



TRANS MOUNTAIN CORPORATION

**CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**
(unaudited)

For the three month period ended March 31, 2024

TRANS MOUNTAIN CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(In thousands of Canadian dollars)
(Unaudited)

	Three months ended March 31,	
	2024	2023
Revenues <i>(Note 2)</i>	125,296	133,935
Expenses		
Pipeline operating costs	40,680	48,394
Depreciation and amortization	27,095	26,608
Salaries and benefits	34,926	24,368
Taxes, other than income taxes	10,350	9,649
Administration	3,440	1,383
	116,491	110,402
Operating income	8,805	23,533
Equity allowance for funds used during construction	343,485	247,282
Interest expense, net of capitalized debt financing costs	(143,042)	(26,893)
Other, net	234	359
Foreign exchange gain (loss)	33	(36)
Income before income taxes	209,515	244,245
Income tax expense <i>(Note 3)</i>	(51,449)	(60,089)
Net income	158,066	184,156

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

TRANS MOUNTAIN CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(In thousands of Canadian dollars)
(Unaudited)

	Three months ended March 31,	
	2024	2023
Net income	158,066	184,156
Other comprehensive income (loss), net of tax		
Currency translation adjustment	7,181	(212)
Pension and post-employment benefits	17	(289)
	7,198	(501)
Comprehensive income	165,264	183,655

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

TRANS MOUNTAIN CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
(In thousands of Canadian dollars)
(Unaudited)

As of	March 31, 2024	December 31, 2023
Assets		
Current Assets		
Cash and cash equivalents	138,852	109,508
Accounts receivable	84,526	149,122
Other current assets	24,159	26,516
	247,537	285,146
Property, plant and equipment	35,512,129	34,427,826
Right-of-use asset	51,774	54,347
Regulatory assets	196,608	194,171
Restricted investments	108,959	105,428
Restricted cash	2,420	6,731
Deferred amounts and other assets	98,749	100,998
Total Assets	36,218,176	35,174,647
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	699,268	963,360
Interest payable	37,762	40,282
Regulatory liabilities	80,910	73,198
Other current liabilities	26,554	28,255
	844,494	1,105,095
Debt (Note 5)	25,315,314	24,340,314
Long term interest payable	175,641	62,671
Deferred income taxes	1,177,601	1,127,098
Regulatory liabilities	111,171	111,962
Pension and post-employment benefits	58,742	57,959
Lease liabilities	49,029	49,321
Other deferred credits	11,381	10,688
Total Liabilities	27,743,373	26,865,108
Equity	8,474,803	8,309,539
Total Liabilities and Equity	36,218,176	35,174,647

Litigation, commitments and contingencies (Note 9)

Subsequent events (Note 10)

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

Approved on behalf of the Board of Directors

"signed"
William Downe
Director

"signed"
Brian Ferguson
Director

TRANS MOUNTAIN CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands of Canadian dollars)
(Unaudited)

	Three months ended March 31,	
	2024	2023
Operating activities		
Net income	158,066	184,156
Items not affecting cash		
Depreciation and amortization	27,095	26,608
Equity allowance for funds used during construction	(343,485)	(247,282)
Deferred income tax expense (Note 3)	50,094	59,521
Changes in non-cash working capital items (Note 7)	86,800	32,192
Total Cash and cash equivalents and Restricted cash (used in) provided by operating activities	(21,430)	55,195
Investing activities		
Capital expenditures	(953,388)	(2,312,254)
Insurance proceeds	33,577	2,505
Internal use software expenditures	(2,700)	(3,087)
Restricted investments	(7,601)	(1,816)
Total Cash and cash equivalents and Restricted cash used in investing activities	(930,112)	(2,314,652)
Financing activities		
Issuances of debt (Note 5)	975,000	2,370,000
Debt issuance costs	(144)	(6,511)
Total Cash and cash equivalents and Restricted cash provided by financing activities	974,856	2,363,489
Effects of exchange rate changes on Cash and cash equivalents and Restricted cash	1,719	(6)
Net increase in Cash and cash equivalents and Restricted cash	25,033	104,026
Cash and cash equivalents and Restricted cash, beginning	116,239	241,002
Cash and cash equivalents and Restricted cash, end	141,272	345,028
Cash and cash equivalents, beginning	109,508	162,488
Restricted cash, beginning	6,731	78,514
Cash and cash equivalents and Restricted cash, beginning	116,239	241,002
Cash and cash equivalents, end	138,852	341,408
Restricted cash, end	2,420	3,620
Cash and cash equivalents and Restricted cash, end	141,272	345,028

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

TRANS MOUNTAIN CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF EQUITY
(In thousands of Canadian dollars)
(Unaudited)

	Share capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total Equity
Balance at December 31, 2023	2,064,150	5,350,500	880,056	14,833	8,309,539
Net income	-	-	158,066	-	158,066
Other comprehensive gain, net of tax	-	-	-	7,198	7,198
Balance at March 31, 2024	2,064,150	5,350,500	1,038,122	22,031	8,474,803
Balance at December 31, 2022	2,064,150	5,350,500	1,088,469	35,923	8,539,042
Net income	-	-	184,156	-	184,156
Other comprehensive loss, net of tax	-	-	-	(501)	(501)
Balance at March 31, 2023	2,064,150	5,350,500	1,272,625	35,422	8,722,697

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

TRANS MOUNTAIN CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General

Trans Mountain Corporation (“the Corporation” or “TMC”) is a Federal Crown corporation, incorporated under the *Canada Business Corporations Act* on May 28, 2018. TMC is a wholly owned subsidiary of Canada TMP Finance Ltd. (“TMP Finance”), which is a wholly owned subsidiary of Canada Development Investment Corporation (“CDEV”). CDEV is wholly owned by His Majesty in Right of Canada and is an agent Crown corporation. TMC is subject to the provisions of Part X of the *Financial Administration Act* and the provisions of the *Income Tax Act*. TMC is a non-agent Crown corporation which allows it to borrow from parties other than the Government of Canada.

TMC conducts operations through four entities: Trans Mountain Pipeline Limited Partnership (“TMP LP”) and its wholly owned subsidiary Trans Mountain Pipeline (Puget Sound) LLC (“Puget”), Trans Mountain Pipeline ULC (“TMP ULC”), and Trans Mountain Canada Inc. (“TMCI”). Together these entities own and operate the Trans Mountain pipeline (“TMPL”) and the Puget Sound pipeline (“Puget Pipeline”). TMPL has operated since 1953, and transports crude oil and refined petroleum from Edmonton, Alberta to Burnaby, British Columbia. TMP LP holds certain rights, designs and construction contracts related to the expansion of the TMPL known as the Trans Mountain Expansion Project (“TMEP”). Puget owns the Puget Pipeline, which interconnects with TMPL at the international border near Sumas, British Columbia, and transports crude oil to refineries in Washington State. TMP ULC is the General Partner of TMP LP, and TMCI employs the workforce that manages and operates the pipelines and related assets. These condensed consolidated financial statements include operating results of TMC and the wholly owned Trans Mountain Entities, including the Trans Mountain Pipeline Reclamation Trust which is consolidated with the Corporation.

TMC’s mandate is to operate the existing TMPL and Puget Pipeline and to complete the TMEP in a timely and commercially viable manner.

Basis of Presentation

The accompanying condensed consolidated financial statements are prepared in accordance with U.S. GAAP, as contained in the Financial Accounting Standards Board Accounting Standards Codification (“ASC”). TMC believes that U.S. GAAP provides better comparability with industry peers and best reflects the economic effects of the actions of regulatory bodies on its operations. In preparing these condensed consolidated financial statements in accordance with U.S. GAAP, all intercompany items have been eliminated on consolidation.

On April 29, 2022 TMC entered into a credit agreement with a syndicate of lenders (the “Syndicated Credit Agreement”), which as of December 31, 2023, contained two facilities with a total combined available credit of \$18 billion and matured on March 24, 2025. At the date the consolidated financial statements for the year ended December 31, 2023 were available for issuance, additional financing was required, which resulted in material uncertainty that cast substantial doubt as to TMC’s ability to continue as a going concern for the year ended December 31, 2023. Subsequently this material uncertainty has been resolved. On May 1, 2024, the commercial operation of the expanded system commenced. On May 17, 2024, the combined available credit under the two facilities was increased to \$19.0 billion and the maturity date was extended to August 31, 2026, which provides sufficient funds for TMC to meet its obligations as they become due. See Note 5 for details on debt and Note 10 for subsequent events.

In management’s opinion, all adjustments considered necessary for a fair statement of the financial position and operating results have been included in the accompanying condensed consolidated financial statements. The Corporation’s interim results may not be indicative of annual results. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2023. These condensed consolidated financial statements follow the same significant accounting policies as those included in the consolidated financial statements for the year ended December 31, 2023.

Amounts are stated in Canadian dollars, which is the functional currency of all of the Corporation’s operations, except for Puget which uses the U.S. dollar as its functional currency.

TMC operates in one operating segment, as the chief operating decision maker reviews operating results at this level to assess financial performance and make resource allocation decisions.

These condensed consolidated financial statements were authorized by the board of directors on May 21, 2024. Subsequent events have been evaluated from March 31, 2024 to the date the condensed consolidated financial statements were available for issue on May 21, 2024. There are no subsequent events which would require adjustment to the condensed consolidated financial statements and related disclosures other than the amendments to the Syndicated Credit Agreement described in Note 5 and 6 and the events described in Note 10.

TRANS MOUNTAIN CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. Revenues

Disaggregation of Revenues

The following table presents revenues disaggregated by revenue source and type of revenue for each revenue source:

	Three months ended March 31,	
	2024	2023
<i>(In thousands of Canadian dollars)</i>		
Transportation		
Fee-based services	115,711	116,055
Regulatory adjustment ^(a)	(5,085)	(439)
	110,626	115,616
Leases	13,990	17,761
Other	680	558
Total revenue	125,296	133,935

(a) For TMPL, regulatory adjustments are made for differences between transportation revenue recognized pursuant to its toll settlement with shippers, as approved by the Canada Energy Regulator ("CER"), and actual toll receipts.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings and cash collections. Contract assets are recognized in those instances where billing occurs subsequent to revenue recognition and the right to invoice the customer is conditioned on something other than the passage of time. For the three month periods ended March 31, 2024 and 2023, there were no contract assets recognized. Contract liabilities are substantially related to capital improvements paid for in advance by certain customers, generally in the Corporation's non rate regulated businesses, which are subsequently recognized as revenue on a straight-line basis over the initial term of the related customer contracts.

The following table presents the activity in contract liabilities:

	Three months ended March 31,	
	2024	2023
<i>(In thousands of Canadian dollars)</i>		
Opening balance	3,778	3,991
Additions	898	881
Transfer to revenues	(278)	(274)
Ending balance	4,398	4,598

The contract liabilities balance as of March 31, 2024 and December 31, 2023 is presented as:

	March 31, 2024	December 31, 2023
<i>(In thousands of Canadian dollars)</i>		
Other current liabilities	886	213
Other deferred credits	3,512	3,565
Total contract liabilities	4,398	3,778

TRANS MOUNTAIN CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. Revenues (continued)

Revenue Allocated to Remaining Performance Obligations

The following table presents the estimated revenue allocated to remaining performance obligations for contracted revenue that has not yet been recognized, representing the “contractually committed” revenue as of March 31, 2024 that will be invoiced or transferred from contract liabilities and recognized in future periods.

Year	Estimated Revenue
<i>(In thousands of Canadian dollars)</i>	
Remaining 2024	11,796
2025	213
2026	213
2027	213
2028	213
Thereafter	2,715
Total	15,363

The contractually committed revenue primarily consists of customer contracts for service, which have minimum volume commitment payment obligations. The actual revenue recognized on these customer contracts can vary depending on the service provided. The contractually committed revenue for purposes of the tabular presentation above is generally limited to the minimum revenue committed to under these customer contracts. The contractually committed revenue amounts generally exclude remaining performance obligations for: (i) contracts with index-based pricing or variable volume attributes in which such variable consideration is allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct service that forms part of a series of distinct services; (ii) contracts with an original expected duration of one year or less; (iii) contracts for which revenue is recognized at the amount for which there is a right to invoice for services performed; and (iv) contracts for revenue dependent on the completion of the TMEP.

3. Income Taxes

Income tax expense included in the condensed consolidated financial statements is as follows:

	Three months ended March 31,	
	2024	2023
<i>(In thousands of Canadian dollars)</i>		
Current tax expense	1,355	568
Deferred tax expense	50,094	59,521
Total income tax expense	51,449	60,089
Effective tax rate	24.56%	24.60%

The effective tax rate for the three month periods ended March 31, 2024 and 2023 were consistent with the statutory rate of 24.67%.

TRANS MOUNTAIN CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. Pension and Post-employment Benefits

The components of net benefit cost related to the pension and other post-employment benefit plans (“OPEB”) plans are as follows:

	Three months ended March 31,			
	Pension		OPEB	
	2024	2023	2024	2023
<i>(In thousands of Canadian dollars)</i>				
Service cost ^(a)	3,067	2,346	94	83
Other components of net benefit cost ^(b)				
Interest cost	3,290	3,212	174	178
Expected return on plan assets	(3,720)	(3,364)	-	-
Amortization of past service cost	81	81	-	-
Amortization of net actuarial gain	-	(370)	(59)	(96)
Total net benefit cost	2,718	1,905	209	165

(a) Amounts included within “Salaries and benefits” in the condensed consolidated statement of income.

(b) Amounts included within “Other, net” in the condensed consolidated statement of income.

5. Debt

The carrying value of debt included in the condensed consolidated financial statements is as follows:

	March 31, 2024	December 31, 2023
<i>(In thousands of Canadian dollars)</i>		
Syndicated Facility	17,065,000	16,090,000
Credit Agreement with parent		
Acquisition Facility	2,506,350	2,506,350
Construction Facility	5,743,964	5,743,964
Total debt	25,315,314	24,340,314

Credit Agreement with Syndicated Lenders

TMC has an Equator Principles 4 (“EP4”) compliant credit agreement with a syndicate of lenders (the “Syndicated Credit Agreement”) dated April 29, 2022 and as amended most recently on November 30, 2023, which contains two senior revolving facilities, a \$17.9 billion syndicated facility (the “Syndicated Facility”) and a \$100 million letter of credit facility (“LC Facility”), for a combined available credit of \$18.0 billion under the two facilities. EP4 is a risk management framework adopted by financial institutions for identifying, assessing, and managing environmental and social risks for large infrastructure projects. The facilities under the Syndicated Credit Agreement mature March 24, 2025, with the ability for TMC to request certain extension terms up to August 31, 2025, and include a guarantee provided from the Government of Canada. See Note 6 for more information on the guarantee and associated fees. There are no financial covenants.

Borrowings under the Syndicated Facility bear interest at the Canadian Prime Rate or the Canadian Dollar Offered Rate (“CDOR”) plus applicable margins and commitment fees. The effective interest rate for the three month periods ended March 31, 2024 and 2023 was 6.6% and 5.2%, respectively.

TRANS MOUNTAIN CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. Debt (continued)

As of March 31, 2024 and December 31, 2023, TMC had letters of credit issued and outstanding under the LC Facility of \$69.3 million. The Syndicated Credit Agreement allows TMC to elect for reallocation of the available credit under the LC Facility to the Syndicated Facility.

Subsequent to period end on May 17, 2024, the combined available credit under the two facilities was increased to \$19.0 billion of which \$18.9 billion relates to the Syndicated Facility and \$0.1 billion to the LC Facility and the maturity date was extended to August 31, 2026. The increase to the facility included a corresponding increase to the guarantee provided from the Government of Canada.

Credit Agreement with Parent

TMC has a credit agreement with TMP Finance dated August 29, 2018 and as amended most recently on April 28, 2022 (the "Credit Agreement") which includes an "Acquisition Facility", a non-revolving term loan facility, and a "Construction Facility", a loan facility which was used to finance the TMEP construction up to February 18, 2022.

The facilities under the Credit Agreement have an interest rate of 5% on amounts drawn and mature on the earlier of the maturity date, which is August 29, 2025, and in the event of certain changes in ownership. Interest incurred under the Credit Agreement is paid in kind and added to the principal amount of the Construction Facility semiannually. No further cash draws are permitted and there are no financial covenants. See Note 6 for further details on transactions with related parties.

In addition, TMP LP has a \$550.0 million line of credit agreement with TMP Finance dated March 25, 2019 (the "Financial Capacity Line of Credit") and as amended most recently on October 27, 2023, which is designed to meet the CER mandated financial capacity requirements. The Financial Capacity Line of Credit matures 5 years following the date of the advance or as otherwise extended in accordance with the agreement and has an interest rate of 5% on amounts drawn and a commitment fee of 0.3% on the unadvanced portion. There are no financial covenants on the Financial Capacity Line of Credit and as of March 31, 2024 and December 31, 2023, there were no amounts drawn.

6. Transactions with Related Parties

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.

Funding from Parent

TMC incurred interest and commitment fees on debt with TMP Finance which are added to the Construction Facility semiannually. See Note 5 for more details on the credit agreements. For the three months ended March 31, 2024 and 2023, TMC incurred \$103.0 million and \$97.2 million, respectively in interest and commitment fees on debt with TMP Finance. As of March 31, 2024 and December 31, 2023, the interest payable to TMP Finance not yet paid in kind was \$102.6 million and nil, respectively, and recorded in "Long term interest payable".

Guarantee from the Government of Canada

The Government of Canada has provided TMC with a guarantee in relation to its Syndicated Credit Agreement (see Note 5) in exchange for a guarantee fee. On March 24, 2023, the guarantee was amended for changes to the borrowing limits under the amended Syndicated Credit Agreement and for changes to the guarantee fee. Prior to the amendment on March 24, 2023, the guarantee fee was 5% per annum less the daily weighted average interest rate per annum payable by TMC in accordance with the Syndicated Credit Agreement. The amended guarantee fee is accrued at a fixed rate based on the outstanding balance under the Syndicated Credit Agreement. The provided guarantee increased in conjunction with the increases to the Syndicated Credit Agreement, which was most recently increased following period end on May 17, 2024.

For the three months ended March 31, 2024 and 2023, TMC incurred \$10.4 million and \$0.8 million in guarantee fees, respectively. Guarantee fees are included in interest expense. Along with the amendment to the Syndicated Credit Agreement on May 17, 2024, the due date of the guarantee fee payable was extended to August 31, 2027, or upon certain events of default. As of March 31, 2024 and December 31, 2023, the guarantee fees payable was \$73.1 million and \$62.7 million, respectively, and recorded in "Long term interest payable."

TRANS MOUNTAIN CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. Supplemental Cash Flow Information

The table below represents the changes in operating non-cash working capital.

	Three months ended March 31,	
	2024	2023
<i>(In thousands of Canadian dollars)</i>	Decrease (Increase)	
Accounts receivable	31,103	17,723
Deferred amounts and other assets	12,679	3,363
Regulatory assets	(2,437)	(22,515)
Accounts payable and accrued liabilities	(7,306)	22,269
Interest payable	41,165	15,639
Pension and post-employment benefits	(97)	(1,612)
Regulatory liabilities	10,992	(8,027)
Lease liabilities	916	976
Other liabilities and deferred credits	(215)	4,376
Total	86,800	32,192

8. Risk Management and Financial Instruments

Credit Risk

The Corporation is exposed to credit risk on cash and cash equivalents, restricted cash, and accounts receivable, which is the risk that a customer or other counterparty will fail to perform an obligation or settle a liability, resulting in a financial loss to the business.

The majority of the Corporation's customers operate in the oil exploration and development, or energy marketing or transportation fuel industries. There may be exposure to volatility in energy commodity prices and economic instability or other credit events impacting these industries and customers' ability to pay for services. The exposure to credit risk is limited 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. As of March 31, 2024 and December 31, 2023, there were no significant accounts receivable past due and no credit losses recorded.

Cash and cash equivalents and restricted cash are held with major financial institutions that are rated A-, A3, or A Low or better, minimizing the risk of non-performance by counter parties.

Foreign Currency Transactions and Translation

The Corporation is exposed to foreign currency risk from foreign currency transaction gains or losses resulting from a change in exchange rates between the functional currency of an entity and the currency in which a transaction is denominated. Unrealized and realized gains and losses generated from these transactions are recorded in foreign exchange gain or loss in the accompanying condensed consolidated statement of income. Management does not believe that the exposure to foreign currency transactions is significant.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet financial obligations, including commitments, as they become due. Liquidity risk is managed by ensuring access to sufficient funds to meet obligations. Cash requirements are forecasted 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 issuance of debt. See Note 5 for details on debt.

TRANS MOUNTAIN CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. Risk Management and Financial Instruments (*continued*)

Interest Rate Risk

The Corporation is exposed to interest rate risk on outstanding debt borrowings. The Corporation manages interest rate risk by holding both fixed and variable interest rate debt. Borrowings under the Credit Agreement with TMC's parent are fixed at of rate of 5%. Borrowings under the Syndicated Credit Agreement have variable interest rates and a related fixed rate guarantee fee. Variable interest rates are based on CDOR or Prime rates plus applicable margins. Significant changes in such rates can result in a material impact to the Corporations financial results and cash flows.

Significant Shippers

For the three month period ended March 31, 2024, there were six customers that each individually represented between 10-23% of total revenue. For the three month period ended March 31, 2023, there were five customers that each individually represented between 10-17% of total revenue.

9. Litigation, Commitments and Contingencies

Legal Proceedings

The Corporation is subject to various legal and regulatory actions and proceedings which arise in the normal course of business. While the final outcome of such actions and proceedings cannot be predicted with certainty, management believes that the resolution of such actions and proceedings will not have a material impact on the Corporation's financial position or results of operations. There were no accruals for outstanding legal proceedings as of March 31, 2024 and December 31, 2023.

TMEP Litigation

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

Commitments

As of March 31, 2024 and December 31, 2023, irrevocable commitments related to property, plant, and equipment were \$4.9 million and \$12.4 million, respectively. These commitments were primarily related to the TMEP.

Other operating commitments as of March 31, 2024 and December 31, 2023 were \$6.7 million and \$8.6 million, respectively.

Flood Insurance Proceeds

In 2021, there was widespread flooding in British Columbia and Washington State, which resulted in financial losses, including damage to TMC's assets and delays to the TMEP construction. The Corporation has recognized a total of \$88.0 million in insurance proceeds since the initial event in 2021. The insurance proceeds receivable as of March 31, 2024 and December 31, 2023 were \$2.0 million and \$54.4 million, respectively. While certain claims included in the amounts recognized have reached final settlement, there is a claim remaining where the proceeds recognized represent the interim settlements. The amount and timing of any future insurance proceeds on claims in progress cannot be reasonably estimated.

10. Subsequent Events

The commencement date for commercial operation of the TMEP occurred on May 1, 2024. The Corporation began providing service for all contracted volumes in the month of May. Subsequent to the commencement of operations of the TMEP, construction costs related to cleanup, reclamation, road and civil work continue to be incurred.