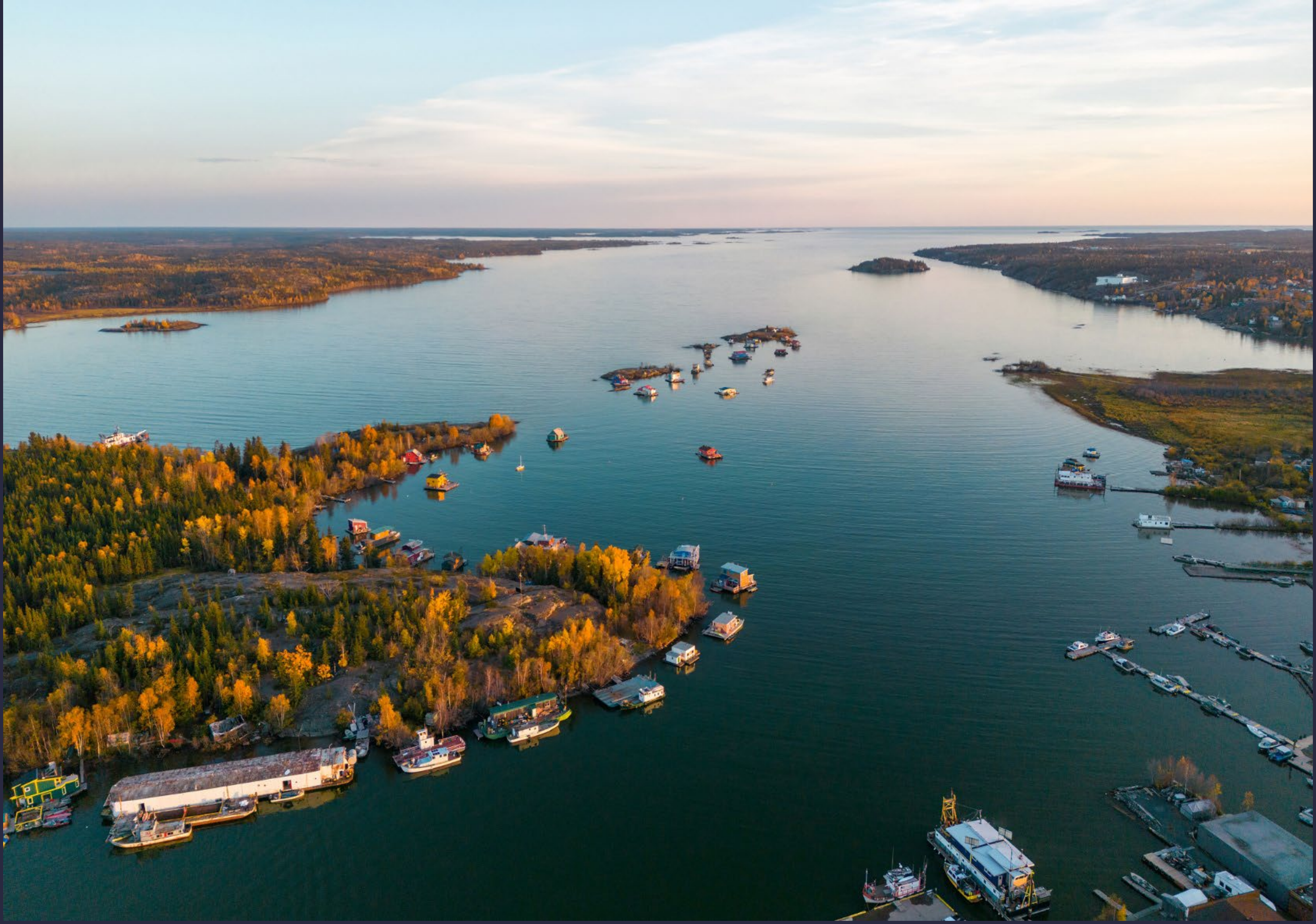


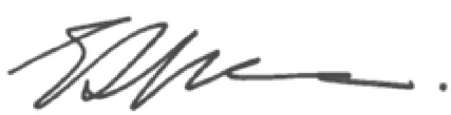
Table of Contents

1 Statement of Management Responsibility by Senior Officials

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

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

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on August 19, 2026



Elizabeth A. Wademan
President & Chief Executive Officer

Carlos Gallardo
Chief Financial Officer

Toronto, Ontario · August 19, 2026

2 Management Discussion and Analysis of Results – for the period ended June 30, 2026

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

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

This Management Discussion and Analysis of Results is as of June 30, 2026 and should be read in conjunction with CDEV's unaudited interim condensed consolidated financial statements for the period ended June 30, 2026 and CDEV's Annual Report for the year ended December 31, 2025.

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.

On June 14, 2026, the Canada Development Investment Corporation Act (the "CDEV Act") came into force and the Corporation was continued as a federal Crown corporation under its own enabling legislation. The CDEV Act preserves CDEV's existing mandate, operations, and governance structure while aligning CDEV with peer Crown corporations and enhancing transparency, clarity, and efficiency.

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") managed 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. On June 8, 2026, CEEFC stood up the Liquidity for Airline Sector Resilience ("LASR") facility to provide temporary, repayable liquidity support to eligible Canadian passenger airlines affected by elevated aviation fuel prices. Established in May 2020, CEEFC is led by a President and CEO. Employees of CDEV provide management services to CEEFC through a services agreement. The financial results for CEEFC have not been included in CDEV's consolidated results as discussed in note 3(c) of the consolidated financial statements for the year ended December 31, 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 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. The financial results for CGF have not been included in CDEV's consolidated results as discussed in note 3(c) of the consolidated financial statements for the year ended December 31, 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 and Hibernia Southern Extension 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. The financial results for CILGC have not been included in CDEV's consolidated results as discussed in note 3(c) of the consolidated financial statements for the year ended December 31, 2025.

CANADA INNOVATION CORPORATION ("CIC") is mandated to help to maximize business investment in research and development across all sectors and in all regions of Canada to promote innovation-driven economic growth. 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 ("GoC") 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. 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 a MOU with Natural Resources Canada.

Canada Development Investment Corporation

In the second quarter of 2026, CDEV continued to manage the Government's LEEFF program and the new LETL program through its CEEFC subsidiary.

In the second quarter of 2026, CDEV management continued to work on its mandate for TMC, including to work with TMC to maximize the return on investment for Canada from the 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.

In the six months ended June 30, 2026, CDEV received $128.5 million in NPI payments from the Hibernia Project Owners, $10.4 million of which was received from CHHC and eliminated upon consolidation. The receipts are recorded as an increase in the NPI reserve.

CDEV paid no dividends in the second quarter of 2026. Dividends of $167 million were declared in March 2025 and were paid in the second quarter of 2025. CDEV retains sufficient liquidity to meet operational requirements and potential contingencies, with excess funds returned to the shareholder.

On June 26, 2026, the Government of Canada subscribed for 5,000,000 additional common shares of the Corporation at a par value of $100 per share, for an aggregate subscription price of $500 million, pursuant to section 22(2) of the CDEV Act. Common shares issued and outstanding increased to 5,000,101 at June 30, 2026 (101 at December 31, 2025). On June 29, 2026, the Corporation subscribed for 500,000 Class C Preference Shares of CEEFC for $500 million to capitalize CEEFC's LASR Program. The Class C Preference Shares are non-voting, carry no entitlement to dividends or other distributions and are redeemable by CEEFC, and the Corporation has classified them as a financial asset measured at fair value through profit or loss. The fair value of the shares at June 30, 2026 was $295 million, and the $205 million difference between the $500 million subscription price and fair value was recognized as a reduction of contributed surplus directly in equity, reflecting that the difference represents a transfer of value to the Government of Canada in its capacity as the Corporation's shareholder. Subsequent changes in fair value will be recognized in profit or loss.

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, together the TMPL, under regulated toll structures.

In the three months ended June 30, 2026, TMC generated $828 million in revenue and $628 million in earnings before interest, taxes, and depreciation ("EBITDA"), and in the six months ended June 30, 2026, TMC generated $1,553 million in revenue and $1,187 million in EBITDA. In the comparative periods TMC generated $693 million (three months) and $1,414 million (six months) in revenue, and $532 million and $1,094 million in EBITDA respectively. Revenue increased mainly due to a $137 million increase in transportation revenue related to higher uncommitted spot volumes, which earn higher average tolls, and the 2.5% annual toll increase effective May 1, 2026. We note that under TMC's continuing use of US GAAP, revenue and EBITDA were $1,537 million and $1,158 million respectively for the six months ended June 30, 2026, compared to $1,448 million and $1,126 million in the comparative period. For details see note 24 of the interim condensed consolidated financial statements.

As of June 30, 2026, construction of the Trans Mountain Expansion Project ("TMEP") was complete, with reclamation, road and civil work expected to continue in 2026. For the three and six months ended June 30, 2026, major projects capital expenditures were $15 million and $27 million, respectively, primarily related to completion of the road access network and TMEP related land matters. This was in addition to the $28.32 billion spent through December 2025 under CDEV ownership. For the three and six months ended June 30, 2026, sustaining capital expenditures totaled $29 million and $46 million respectively and mainly related to projects required to maintain the Trans Mountain Pipeline ("TMPL") and Puget in a safe and reliable operating condition and included various tank maintenance work.

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.

For further details please see the TMC Q2 2026 financial report at www.transmountain.com.

Canada TMP Finance Limited

Canada TMP Finance is the parent of TMC and its entities. Until Q1 2022, TMP Finance provided funding to TMC at a ratio of 45% equity and 55% debt. To finance these advances, TMP Finance borrowed from the Canada Account administered by Export Development Canada ("EDC"), a federal Crown corporation. Certain regulatory financial requirements of TMC are also provided by TMP Finance to TMC through an undrawn credit facility with the Canada Account.

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 debt. This included an extension of, and amendments to TMP Finance's loan from EDC, along with an interest rate reduction. The borrowing authority for TMP Finance was increased to borrow up to an additional $20 billion from the Canada Account, comprising up to $19 billion for TMC to fully repay its third-party syndicated debt and any outstanding accrued interest, as well as providing a new working capital facility of $1 billion. The available borrowing limit on this working capital facility is limited to $500 million by the borrowing authority at June 30, 2026. All debt associated with TMC is now funded by the EDC Canada Account. The full loan balance between EDC and TMP Finance incurs interest at or around the GoC's cost of capital at the time of the transaction.

At June 30, 2026, funds drawn on the Acquisition and Construction Facilities totaled $17,060,262. Prior to the amendment, no further cash draws were permitted and there are no other required payments on the Canada Account borrowings until maturity, with all interest charges paid in kind and added to the principal of loan when interest is due. As a result of the amendment, after June 30, 2025, interest is paid semi-annually in cash. The amount drawn on the Refinancing Facility at June 30, 2026 was $18,343,653.

The debt refinancing under the amended loan agreement with EDC was recognized under International Financial Reporting Standards ("IFRS Accounting Standards") as an extinguishment of the original loans with the difference between the fair value of the loans and their carrying value treated as a government grant and recognized as deferred income. The deferred income represents the benefit from the below market rate obtained on the EDC loans and will be amortized over the term of the loans. For the six months ended June 30, 2026, we recognized an amortization of deferred income - government grant of $193 million related to TMP Finance's government grant benefit.

In the six months ended June 30, 2026, gross loan interest expense for TMP Finance's loans was $721 million. On May 1, 2024, upon commercial commencement of the Expanded System, the TMEP assets were transferred from construction work in progress to their respective fixed asset classification resulting in commencement of depreciation and amortization 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 cessation of capitalizing interest offset by lower interest rates under the amended agreement.

Canada Hibernia Holding Corporation

CHHC's after-tax income of $40.4 million in the three months ended June 30, 2026 and $61.6 million in the six months ended June 30, 2026 was $26.0 million or 181% higher and $26.9 million or 77% higher than the $14.3 million and $34.7 million recorded in the comparative periods, due mainly to higher net crude oil revenue, higher foreign exchange gains and lower depletion and depreciation expenses, partially offset by higher operating expenses, higher income tax expense and lower interest income.

Net crude oil revenue, calculated as crude oil sales less royalties and net profits interest, was $64.1 million in the three months ended June 30, 2026 and $108.3 million in the six months ended June 30, 2026, compared to $37.1 million and $84.5 million in the comparative periods, driven by increases in the volume of oil sold and the average realized oil price, partially offset by higher royalty and NPI expense. (On consolidation, net crude oil revenue for the second quarter of 2026 was $72.3 million (2025 - $39.9 million) due to the elimination of NPI payments made to CDEV).

Sales volumes were 0.64 million barrels of oil in Q2 2026 compared to 0.56 million barrels in Q2 2025, reflecting an increase in production volumes and the timing of cargo sales. Average gross field production volumes were 98,396 barrels of oil per day ("bopd") in Q2 2026 compared to 73,886 bopd in Q2 2025, reflecting production growth from the drilling program and well workover activities.

CHHC sells its oil based on the Dated Brent ("Brent") benchmark price for crude oil, in US dollars. The price of Brent crude averaged US $104.56 per barrel in Q2 2026 compared to US $67.76 per barrel in Q2 2025. CHHC's average realized USD oil price was US $111.29 per barrel compared to US $67.60 per barrel in Q2 2025, reflecting a larger premium to average Brent realized in Q2 2026 compared to average Brent realized in Q2 2025. On a Canadian dollar basis, CHHC's average realized oil price was $153.42 per barrel compared to $93.12 per barrel in Q2 2025, reflecting higher US dollar price realizations, with the

USD/CAD exchange rate unchanged at 1.38 in both periods.

Capital expenditures of $18.7 million in the six months ended June 30, 2026 were focused on drilling activities in the Hibernia Main Field.

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 the six months ended June 30, 2026, the liability for site restoration changed mainly due to the settlement of obligations. CEI holds cash and cash equivalents plus funds within the Consolidated Revenue Fund totaling $7.5 million to pay for CEI's total estimated liabilities of $0.3 million.

Canada Enterprise Emergency Funding Corporation

Since March 2020, management of CDEV has administered the implementation of the LEEFF program on behalf of the GoC through CEEFC, including the retention of financial and legal advisors. 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. 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 April 22, 2026, the terms and conditions of the LETL facility were revised by the Minister of Finance. To be eligible for the loan, a borrower must be a commercial entity incorporated or otherwise constituted under federal Canadian law or the laws of a Canadian province or territory and must have a minimum of $150 million in consolidated annual revenue. The borrower's most recent annual or interim financial statements must not contain a going concern note, qualification or note of emphasis (other than directly related to the tariffs and countermeasures) or the Borrower can otherwise demonstrate (through the application process and by attestation) to the reasonable satisfaction of the Lender that it was solvent as at December 31, 2024. The borrower must not have made any filing for relief or protection under the Companies Creditors' Arrangement Act or any other bankruptcy or insolvency legislation.

On June 8, 2026, CEEFC stood up the LASR facility to provide temporary, repayable liquidity support to eligible Canadian passenger airlines affected by elevated aviation fuel prices. The facility provides bridge financing of up to $150 million per borrower, with drawdowns tied to incremental fuel-cost increases, and includes conditions intended to support affordability, maintain domestic service levels and employment, and protect the interests of Canada's economy. As noted above, the LASR Program was capitalized through CDEV's $500 million subscription for CEEFC Class C Preference Shares.

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

Select financial results for CEEFC are shown below:

($ Millions)	2020	2021	2022	2023	2024	2025	YTD-2026	Total to June 30, 2026
LEEFF Program								
Loan commitments made[2]	320	7,108	193	-	-	155	-	7,776
Loans funded	110	2,588	405	-	-	155	30	3,288
Equity Investments [1] [2]	-	500	-	-	(500)	9	-	9
Loan Principal Repayments[2]	-	380	35	338	18	85	30	886
Preferred shares issued (redeemed)	200	2,890	-	-	(873)	-	-	2,217
LETL Program								
Loan commitments made	-	-	-	-	-	515	210	725
Loans funded	-	-	-	-	-	109	383	492
Preferred shares issued (redeemed)	-	-	-	-	-	300	400	700
LASR Program								
Loan commitments made	-	-	-	-	-	-	125	125
Loans funded	-	-	-	-	-	-	85	85
Preferred shares issued	-	-	-	-	-	-	500	500

(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 $9.0 million as at June 30, 2026.

CEEFC prepares its financial statements using Public Sector Accounting Standards. Costs incurred by CDEV related to the development of LEEFF have been recovered from CEEFC.

For details on the financial and operating results of CEEFC please see the CEEFC Q2-26 financial 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 June 30, 2026, 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 21 investments from inception to June 2026.

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

For details on the financial and operating results of CGF please see the CGF Q2-26 Financial Statements and MD&A 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 (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 given based on predetermined project milestones. No repayments of principal or interest are required during the construction phase, and all interest will be added to the outstanding loan balance as paid in kind (PIK). The principal loan amount available under this agreement is $2.14 billion. The loan to Telesat LEO will be funded by the Canada Account.

A loan agreement was signed between EDC and 16342451 Canada Inc. to fund the $2.14 billion commitment on November 15, 2024. In the six months ended June 30, 2026, advances totaling $194 million were made to Telesat LEO with a corresponding draw on the Canada Account (2025 - $286 million). During the six months ended June 30, 2026, $34 million of the deferred loan commitment fee liability (initially recognized in the year ended December 31, 2024) was allocated to the Telesat LEO loan drawdowns and an expected credit loss of $7.5 million was recognized in relation to the drawn amounts. Interest income of $65 million was recognized during the period (2025 – a net interest loss of $15 million, comprising interest income of $9 million at the effective interest rate offset by a $24 million loss on the change in expected cash flows).

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. The warrants are measured at fair value through profit and loss.

As at June 30, 2026, the fair value was determined to be $536 million (December 31, 2025 - $467 million) resulting in a gain of $69 million recognized as Other Income in the statement of comprehensive income.

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 $65.7 million in government assistance was initially recorded in relation to the drawn amounts with $7.7 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. CILGC has expanded its executive team and dedicated staff in 2026 and will continue driving the strategic objectives forward.

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 Q2-26 Report at www.cilgc-cgpac.ca.

Analysis of External Business Environment

The ongoing management of our holdings will depend on overall market and economic conditions as well as factors specific to the underlying company or investment. No material changes have been identified since December 31, 2025 as described in the 2025 Annual Report.

Risks and Contingencies

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.

TMC's ability to service debt may depend on a number of factors, including financial and operating performance of TMC, overall economic conditions, and financial, regulatory, and other factors, many of which are beyond TMC's direct control. On June 1, 2023, Trans Mountain filed the Application for Interim Commencement Date Tolls with the Canada Energy Regulator ("CER"), and on November 30, 2023, the CER approved Trans Mountain's preliminary interim tolls. At the commencement of service of the TMEP on May 1, 2024, TMC began recording revenue on the basis of these preliminary interim tolls. On July 7, 2026, Trans Mountain filed a negotiated settlement (the "Settlement Agreement") with the CER covering tolling, tariff and service-related matters on the TMPL. The parties to the Settlement Agreement (the "Settlement") represent the substantial majority of contracted firm shipment volumes on the TMPL and reflect a broad range of commercial interests. The Settlement, reached following approximately 18 months of extensive engagement and good-faith negotiations with shippers, establishes a comprehensive long-term framework for tolls, tariffs and service on the TMPL, subject to CER approval. It provides greater certainty and predictability for customers and stakeholders, while supporting the long-term operation of the TMPL.

If approved by the CER, the Settlement would:
- Establish a new long-term framework for tolls and service on the TMPL;
- Resolve all issues currently before the CER in Proceeding RH-002-2023;
- Finalize tolls for the period from May 1, 2024 to the day immediately prior to the Settlement effective date;
- Establish the future tolling framework for firm shippers and uncommitted shippers;
- Increase the level of firm capacity on the TMPL from 80% to 90% of nominal pipeline capacity; and
- Align tolling, transportation service and commercial operating terms within a single negotiated framework.

Trans Mountain has requested CER approval of the Settlement Application by October 1, 2026 to support implementation of the new framework and a potential January 1, 2027 Settlement effective date. The framework would provide commercial certainty to shippers and other market participants and includes tolls for 15- and 20-year Transportation Service Agreements along with opportunities for firm shippers to extend their contracts. The tolls that are currently in place will continue until such time as the CER renders a decision on the Settlement Agreement and the Settlement tolls come into effect. The outcome of the CER's consideration of the Settlement may have future impacts on TMC's cash flows.

The other risks and contingencies described in the 2025 Annual Report remain unchanged.

Financial Statements for the Period Ended June 30, 2026

The interim condensed consolidated financial statements for the three and six months ended June 30, 2026 with comparative figures for Q2 2025, have been prepared in accordance with IFRS Accounting Standards applicable to interim periods, including IAS 34, *Interim Financial Reporting.*

TMC prepares its financial statements in accordance with US GAAP. To read the US GAAP Q2 2026 TMC financial statements please go to **www.transmountain.com**. Note 24 in CDEV's interim condensed consolidated financial statements presents TMC financial results in US GAAP, adjustments made to the statements to convert these results to IFRS Accounting Standards and the TMC financial results in IFRS Accounting Standards as consolidated into CDEV.

Consolidated revenue was $901 million for the three months ended June 30, 2026 and $1,675 million for the six months ended June 30, 2026, compared to revenue of $733 million and $1,507 million in the comparative periods. Transportation revenue of $812 million for the quarter and $1,522 million year-to-date changed as a result of higher uncommitted spot volumes, which earn higher average tolls, and the 2.5% annual toll increase effective May 1, 2026. Net crude oil revenue was $72 million compared to $40 million in the comparative period, due to a $47 million increase in crude oil sales, partially offset by a $15 million increase in royalty expenses. Other income increased by $34 million largely due to movements in the fair value of warrants relating to Telesat LEO. The $10 million TMC insurance settlement related to the 2021 flood was recognized in the six-month period, with no amount in the second quarter.

Total expenses for the three-month period, excluding finance costs, were $508 million and $990 million for the six-month period, compared to $395 million and $800 million in the comparative periods. The change is primarily due to a $119 million increase in depletion and depreciation for the six months ended June 30, 2026, following higher depreciation rates effective July 1, 2025, following the CER's approval of Trans Mountain's 2024 Depreciation Study. The change is also a result of development costs of $20 million in the second quarter of 2026 for TMC relating to short- and long-term optimization initiatives aimed at increasing pipeline capacity by up to 300,000 bpd. Salaries and benefits expense increased by $9 million and $18 million for the three and six months ended June 30, 2026, respectively compared to the prior year periods, largely driven by higher average compensation and a larger workforce to support TMC's expanded Pipeline system and associated business requirements. Additionally, pipeline operating costs for the three and six months ended June 30, 2026 increased by $10 million and $13 million, primarily due to higher government and community payments, maintenance for planned asset integrity activities, power from higher throughput, partially offset by lower insurance premiums and regulator costs.

Interest expense of $272 million in the three-month period ended June 30, 2026 and $543 million for the six-month period changed from $271 million and $537 million in the prior year periods. Subsequent to the refinancing of TMC's third party syndicated debt in December 2024, the interest rate on the loans is lower and the guarantee and associated fees with the GoC have been eliminated. While gross interest expense decreased for the period due to lower interest rates, this was offset by the cessation of capitalized debt financing costs following the commercial commencement of the Expanded System on May 1, 2024. Interest expense related to the Telesat Loan drawdowns of $11 million was also recorded during the three-month period ended June 30, 2026 compared to $4 million in the prior year period.

Net income before income taxes for the three-month period ended June 30, 2026 was $223 million and $308 million for the six-month period, compared to $74 million and $223 million in the comparative periods. The change is mainly due to higher transportation revenue, higher net crude oil revenue and higher other income, partially offset by higher loan interest expense, depreciation and operating expenses.

Income taxes for the three and six months ended June 30, 2026 of $61 million and $104 million compared to $56 million and $119 million recorded in the comparative periods, reflecting changes in net income for TMC.

Cash and cash equivalents as at June 30, 2026 increased to $1,384 million compared to $962 million at December 31, 2025 mainly due to operating cash flow of $750 million and net NPI receipts of $118 million, partially offset by net purchases of short-term investments of $287 million and $142 million in capital expenditures on property, plant and equipment. The $500 million common share subscription received from the GoC and the $500 million subscription for CEEFC Class C Preference Shares had no net effect on cash.

Short-term investments increased by $289 million to $339 million at June 30, 2026 from $50 million at December 31, 2025 mainly due to the net purchases of short-term investments during the period.

Accounts receivable of $206 million increased by $5 million from December 31, 2025 largely due to a $13 million increase in CHHC oil sales receivables, $3 million increase of intercompany receivables, partially offset by a $11 million decrease in trade accounts receivable with pipeline shippers due to the timing of collections versus revenue.

Property, plant, and equipment of $34 billion decreased by $443 million since year end primarily due to depletion and depreciation, partially offset by capital expenditures and decommissioning adjustments.

Loan receivable relating to drawdowns on the loan provided to Telesat LEO changed to $712 million for the period from $495 million at year end due to an additional drawdown of $194 million, interest income accrued to the loan balance using the Effective Interest Rate (EIR) method of $30 million, and a net gain on the revision of cash flows of $36 million, partially offset by the portion of the drawdowns allocated to the loan commitment liability of $34 million and a provision for the expected credit loss of $8 million.

Investments of $295 million increased due to the subscription for 500,000 Class C Preference Shares of CEEFC for $500 million in June 2026. The shares are measured at fair value through profit or loss and were recognized at their fair value of $295 million, with the $205 million difference between the subscription price and fair value at initial recognition recognized directly in equity as a reduction of contributed surplus. No subsequent fair value change was recognized to June 30, 2026.

Warrants of $536 million relating to Telesat LEO changed by $69 million for the period, due to the fair value adjustment to market.

Trade and other payables of $346 million decreased by $1 million from December 31, 2025 primarily due to changes in TMC capital accruals and payables related to the TMEP and changes in general trade invoices.

Long-term loans payable changed to $33.1 billion from $32.8 billion at year end due to $733 million of interest amortized at the effective interest rate on a consolidated basis, interest paid in kind of $8 million, and loan drawdowns by 16342451 Canada Inc. of $194 million, partially offset by interest paid of $528 million during the period and $66 million transferred to the deferred income – government grant recognized.

Total deferred income – government grant decreased to $3,067 million from $3,202 million at December 31, 2025, as $66 million was recognized in relation to 16342451 Canada Inc.'s loans from EDC during the period partially offset by $201 million of total amortization of the deferred income – government grants for the period.

Deferred income tax liability increased by $91 million due to changes in TMC deferred taxes related to temporary differences on the TMEP property, plant, and equipment and statutory tax rates.

The provision for decommissioning obligations changed to $407 million at June 30, 2026 from $391 million at December 31, 2025 mainly due to a change in the discount rate used during the period.

Three and six months ended June 30, 2026

Interim Condensed Consolidated Financial Statements of Canada Development Investment Corporation

(Unaudited)

CANADA DEVELOPMENT INVESTMENT CORPORATION

Interim Condensed Consolidated Statement of Financial Position (Unaudited)

(Thousands of Canadian Dollars)

	June 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 1,384,190	$ 962,411
Short-term investments	338,534	49,764
Trade and other receivables (note 22)	205,697	200,873
Income taxes receivable	1,998	5,382
Other current assets (note 6)	201,706	142,038
Current portion of Investments held for future obligations	111	216
	2,132,236	1,360,684
Non-current assets:		
Property, plant and equipment (note 8)	34,049,590	34,492,479
Loan receivable (note 15)	712,242	495,054
Investment (note 7)	295,000	-
Investments held for future obligations	182,252	179,826
Restricted cash (note 5)	15,326	10,494
Restricted investments	155,406	146,821
Right-of-use assets (note 9)	65,798	60,846
Warrants (note 11)	536,459	467,455
Other assets (note 10)	174,740	183,516
	36,186,813	36,036,491
	$ 38,319,049	$ 37,397,175
Liabilities and Shareholder's Equity		
Current liabilities:		
Trade and other payables	$ 346,084	$ 347,573
Current portion of lease liabilities (note 9)	12,248	11,303
Current portion of provision for decommissioning obligations (note 13(a), (b))	32,436	29,244
Current portion of provision for site restoration (note 13)	3	101
Current portion of deferred Income – government grants (note 14)	432,523	415,123
Other current liabilities (note 12)	144,130	133,574
	967,424	936,918
Non-current liabilities:		
Loans payable (note 14)	33,130,347	32,790,076
Deferred Income – government grants (note 14)	2,634,363	2,786,820
Loan commitment (note 15)	242,423	276,842
Deferred income taxes	928,547	837,660
Provision for decommissioning obligations (note 13(a), (b))	406,840	390,677
Lease liabilities (note 9)	73,197	62,278
Defined benefit obligation	49,229	69,540
Other non-current liabilities	131,952	127,456
	37,596,898	37,341,349
Shareholder's equity (deficit):		
Share capital (note 16)	500,001	1
Contributed surplus	398,294	603,294
NPI reserve (note 16)	150,802	32,638
Accumulated deficit	(1,367,150)	(1,570,916)
Accumulated other comprehensive income	72,780	53,891
	(245,273)	(881,092)
	$ 38,319,049	$ 37,397,175

Commitments (note 20)
Contingencies (note 21)

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

On behalf of the Board: ______________ Director ______________ Director

CANADA DEVELOPMENT INVESTMENT CORPORATION

Interim Condensed Consolidated Statement of Comprehensive Income

(Unaudited)
(Thousands of Canadian Dollars)

	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
Revenue:				
Transportation revenue (note 19)	$ 812,494	$ 675,574	$ 1,522,283	$ 1,380,450
Net crude oil revenue (note 18)	72,282	39,876	119,379	91,977
Lease revenue (note 19)	10,881	16,337	25,418	31,906
Other revenue	5,516	1,004	7,624	2,182
	901,173	732,791	1,674,704	1,506,515
Other income:				
Insurance proceeds	-	-	10,000	-
Facility use and processing fees	536	286	984	696
Foreign exchange gains	2,934	85	4,788	492
Gain (Loss) on warrants (note 11)	36,867	6,078	69,004	43,869
	941,510	739,240	1,759,480	1,551,572
Expenses:				
Depletion and depreciation (notes 8 and 9)	281,844	221,821	562,296	443,720
Pipeline operating expenses (note 19)	104,756	94,338	201,093	188,118
Crude oil operating, transportation and marketing (note 18)	8,589	6,607	17,255	16,397
Salaries and benefits	61,035	51,902	122,339	104,117
Professional fees	10,596	5,545	17,632	12,346
Development	20,167	-	28,767	-
Foreign exchange losses	1,142	1,471	1,667	2,052
Change in estimates of provision for site restoration (note 13)	-	-	13	9
Expected credit loss provision on loan receivable (note 22)	2,498	29	7,516	6,264
Other administrative expenses	17,125	13,338	31,207	26,695
	507,752	395,051	989,785	799,718
Finance expenses (income):				
Interest expense (note 14)	271,655	270,677	543,335	537,392
Interest income	(64,055)	(3,674)	(88,597)	(16,028)
Unwind of discount on decommissioning obligations (note 13)	3,642	3,093	7,280	7,042
	211,242	270,096	462,018	528,406
Net income before income taxes	222,516	74,093	307,677	223,448
Income taxes:				
Current	6,057	12,259	16,786	22,666
Deferred	54,598	44,076	87,125	96,291
	60,655	56,335	103,911	118,957
Net income	$ 161,861	$ 17,758	$ 203,766	$ 104,491
Other comprehensive income (loss):				
Items that may be reclassified subsequently to profit or loss				
Currency translation adjustment	5,291	(16,697)	9,708	(16,958)
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit obligations	9,181	7,312	9,181	7,312
	14,472	(9,385)	18,889	(9,646)
Comprehensive income	$ 176,333	$ 8,373	$ 222,655	$ 94,845

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

CANADA DEVELOPMENT INVESTMENT CORPORATION

Interim Condensed Consolidated Statement of Changes in Shareholder's Equity

(Unaudited)
(Thousands of Canadian Dollars)

	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
Share capital				
Balance, beginning of period	$ 1	$ 1	$ 1	$ 1
Common shares issued (note 16)	500,000	-	500,000	-
Balance, end of period	500,001	1	500,001	1
Contributed surplus				
Balance, beginning of period	603,294	603,294	603,294	603,294
Preferred Share subscription (note 7)	(205,000)	-	(205,000)	-
Balance, end of period	398,294	603,294	398,294	603,294
Net Profits Interest reserve				
Balance, beginning of period	57,854	55,799	32,638	182,540
NPI Provision/payments	-	-	-	(13)
NPI received	92,948	31,245	118,164	71,517
Dividends	-	-	-	(167,000)
Balance, end of period	150,802	87,044	150,802	87,044
Accumulated deficit				
Balance, beginning of period	(1,529,011)	(1,597,414)	(1,570,916)	(1,684,147)
Net income	161,861	17,758	203,766	104,491
Dividends	-	-	-	-
Balance, end of period	(1,367,150)	(1,579,656)	(1,367,150)	(1,579,656)
Accumulated other comprehensive income				
Balance, beginning of period	58,308	64,160	53,891	64,421
Other comprehensive income (loss)	14,472	(9,385)	18,889	(9,646)
Balance, end of period	72,780	54,775	72,780	54,775
Total shareholder's equity(deficit)	$ (245,273)	$ (834,542)	$ (245,273)	$ (834,542)

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

CANADA DEVELOPMENT INVESTMENT CORPORATION

Interim Condensed Consolidated Statement of Cash Flows

(Unaudited)
(Thousands of Canadian Dollars)

	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
Cash provided by (used in):				
Operating activities:				
Net income	$ 161,861	$ 17,758	$ 203,766	$ 104,491
Adjustments for:				
Depletion and depreciation	281,844	221,821	562,296	443,720
Loss on derecognition of property, plant and equipment	(42)	352	28	652
Loss (gain) on revaluation of warrants	(36,867)	(6,078)	(69,004)	(43,869)
Income tax expense	60,655	56,335	103,911	118,957
Interest income	(64,055)	(3,674)	(88,597)	(16,028)
Interest expense less interest paid	(258,761)	268,645	11,044	505,123
Expected credit loss provision on loan receivable	2,498	29	7,516	6,264
Net change in defined benefits	(23,921)	1,462	(21,431)	1,613
Change in provision for site restoration	-	-	13	9
Unwind of discount on provisions	3,642	3,093	7,280	7,042
Interest received[(1)]	10,760	20,780	19,188	27,448
Provisions settled	(20)	602	(111)	(201)
Income taxes paid	(8,467)	(9,236)	(16,826)	(20,901)
	129,127	571,889	719,073	1,134,320
Change in non-cash working capital (note 17)	1,158	(108,760)	30,558	(181,821)
	130,285	463,129	749,631	952,499
Financing activities:				
Proceeds from loans payable	84,252	-	193,780	286,457
Proceeds from common share issue (note 16)	500,000	-	500,000	-
Dividends paid	-	(167,000)	-	(167,000)
NPI refunds paid	-	-	-	(2,513)
NPI received	92,948	31,245	118,164	71,517
Payment of lease liabilities, principal portion	(2,108)	(2,235)	(4,303)	(4,437)
	675,092	(137,990)	807,641	184,024
Investing activities:				
Subscription for Preference Shares (note 7)	(500,000)	-	(500,000)	-
Advances under loan receivable	(84,252)	-	(193,780)	(286,457)
Purchase of property, plant and equipment	(52,893)	(60,363)	(142,460)	(298,389)
Internal use software expenditures	(1,852)	(3,573)	(4,040)	(5,360)
Purchase of Short-term investments	(837,000)	(360,000)	(837,050)	(360,025)
Sale of Short-term investments	550,000	106,351	550,025	106,376
Change in restricted cash	(1,102)	4,920	(4,832)	1,203
Purchase of restricted investments	(4,481)	(9,809)	(5,503)	(10,898)
Redemption of investments held for future obligations	-	(6,467)	-	(6,514)
	(931,580)	(328,941)	(1,137,640)	(860,064)
Effects of foreign currency translation on cash	1,186	(5,496)	2,147	(5,571)
Change in cash and cash equivalents	(125,017)	(9,298)	421,779	270,888
Cash and cash equivalents, beginning of period[(1)]	1,509,207	1,075,082	962,411	794,896
Cash and cash equivalents, end of period	$ 1,384,190	$ 1,065,784	$ 1,384,190	$ 1,065,784
Represented by:				
Cash	$ 1,355,896	$ 1,065,784	$ 1,355,896	$ 1,065,784
Cash equivalents	28,294	-	28,294	-
	$ 1,384,190	$ 1,065,784	$ 1,384,190	$ 1,065,784

(1) Comparative figures have been reclassified to conform to the current year presentation. See note 25.

Total interest and standby fees paid on the loans payable for the three and six months ended June 30, 2026 was $529,307 and $530,143 respectively (June 30, 2025 - $nil and $839 respectively).

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

1. Reporting entity:

The Corporation is comprised of its parent, Canada Development Investment Corporation ("the Corporation" or "CDEV") and its wholly owned subsidiaries: Canada Eldor Inc. ("CEI"), Canada Hibernia Holding Corporation ("CHHC"), Canada TMP Finance Ltd. ("TMP Finance"), Trans Mountain Corporation ("TMC"), Canada 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) in the audited consolidated financial statements for the year ended December 31, 2025 for further details regarding the Corporation's assessment and conclusion not to consolidate these entities.

<u>Parent</u>

Canada Development Investment Corporation was incorporated in 1982 under the provisions of the *Canada Business Corporations Act* ("CBCA"). On June 14, 2026, the Canada Development Investment Corporation Act ("CDEV Act") came into force and the Corporation was continued as a federal Crown corporation under its own enabling legislation. The CDEV Act authorizes the Corporation to support the Government of Canada ("GoC"), including ministers, in respect of financial, commercial, economic and strategic matters arising in Canada or relating to Canada's interests. This change in legislation did not result in changes to the Corporation's mandate, operations, or governance structure.

The Corporation 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 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". This mandate continues under the CDEV Act.

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

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

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

<u>Subsidiaries</u>

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").

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 14 for loan details.

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

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

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

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

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

v. On May 10, 2020 CDEV was issued a directive (P.C. 2020-0305) pursuant to section 89 of the FAA to incorporate a subsidiary, and to take such steps as are necessary to facilitate the subsidiary's administration of a credit support program for large Canadian companies in response to 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 June 29, 2026, CEEFC was funded by the Corporation through the issuance of Class C Preference Shares, as described in note 7, to support CEEFC's Liquidity for Airline Sector Resilience facility ("LASR Program"), a time-limited loan facility intended to provide liquidity support to eligible Canadian passenger airlines to mitigate the impact of aviation fuel price increases.

CEEFC will administer and manage the LASR Program in accordance with the terms and conditions approved by the Minister of Finance. The Corporation will act as a flow-through funding entity in respect of the LASR Program. The Corporation's Class C Preference Shares expose it to variability in recovery, limited to its investment, but management has concluded that the Corporation does not control CEEFC because it does not direct the LASR lending and portfolio-management activities that most significantly affect those returns.

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.

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 June 21, 2024, the wholly-owned subsidiary 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.

On September 5, 2024, 16342451 Canada Inc. was incorporated under the *CBCA* and authorized to issue Common Shares. 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 14 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.

2. Basis of preparation:

i. Statement of compliance:

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") issued by the International Accounting Standards Board ("IASB"), applicable to interim periods, including International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. These interim condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements and notes for the year ended December 31, 2025.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on August 19, 2026.

ii. Basis of measurement:

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

iii. Functional and presentation currency:

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

3. Material Accounting Policy Information:

These interim condensed consolidated financial statements have been prepared following the same accounting policies and methods of application as those presented in note 3 of the annual audited consolidated financial statements for the year ended December 31, 2025, except for those policies which have changed as a result of the adoption of new accounting standards, amendments or interpretations effective January 1, 2026, as described below. In addition, income taxes on earnings or loss in the interim periods are accrued using the income tax rate that would be applicable to the expected total annual earnings or loss.

a) Changes in accounting policies:

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, 2026, in accordance with the applicable transitional provisions. The application of these amendments had no significant impact on the Corporation's consolidated financial statements.

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

The Corporation has adopted Amendments to IFRS 9 and IFRS 7, *Amendments to the Classification and Measurement of Financial Instruments* effective January 1, 2026. 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. The amendments to IFRS 7 include complementary disclosure requirements. The amendments introduce an exemption that permits the Corporation to derecognise a financial liability before the settlement date when the financial liability is settled with cash, using an electronic payment system that meets specific criteria. The Corporation has applied the exemption for electronic payment systems in accordance with the transitional provisions.

b) Use of estimates and judgments:

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

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. Critical judgments and key sources of estimation uncertainty are the same as those disclosed in note 3(w) of the Corporation's annual consolidated financial statements for the year ended December 31, 2025, except as set out below.

During the period the Corporation subscribed for Class C Preference Shares of CEEFC (see note 7). Management reassessed whether the Corporation controls CEEFC following that subscription and concluded that it does not, on the basis that the Corporation does not direct the LASR lending and portfolio-management activities that most significantly affect CEEFC's returns, notwithstanding that the Class C Preference Shares expose the Corporation to variability in recovery limited to the amount of its investment. This is a significant judgment and CEEFC continues not to be consolidated as discussed in note 1.

The fair value of the Class C Preference Shares at initial recognition is a key source of estimation uncertainty. It is measured using a discounted cash flow model whose significant inputs, including the expected timing and amount of LASR Program lending, the expected timing of redemption, and the credit spreads applied in discounting the expected repayments are unobservable (see note 22(d) and note 7 for more details).

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.

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*.

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. Restricted cash:

	June 30, 2026	December 31, 2025
Restricted cash – TMC held for future abandonment costs	$ 5,612	$ 780
Restricted cash – TMC held as security	982	982
Restricted cash – CHHC letters of credit	8,732	8,732
	$ 15,326	$ 10,494

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

6. Other current assets:

	June 30, 2026	December 31, 2025
Inventory	$ 45,750	$ 42,525
Prepaid expenses and deposits	86,231	44,137
Prepaid Bulk Oil Cargo Fee ("BOCF")	27,856	12,705
Enhanced Response Regime Recovery ("TMEP BOCF")	41,869	42,671
	$ 201,706	$ 142,038

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 Canada Energy Regulator ("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.

7. Investment:

On June 29, 2026, the Corporation subscribed for 500,000 Class C Preference Shares of CEEFC for cash consideration of $500,000. The subscription was made in connection with CEEFC's LASR facility, as described in note 1. The Class C Preference Shares are non-voting, do not entitle the holder to dividends or other distributions, and are redeemable by CEEFC, subject to the CBCA, on at least 30 days' notice at a redemption amount of $1,000 per share. On liquidation, dissolution or winding-up of CEEFC, the Class C Preference Shares rank pari passu with the Class A Preference Shares and Class B Preference Shares and in priority to the common shares, with an entitlement equal to $1,000 per Class C Preference Share and no further participation in the assets of CEEFC.

The Corporation classified the Class C Preference Shares as a financial asset measured at fair value through profit or loss. The Class C Preference Shares were initially recognized at fair value of $295,000 Fair value was estimated using a discounted cash flow valuation technique that incorporated expected cash flows from the underlying LASR Program lending activities, expected timing of recoveries, credit risk associated with the underlying loan portfolio, and the contractual terms of the Class C Preference Shares, including their non-interest-bearing and non-participating nature and the redemption amount being capped at par. The subscription was made pursuant to a directive issued under section 89 of the FAA and is not an arm's length exchange transaction. The Class C Preference Shares rank pari passu with the Class A and Class B Preference Shares of CEEFC, which are held by the GoC. Accordingly, the difference of $205,000 between the subscription price of $500,000 and the fair value at initial recognition represents a transfer of value to the GoC in its capacity as the Corporation's shareholder and has been recognized as a reduction of contributed surplus directly in equity rather than in profit or loss. Subsequent changes in the fair value of the Class C Preference Shares are recognized in profit or loss.

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

8. Property, plant and equipment:

		Construction work in progress		Pipeline		Oil development assets, production facilities and corporate		TOTAL
Cost								
Balance at January 1, 2025	$	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
Additions		70,565		-		18,959		89,524
Transfers		(159,187)		159,187		-		-
Decommissioning adjustments		-		9,761		1,800		11,561
Derecognition		-		(103)		-		(103)
Foreign exchange movements		217		11,491		-		11,708
Balance at June 30, 2026	$	101,029	$	36,461,801	$	661,854	$	37,224,684
Accumulated depletion and depreciation								
Balance at January 1, 2025	$	-	$	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
Depletion and depreciation		-		539,179		13,685		552,864
Derecognition		-		(32)		-		(32)
Foreign exchange movements		-		2,747		-		2,747
Balance at June 30, 2026	$	-	$	2,604,215	$	570,879	$	3,175,094
Carrying amounts:								
At December 31, 2025	$	189,434	$	34,219,144	$	83,901	$	34,492,479
At June 30, 2026	$	101,029	$	33,857,586	$	90,975	$	34,049,590

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

Construction costs continue to be incurred for the TMEP related to the remaining cleanup, reclamation and road and civil work. As of June 30, 2026, construction in progress related to the TMEP was $32,984 compared to $125,664 as of December 31, 2025, and construction in progress related to capital expenditures on the existing pipeline system was $68,045 as of June 30, 2026, compared to $63,770 as of December 31, 2025.

At June 30, 2026, costs related to oil development assets and production facilities subject to the calculations of depletion and depreciation included future development costs of $397,373 (December 31, 2025 - $416,100). Oil development assets and production facilities include $71,217 at June 30, 2026 (December 31, 2025 - $69,417) 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 13, Provisions.

8. Property, plant and equipment (continued)

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

Oil development and production facility CGU

There were no indicators of impairment noted for the oil development and production facility CGU at June 30, 2026 and December 31, 2025 and accordingly no impairment tests were required.

Pipeline CGU

There have been no material changes to TMC's existing operations which would indicate impairment. Accordingly, an impairment test as of June 30, 2026 was not required.

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.

9. 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 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 2033.

Lease modifications during 2026 reflect amendments to TMC's office lease.

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

The Corporation is not exposed to any significant additional potential cash outflows that are not included in the reported amount of the lease liabilities, other than certain termination penalties which the Corporation considers not reasonably certain to be incurred as at June 30, 2026.

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

9. 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, 2025	$ 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
Additions	546	7,747	8,293
Lease modifications	-	7,853	7,853
Incentives	-	(6,801)	(6,801)
Depreciation*	(2,908)	(1,533)	(4,441)
Foreign exchange	48	-	48
June 30, 2026	$ 23,273	$ 42,525	$ 65,798

*Includes depreciation costs capitalized as additions to PPE of $nil and $44 for the periods ended June 30, 2026 and 2025, respectively.

Details of lease liabilities are as follows:

	Six months ended June 30, 2026	Year ended December 31, 2025
Lease liabilities, opening	$ 73,581	$ 76,904
Additions	8,293	6,186
Lease modification	7,811	365
Derecognition	-	(873)
Interest expense	2,148	3,973
Lease payments	(6,451)	(12,885)
Foreign exchange movements	63	(89)
Lease liabilities, closing	$ 85,445	$ 73,581
Current	$ 12,248	$ 11,303
Non-current	73,197	62,278
	$ 85,445	$ 73,581

The weighted average incremental borrowing rate applied to lease liabilities at June 30, 2026 is 5.16% (December 31, 2025- 5.13%). Please see note 22(b) for the maturity analysis – contractual undiscounted cash flows.

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

	Six months ended June 30 2026	2025
Consolidated Statement of Comprehensive Income:		
Interest on lease liabilities	$ 2,148	$ 2,011
Less: capitalized lease interest	-	(1)
Net interest on lease liabilities	$ 2,148	$ 2,010
Consolidated Statement of Cash Flows:		
Total cash outflow for leases	$ (6,451)	$ (6,448)

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

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

Lessor

Operating leases in which the Corporation is the lessor relate to merchant tanks owned by the Corporation and housing located along the pipeline right of way or in the proximity of pump stations.

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 six months ended June 30, 2026, lease income for merchant tank operating leases recognized in "Lease revenue" totaled $25,418 (2025 - $31,906), which included the variable lease payments.

10. Other assets:

		June 30, 2026		December 31, 2025
WCMRC recoverable amounts	$	79,816	$	96,279
Internal-use software		38,454		39,472
Recoverable projects		10,880		11,693
Pension asset		40,068		26,736
Other		5,522		9,336
	$	174,740	$	183,516

TMC has provided funds to the 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.

11. Telesat LEO Warrants:

On November 15, 2024, in exchange for the loan commitment (see note 15), 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 the period ending June 30, 2026, the Corporation recognized fair value gains of $69,004 (2025 -$43,869) related to the Telesat LEO Warrants in Other income. Refer to note 22 for fair value and risk management assessment.

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

12. Other current liabilities:

	June 30, 2026	December 31, 2025
Dock premiums	$ 496	$ 15,968
Environmental accrual	6,069	4,889
Defined benefit obligation	2,550	2,550
Contract liabilities	38,090	47,041
TMEP construction emission offset obligation	14,608	17,000
Customer Revenue Sharing*	80,285	42,664
Other	2,032	3,462
	$ 144,130	$ 133,574

*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.

13. 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, 2025	$ 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
Additional provisions	-	-	-	13
Changes in estimates	(1,070)	7	(1,063)	-
Obligations settled	(137)	-	(137)	(111)
Changes in discount rate	10,831	1,793	12,624	-
Effect of foreign exchange	651	-	651	-
Unwind of discount	5,374	1,906	7,280	-
Balance at June 30, 2026	$ 335,202	$ 104,074	$ 439,276	$ 3
Current	$ 32,436	$ -	$ 32,436	$ 3
Non-current	302,766	104,074	406,840	-
	$ 335,202	$ 104,074	$ 439,276	$ 3

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 $239,492 at June 30, 2026 (December 31, 2025 - $239,449). 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 in 2025 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 June 30, 2026 using an inflation rate of 2.5% (December 31, 2025 - 2.5%) and was discounted using a risk-free rate of 3.77% (December 31, 2025 - 3.85%).

13. 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 $335,202 at June 30, 2026 (December 31, 2025 - $319,553) discounted using an average risk-free rate of 3.77% (December 31, 2025 - 3.85%). There were additional provisions to reflect the expanded system commencement on May 1, 2024. The undiscounted decommissioning liability is estimated to be $1,820,000 (December 31, 2025 - $1,813,000) with an inflation rate of 2.00% (December 31, 2025 - 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.

14. 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.

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 June 30, 2026, funds drawn on the Acquisition and Construction Facilities totaled $17,060,262 (December 31, 2025 - $17,060,262). On December 15, 2025, the Corporation made an optional early principal repayment of $752,000 on the Acquisition Facility. No PIK interest was added to the Construction Facility or the Refinancing Facility balance during the six months ended June 30, 2026 and 2025. The total amount drawn at June 30, 2026 on the Refinancing Facility is $18,343,653 (December 31, 2025 - $18,343,653). As at June 30, 2026, contractual interest payable was $1,407 on the Acquisition and Construction Facilities (December 31, 2025 - $1,407), and $1,513 on the Refinancing Facility (December 31, 2025 - $1,513). As a result of the amendment and refinancing of the TMP Finance loan facilities, TMC's previously outstanding syndicated credit facility was repaid and cancelled in December, 2024.

Credit Agreement with Syndicated Lenders

Letter of Credit Facility

On February 5, 2025, TMC entered into a $100 million third party uncommitted senior demand revolving letter of credit facility (the "LC Facility"). As of June 30, 2026, TMC had letters of credit of $81 million issued and outstanding from the available $100 million LC Facility (December 31, 2025 - $55 million issued and outstanding).

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 Canadian Overnight Repo Rate Average ("CORRA"). The loan matures on the 15th year anniversary of the date of the initial advance. See note 15 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 June 30, 2026, $790,398 was drawn under this facility (December 31, 2025 - $589,091). During the period ended June 30, 2026, PIK interest of $7,528 was added to the outstanding balance (June 30, 2025- $2,949).

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.

(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.

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

14. Loans payable (continued) | Government Grants (continued)

The benefit will be amortized over the remaining term of the loans. For the period ending June 30, 2026, $193,038 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) (June 30, 2025 - $185,962).

(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 period ended June 30, 2026, the Corporation recognized $65,702 in Deferred income - government grants in the consolidated statement of financial position (December 31, 2025 - $216,972). For the period ended June 30, 2026, $7,721 has been recognized as grant income and has been netted against the gross interest expense (June 30, 2025 - $3,065).

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

Deferred Income – Government grants	June 30, 2026	December 31, 2025
Deferred Income – 16342451 Canada Inc. Loan	$ 265,653	$ 207,672
Deferred Income – TMP Finance Loans	2,801,233	2,994,271
Total deferred income – government grants	$ 3,066,886	$ 3,201,943
Current	$ 432,523	$ 415,123
Non-current	2,634,363	2,786,820
	$ 3,066,886	$ 3,201,943

Details of the loan facilities at June 30, 2026 are as follows:

Facility	Original Borrowing Limit(4)	Balance as at June 30, 2026	Balance as at December 31, 2025	Interest Rate Disbursed amounts(1)	Standby Fee Undisbursed amounts	Maturity Date
Acquisition	$ 4,670,000	$ 3,608,323	$ 3,586,960	3.01%	-	August 31, 2032
Construction	$ 13,500,000	$ 12,103,502	$ 12,031,844	3.01%	-	August 31, 2032
CER(2)	$ 550,000	$ -	$ -	3.01%	0.30%	December 31, 2035
Refinancing	$ 19,000,000	$ 16,893,777	$ 16,793,759	3.01%	-	August 31, 2032
Working Capital(3)	$ 500,000	$ -	$ -	3.01%	-	August 31, 2032
Total under TMP Credit Agreement		**$ 32,605,602**	**$ 32,412,563**			
16342451 Canada Inc. Credit Facility	$ 2,140,000	$ 524,745	$ 377,513	CORRA	-	January 15, 2040
Total under 16342451 Canada Inc.		**$ 524,745**	**$ 377,513**			
Total with GoC		**$ 33,130,347**	**$ 32,790,076**			
Presented as:						
Current		**$ -**	**$ -**			
Non-current		**$ 33,130,347**	**$ 32,790,076**			

(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 June 30, 2026.

(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.

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

14. Loans payable (continued)

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

	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
Interest on Loans payable	$ 375,569	$ 366,540	$ 741,128	$ 722,740
Interest on leases (note 9)	1,109	1,006	2,148	2,010
Guarantee fees	-	-	-	18
Standby fees	411	411	818	818
Interest expense	$ 377,089	$ 367,957	$ 744,094	$ 725,586
Amortization of deferred income – government grants	(105,434)	(97,280)	(200,759)	(188,194)
Interest expense, net	$ 271,655	$ 270,677	$ 543,335	$ 537,392

The TMP Finance fixed rate GoC loans bore an effective interest rate of 4.54% during 2026 and 2025. For the six months ended June 30, 2026, interest expense accrued to the TMP Finance loan balances totaled $721,488, none of which is included in PIK interest (December 31, 2025 - $1,524,109 of which $552,610 is included in PIK interest). Interest of $528,449 was paid on the TMP Finance loans in June 2026. (December 31, 2025 -$547,625)

The 16342451 Canada Inc. floating rate loan bore an average effective interest rate of 8.94% during 2026 (2025 - 9.31%). For the six-month period ended June 30, 2026, interest expense accrued to the 16342451 Canada Inc loan balance totaled $19,154 of which $7,528 is included in PIK interest (December 31, 2025 - $13,146 of which $7,752 is included in PIK interest).

15. 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 14 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 11, the warrants were recognized at fair value and a corresponding deferred loan commitment fee liability was recognized. Management has assessed the stated rate of the loan to be at a below market interest rate, and as such the commitment has subsequently been measured at the higher of its ECL and the initial amount recognized less amounts allocated to draw downs of the Telesat Loan. As of June 30, 2026 and December 31, 2025, the initial amount recognized for the loan commitment exceeded the total provision for expected credit losses for the commitment.

For the six-month period ended June 30, 2026, $193,780 was disbursed in connection to the Telesat Loan (December 31, 2025 - $581,338) and $34,419 of the commitment amount initially recognized was allocated to Telesat Loan draw downs (December 31, 2025- $103,254). For the period ended June 30, 2026, interest revenue of $65,343 (June 30, 2025 – $(15,118)) was recognized and is presented within interest income in the consolidated statement of comprehensive income (loss).

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

15. Loan Commitment and Loan Receivable (continued)

	Telesat Loan Receivable		Loan Commitment	
Balance at January 1, 2025	$	-	$	(380,096)
Amounts disbursed		581,338		-
Loan commitment recognized		(103,254)		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	$	(276,842)
Amounts disbursed		193,780		-
Loan commitment recognized		(34,419)		34,419
Interest income – Effective Interest Rate		29,704		-
Net gain on changes in expected cash flows		35,639		-
Net measurement of loss allowance		(7,516)		-
Balance at June 30, 2026	$	712,242	$	(242,423)

16. Share Capital and Net Profits Interest reserve:

a. Share capital

		June 30, 2026		December 31, 2025
Share Capital: Authorized – unlimited number of common shares Issued and fully paid – 5,000,101 common shares (December 31, 2025 - 101 common shares)	$	500,001	$	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. On June 26, 2026, the GoC subscribed for 5,000,000 additional common shares in the capital of the Corporation at a par value of $100 per share, for an aggregate subscription price of $500,000, pursuant to section 22(2) of the CDEV Act. The proceeds were received to provide funding to CEEFC in respect of the LASR Program. See note 7 for more details.

b. NPI reserve

During the period, NPI payments received under the NPI agreements totalled $128,564 of which $10,400 was received from CHHC and eliminated upon consolidation (June 30, 2025 – $77,159 of which $5,642 was eliminated). There were no NPI refund payments to owners in the 6 months ended June 30, 2026 (2025 - $2,529 of which $16 was paid to CHHC and eliminated upon consolidation).

17. Supplemental cash flow disclosure:

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

	Three months ended June 30				Six months ended June 30			
		2026		2025		2026		2025
Trade and other receivables	$	9,411	$	(4,782)	$	(4,826)	$	(30,866)
Inventory		876		517		799		3,449
Other current assets		(60,943)		(102,081)		(60,029)		(91,121)
Deferred charges and other assets		9,427		216		17,052		14,183
Trade and other payables and interest payable		52,598		13,123		1,953		(315,549)
Other current liabilities		(11,136)		(5,373)		10,418		(44,466)
Other non-current liabilities		(2,224)		2,821		1,414		(13,031)
Change in non-cash working capital and other items	$	(1,991)	$	(95,559)	$	(33,219)	$	(477,401)

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

17. Supplemental cash flow disclosure: (continued)

Relating to:				
Operating activities	1,158	(108,760)	30,558	(181,821)
Financing activities	$ -	$ -	$ -	$ -
Investing activities	(3,149)	13,201	(63,777)	(295,580)
	$ (1,991)	$ (95,559)	$ (33,219)	$ (477,401)

PPE expenditures comprise the following:

	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
PPE additions (note 8)	$ (53,730)	$ (77,158)	$ (89,524)	$ (8,213)
Change in non-cash items related to PPE	(1,297)	16,774	(59,737)	(290,220)
Capitalized lease amortization and interest	2,134	21	6,801	44
Cash used for PPE expenditures	$ (52,893)	$ (60,363)	$(142,460)	$ (298,389)

The changes in the liabilities arising from financing activities for the periods ended June 30 can be classified as follows:

	June 30, 2026	June 30, 2025
Opening balance	$ 32,790,076	$ 32,188,080
Cash movements:		
Proceeds from loans payable	193,780	286,457
Interest Paid (note 14)	(528,449)	-
Non-cash movements:		
PIK interest	7,528	555,559
Deferred Income - government grant (note 14)	(65,702)	(112,691)
Amortized Interest – Effective Interest Rate	733,114	167,009
Closing balance	$ 33,130,347	$ 33,084,414

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

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

	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
Crude oil sales	$ 98,936	$ 51,705	$ 157,630	$ 120,515
Less: royalties	(26,654)	(11,829)	(38,251)	(28,538)
Net crude oil revenue	$ 72,282	$ 39,876	$ 119,379	$ 91,977

(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 for the periods ended June 30:

	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
Europe	$ 65,505	$ 29,454	$ 107,559	$ 70,458
United States	33,431	22,251	50,071	50,057
	$ 98,936	$ 51,705	$ 157,630	$ 120,515

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

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

(c) Operating, transportation and marketing expenses for the periods ended June 30 are comprised as follows:

	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
Hibernia Project operating expenses	$ 5,837	$ 4,287	$ 13,103	$ 9,702
Movement in overlift/underlift (i)	876	781	799	3,713
Crude oil transportation and transshipment	1,750	1,462	3,149	2,777
Crude oil marketing	126	77	204	205
Total operating, transportation and marketing	$ 8,589	$ 6,607	$ 17,255	$ 16,397

(i) At June 30, 2026, the Corporation was in an underlift position, having sold less barrels than produced. An underlift is recognized as inventory with corresponding adjustments to operating, transportation and marketing expenses and depletion and depreciation expenses. The Corporation was also in an underlift position at December 31, 2025.

19. Revenue and operating expenses from pipeline operations:

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

	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
Transportation service revenue	$ 812,494	$ 675,574	$ 1,522,283	$ 1,380,450
Lease revenue	10,881	16,337	25,418	31,906
Other revenue	4,064	804	4,841	1,777
Total	$ 827,439	$ 692,715	$ 1,552,542	$ 1,414,133
Pipeline operating and production expenses	$ 104,756	$ 94,338	$ 201,093	$ 188,118
Salaries and benefits	56,437	49,077	113,295	98,936
Other general and administration costs	38,064	16,490	61,397	32,978
Total operating expenses excluding finance costs and depreciation	$ 199,257	$ 159,905	$ 375,785	$ 320,032

Revenues from pipeline operations are primarily earned in Canada with less than 10% originating outside of Canada. For the three and six months ended June 30, 2026, included in other general and administration costs are development costs of $20 million and $29 million, respectively, related to optimization initiatives aimed at increasing pipeline capacity by up to 300,000 bpd.

20. Commitments:

The Corporation's commitments at June 30, 2026 are summarized in the table below:

	Remainder 2026	2027 – 2030	Thereafter	Total
Crude oil transportation and transshipment services	$ 2,706	$ 18,422	$ -	$ 21,128
Hibernia Project contracts	686	229	-	915
Pipeline PPE	3,692	-	-	3,692
Other operating commitments	26,413	344,899	833,036	1,204,348
Total Commitments	$ 33,497	$ 363,550	$ 833,036	$ 1,230,083

20. Commitments (continued)

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.

21. 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.

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 $128 million in insurance proceeds on the flood related claims since the initial event in 2021. For the three and six month periods ended June 30, 2026, insurance proceeds of $nil and $10 million (2025 - $nil) were recognized in "Other income" and related to a recovery of capital costs. There were no insurance proceeds receivable as of June 30, 2026 and December 31, 2025.

22. 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.

   The Corporation has a crude oil sales agreement whereby it sells its oil directly to the marketer, accordingly the marketer was the Corporation's sole customer during 2026 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. The majority of the Corporation's transportation services customers operate in the oil and gas exploration and development, energy marketing, refinery operations, 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.

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

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 period end, there has been no significant increase in credit risk.

The Telesat Loan commitment and Loan Receivable continue to remain in Stage 1. Financial instruments for which 12-month ECL are recognized are referred to as 'Stage 1 financial instruments'.

The Corporation is also exposed to credit risk through its investment in Class C Preference Shares of CEEFC (see note 7). Recovery of the redemption amount depends on CEEFC realizing on the loans it advances under the LASR Program, and the Corporation is therefore indirectly exposed to the credit risk of the eligible Canadian passenger airlines that borrow under that program. The investment is measured at fair value through profit or loss and is not subject to the expected credit loss requirements; credit risk is instead reflected in the fair value measurement. The Corporation's maximum exposure to loss in respect of the investment is limited to its carrying amount of $295,000 at June 30, 2026 (December 31, 2025 – $nil).

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, 2025	$	13,699
Amounts written off		-
Net measurement of loss allowance		7,516
Balance at June 30, 2026	$	21,215

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

As at June 30, 2026 and December 31, 2025 there were no significant accounts receivable past due or impaired. The Corporation's allowance for doubtful accounts was insignificant as at June 30, 2026 and December 31, 2025.

The composition of trade and other receivables is as follows:

		June 30, 2026		December 31, 2025
Contracts with pipeline shippers	$	162,059	$	171,271
Contracts with crude oil customers		14,118		448
Hibernia Project joint account		1,206		2,123
HST/GST input tax credits*		9,183		7,595
Other		19,131		19,436
Trade and other receivables	$	205,697	$	200,873
Amount outstanding greater than 90 days	$	280	$	9,387

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

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

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 June 30, 2026 related to cash and cash equivalents and investments is insignificant. The Corporation realized no actual impairment losses during the periods ended June 30, 2026 or 2025.

(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 14 for details on Loans.

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			
June 30, 2026	Carrying Amount	Total	1 year or less	1-5 years	More than 5 years
Trade and other Payables	$ 346,084	$ 346,084	$ 346,084	$ -	$ -
Lease liabilities	85,445	173,764	14,285	46,664	112,815
Loan commitment	242,423	1,364,882	838,307	526,575	-
Loan payable – TMP	32,605,602	41,982,769	1,065,658	5,329,764	35,587,347
Loan payable – 16342451 Canada Inc.	524,745	913,984	-	371,931	542,053
	$ 33,804,299	$ 44,781,483	$ 2,264,334	$ 6,274,934	$ 36,242,215

		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

22. Risks to the Corporation (continued)

(c) Market risk:

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

(i) Currency risk:

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

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

The Corporation did not have any foreign exchange rate contracts in place as at or during the period ended June 30, 2026 or 2025.

(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 5% of total revenue.

As at June 30, 2026, 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 11 for further information.

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

22. Risks to the Corporation (continued)

(d) Fair value of financial instruments:

The following table shows the carrying amounts and fair values of restricted investments, Telesat LEO Warrants, loan receivable, loan commitment and loans payable including their levels in the fair value hierarchy June 30, 2026 and December 31, 2025:

			Carrying amounts		Fair value	
	Classification	Hierarchy	2026	2025	2026	2025
Financial assets						
Restricted investments	FVTPL	Level 2	155,406	146,821	155,406	146,821
Telesat LEO Warrants	FVTPL	Level 3	536,459	467,455	536,459	467,455
Investment – Class C Preference Shares	FVTPL	Level 3	295,000	-	295,000	-
Loan receivable - Telesat	Amortized cost	Level 2	712,242	495,054	632,984	481,137
Financial liabilities						
Loan commitment	See note 15	Level 3	242,423	276,842	339,203	358,821
Loans payable-TMP	Amortized cost	Level 2	32,605,602	32,412,563	34,333,862	34,338,421
Loans payable-16342451 Canada Inc.	Amortized cost	Level 2	524,745	377,513	451,478	341,429

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, 2025	$ 467,455
Gain (Loss) on revaluation of warrants	$ 69,004
June 30, 2026	$ 536,459

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	June 30, 2026	December 31, 2025
Equity value			
Discount rate	20%	20%	20%
Exit multiple	10X	10X	10X
Warrants value			
Equity Value (USD)	3,755,000	4,901,000	4,511,000
Risk free rate	3.52%	3.52%	3.41%
Volatility	55%	64%	61%

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

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

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 15 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.

Sensitivity Analysis

Reasonable possible changes as at June 30, 2026 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
June 30, 2026		
Equity Value (10% movement)	63,685	(63,080)
Risk free rate (1% movement)	7,740	(8,061)
Expected volatility (10% movement)	30,548	(33,955)
USD/CAD foreign currency rate (0.05 movement)	18,895	(18,895)

The Class C Preference Shares of CEEFC are measured at fair value through profit or loss. The Corporation has determined that the valuation is categorized within Level 3 of the fair value hierarchy as the expected redemption timing and certain adjustments used in determining the credit spread are generally unobservable and require management estimation. At June 30, 2026, the carrying amount and fair value of the Class C Preference Shares were $295,000 (December 31, 2025 – $nil). Fair value is estimated using a discounted cash flow model (see note 7). Key inputs to the model include the expected timing and underlying credit profile of redemptions, and the discount rates used to discount the expected future cash flows to their present value. The discount rates for each unique cash flow source comprise an observable base rate curve and a credit spread determined using market data for comparable instruments, adjusted based on market data and judgement as required to reflect differences in credit risk and other instrument-specific characteristics.

The following inputs have been used in assessing the fair value of the Class C Preference Shares:

Key Assumptions	Inception
Discount rates applied	10.0% - 15.5%
Weighted-average discount rate	13.0%
Principal-weighted average life	4.4 years

The following reflects the changes in the fair value of the investment in Class C Preference Shares during the period:

Balance at December 31, 2025	$	-
Additions on initial recognition		295,000
Gain (loss) on revaluation of preferred share investment		-
Balance at June 30, 2026	$	295,000.

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

Sensitivity Analysis

Reasonable possible changes as at June 30, 2026 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects on the Class C Preferred Share valuation:

	Profit or loss	
	Increase	Decrease
June 30, 2026		
Discount rates (2.5% movement)	(27,400)	30,800
Principal-weighted average life (6 months movement)	(17,700)	18,400

23. 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. As discussed in notes 1 and 7, during the quarter, CDEV subscribed to Preference shares in CEEFC funded with common shares issued to GoC.

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 14 for further details.

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 period ended June 30, 2026, costs incurred by CILGC and funded by CDEV were $1,950 (June 30, 2025- $nil). At June 30, 2026, CDEV has a related party receivable from CILGC of $9,670 (December 31, 2025- $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.

On June 29, 2026, the Corporation subscribed for 500,000 Class C Preference Shares of CEEFC for cash consideration of $500,000 to provide funding in respect of the LASR Program. See note 7 for more details.

CDEV paid no dividends to the GoC during the three and six months ended June 30, 2026 (2025 - $167,000).

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

24. 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:

	June 30, 2026						
	TMC (US GAAP)	IFRS Adjustments	TMC (IFRS)	CHHC	Others	Eliminations	Consolidated
Statement of Comprehensive Income:							
Revenue:							
Transportation service revenue	$ 1,510,139	$ 12,144 [1]	$ 1,522,283	$ -	$ -	$ -	$ 1,522,283
Net crude oil revenue	-	-	-	108,279	-	11,100	119,379
Lease revenue	24,547	871	25,418	-	-	-	25,418
Other revenue	1,589	3,252	4,841	-	2,783	-	7,624
Other income	1,712	10,000	11,712	4,060	-	-	15,772
Gain (Loss) on warrants	-	-	-	-	69,004	-	69,004
	1,537,987	26,267	1,564,254	112,339	71,787	11,100	1,759,480
Expenses:							
Depletion and depreciation	562,054	(22,867) [2]	539,187	15,078	30,548	(22,517)	562,296
Operating and production	202,158	(1,065)	201,093	17,255	-	-	218,348
Salaries and benefits	112,545	750 [3]	113,295	814	8,230	-	122,339
General and admin, other and FX	63,690	(581)	63,109	2,165	21,531	(74)	86,731
	940,447	(23,763)	916,684	35,312	60,309	(22,591)	989,714
Finance Expenses (income):							
Equity AFUDC	1,068	(1,068) [4]	-	-	-	-	-
Other, net	762	(833)	(71)	-	-	-	(71)
Unwind of discount	-	(5,374) [4]	(5,374)	(1,906)	-	-	(7,280)
Net Interest (expense)	(287,406)	(2,358) [4]	(289,764)	3,270	(169,062)	818	(454,738)
	(285,576)	(9,633)	(295,209)	1,364	(169,062)	818	(462,089)
Net income (loss) before income taxes	311,964	40,397	352,361	78,391	(157,584)	34,509	307,677
Income taxes	77,093	10,032 [5]	87,125	16,786	-	-	103,911
Net income (loss)	**$ 234,871**	**$ 30,365**	**$ 265,236**	**$ 61,605**	**$ (157,584)**	**$ 34,509**	**$ 203,766**
Other comprehensive income (loss)	**$ 10,336**	**$ 8,553** [6]	**$ 18,889**	**$ -**	**$ 37,778**	**$ (37,778)**	**$ 18,889**
Statement of Financial Position:							
Assets:							
Current assets	996,273	27,537	1,023,810	128,068	1,035,508	(55,150)	2,132,236
Non-current assets	35,373,959	(1,569,751) [7]	33,804,208	291,037	37,389,760	(35,298,192)	36,186,813
	$ 36,370,232	**$ (1,542,214)**	**$ 34,828,018**	**$ 419,105**	**$ 38,425,268**	**$ (35,353,342)**	**$ 38,319,049**
Liabilities							
Current liabilities	534,612	18,801	553,413	19,126	450,793	(55,908)	967,424
Non-current liabilities	13,625,667	(160,950) [8]	13,464,717	118,423	36,013,758	(12,000,000)	37,596,898
	$ 14,160,279	**$ (142,149)**	**$ 14,018,130**	**$ 137,549**	**$ 36,464,551**	**$ (12,055,908)**	**$ 38,564,322**
Shareholder's Equity	**$ 22,209,953**	**$ (1,400,065)** [9]	**$ 20,809,888**	**$ 281,556**	**$ 1,960,717**	**$ (23,297,434)**	**$ (245,273)**
	$ 36,370,232	**$ (1,542,214)**	**$ 34,828,018**	**$ 419,105**	**$ 38,425,268**	**$ (35,353,342)**	**$ 38,319,049**

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

24. Supplementary information (continued)

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

24. 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 TMPL tolling methodology approved by the Canada Energy Regulator and actual tolls collected on the TMPL. These regulatory adjustments are reversed under IFRS Accounting Standards. Also, during the six months ended June 30, 2026, insurance proceeds were recognized related to interim settlements on the flood related claims.

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, 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 higher 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) 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. Under US GAAP $10,000 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.

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

24. Supplementary information (continued)

8) 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.

9) The cumulative impact of the IFRS Accounting Standards adjustments to shareholder's equity total $1,400,065 with $30,365 being the impact of the 2026 net income.

25. Change in classification:

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

i. During 2025, the Corporation determined that a notice savings account previously 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

ii. The Corporation also determined that non-cash interest movements related to investments held for future abandonment expenditures had been incorrectly included in the Statement of Cash Flows in prior years. As a result of this change, the amount for "Interest received" for the three and six months ended June 30, 2025 on the Statement of Cash Flows is $nil and $186 lower than previously stated, however this restatement had no overall impact on the Corporation's ending cash balance.

These adjustments made to the consolidated Statement of Cash Flows were immaterial and had no overall impact on the Corporation's ending cash balance.