TRANS MOUNTAIN CORPORATION

MANAGEMENT REPORT

For the year ended December 31, 2020

March 3, 2021

This Management Report ("Report") should be read in conjunction with the audited consolidated financial statements of Trans Mountain Corporation for the year ended December 31, 2020 ("TMC's Financial Statements"). TMC's Financial Statements are prepared in accordance with Generally Accepted Accounting Principles in the United States of America ("U.S. GAAP"). All financial measures in this Report are presented in Canadian dollars unless otherwise indicated.

Throughout this Report, the terms "we", "us", "our", and "TMC" refer to Trans Mountain Corporation and its subsidiaries.

Our Mandate

TMC's mandate is to operate the existing Trans Mountain Pipeline and Puget Pipeline and to complete the Trans Mountain Expansion Project ("TMEP") in a timely and commercially viable manner. TMC operates in compliance with applicable laws, rules and regulations and to ensure the business is managed in a commercial manner in accordance with environmental standards and expectations. TMC will complete the expansion in alignment with the Federal Government's direction and priority to provide increased access to international markets for Canadian crude oil producers.

About Our Business

TMC is a Federal Crown corporation and is a wholly owned subsidiary of Canada TMP Finance Ltd., which in turn is a wholly owned subsidiary of Canada Development Investment Corporation. TMC conducts operations through four entities: Trans Mountain Pipeline Limited Partnership and its wholly owned subsidiary Trans Mountain Pipeline (Puget Sound) LLC, Trans Mountain Pipeline ULC, and Trans Mountain Canada Inc. Together these entities own and operate the Trans Mountain Pipeline System, consisting of the Trans Mountain pipeline, the Puget Sound pipeline, and the TMEP.

Trans Mountain Pipeline

The Trans Mountain pipeline ("TMPL") has been in operation since 1953 and transports crude oil and refined petroleum products from Alberta to the lower mainland of British Columbia. In its current configuration, TMPL is approximately 1,150 kilometers long, beginning near Edmonton, Alberta and terminating in Burnaby, British Columbia.

The current design of TMPL supports a pipeline capacity of approximately 300,000 barrels per day ("bpd") based on a commodity mix of 20% heavy and 80% light. The operational capacity on TMPL will vary on a month to month basis depending on the type and proportion of commodities transported, as well as system downtime that may be required to address operational needs such as maintenance.

TMPL is a common carrier pipeline. Transportation service on the pipeline is governed by a tariff, rules and regulations for service and a toll structure, as approved by the Canada Energy Regulator ("CER").

As of today, TMPL remains the only pipeline that transports petroleum from the Western Canadian Sedimentary Basin to the West Coast. It is also the only pipeline providing Canadian producers with direct access to world market pricing through a Canadian port. This has led to a steady demand for space on the pipeline.

Puget Sound Pipeline

The Puget Sound pipeline (“Puget”), owned by Trans Mountain Pipeline (Puget Sound) LLC, has been in operation since 1954. Puget transports crude oil from the Canada-US border near the Sumas Terminal to Washington State refineries in Anacortes and Ferndale.

Puget is approximately 111 kilometers long. One pump station and two tanks with total capacity of approximately 200,000 barrels facilitate movements on the system. The system has total throughput capacity of approximately 240,000 bpd when transporting primarily light oil.

Puget is a common carrier pipeline and the tolls on Puget are set in accordance with the Federal Energy Regulatory Commission (“FERC”) rate indexing system. FERC sets ceiling rates annually, which in turn allows Trans Mountain to adjust tolls rates subject to the ceiling limitation.

Trans Mountain Expansion Project

The TMEP completes a twinning of the existing pipeline from Edmonton, Alberta to Burnaby, British Columbia. When constructed, it will create a pipeline system with nominal capacity of 890,000 bpd, an increase from the 300,000 bpd existing capacity. For more information on the TMEP, please see our website at www.transmountain.com.

Shippers have signed contracts for transportation service on the expanded TMPL and have made 15 and 20 year commitments that total roughly 80 per cent of the planned capacity on the expanded Trans Mountain Pipeline. These shippers represent or are affiliates of some of the largest producing, marketing and refining companies in the Western Canada Sedimentary Basin and have direct access to large volumes of crude oil and refined products from their business operations.

During 2020, construction activities increased significantly across the TMEP and as of December 31, 2020, construction is approximately 22% complete, with $6.1 billion in capital spending incurred since the inception of the project. Spending to-date on the TMEP includes up-front costs of permitting, regulatory processes, legal, materials such as pipe, valves, buildings, motors, and financing costs in addition to direct construction related activities. Trans Mountain expects that 2021 will see peak construction for the TMEP, with thousands of people working at hundreds of sites across Alberta and British Columbia.

On February 7, 2020, TMC announced a revised cost estimate for the TMEP of $12.6 billion with service expected to start by the end of 2022. TMC’s projected Adjusted EBITDA is expected to be approximately $1.5 billion in the first full year of the TMEP’s operation and expected to grow annually thereafter. These projections are underpinned by long-term contractual commitments covering 80% of the system’s 890,000 barrels a day of capacity.

Legal and Regulatory Developments

On February 4, 2020, the Federal Court of Appeal dismissed challenges to the Federal Government’s approval of the TMEP.

On July 2, 2020, the Supreme Court of Canada dismissed all applications for leave to appeal the Federal Court of Appeal’s February 4, 2020 dismissal of challenges to the Federal Government’s approval of the TMEP.

On October 9, 2020, Trans Mountain submitted an application to the Canada Energy Regulator for the West Alternative Route variance through the Coldwater Valley in British Columbia.

COVID-19 Pandemic

Trans Mountain’s first priority is the health and safety of our workforce, their families and our neighboring communities. During the COVID-19 pandemic, Trans Mountain and its construction contractors have been working diligently together to ensure adherence to all advice and direction from government and health officials both provincially and federally, while ensuring the safe operation of the Trans Mountain Pipeline System and the continued, safe construction of the TMEP. In 2020, direct costs related to Trans Mountain’s COVID-19 response totaled $18.9 million on the TMEP to ensure safe project execution and $1.6 million related to existing operations.

The reduction in global crude oil demand in 2020 resulting from the COVID-19 pandemic, coupled with the Russia-Saudi Arabia oil price war in the first quarter of 2020, resulted in significant decreases in crude oil prices, both globally and in the Western Canadian Sedimentary Basin. Despite crude price declines, the Trans Mountain pipeline operated at full capacity throughout 2020, as the optionality Trans Mountain provides proved valuable to shippers.

Financial Highlights

Non-GAAP measures

We make use of certain financial measures that do not have a standardized meaning under U.S. GAAP because we believe they improve management's ability to evaluate our operating performance and compare results between periods. These are known as non-GAAP measures and may not be similar to measures disclosed by other entities. Adjusted EBITDA is a non-GAAP measure we use to evaluate our operating performance absent the impact of financing decisions, non-cash depreciation and amortization, and non-cash equity AFUDC[1].

Financial Highlights	**Three months ended December 31**		**Year ended December 31**	
(thousands of Canadian dollars, except throughput amounts)	**2020**	**2019**	**2020**	**2019**
Revenue	110,756	111,380	427,655	419,752
Adjusted EBITDA	47,598	49,307	188,397	194,398
Net Income	46,393	23,581	140,802	130,855
Cash provided by (used in) operating activities	(82,948)	80,244	(28,329)	157,311
Capital expenditures incurred	1,190,057	414,771	3,363,214	1,327,668
Average daily throughput				
Mainline deliveries (bpd)	331,600	311,500	311,700	313,900
Puget Sound Pipeline (bpd)	213,400	205,900	196,300	203,000
Westridge Marine Terminal (bpd)	28,800	20,200	39,100	20,500

Financial Position at (thousands of Canadian dollars)	**December 31, 2020**	**December 31, 2019**
Cash and cash equivalents and restricted cash	180,191	486,914
Total assets, including TMEP work in progress	10,630,138	7,441,735
Loans from parent	4,827,350	3,257,100

[1] Allowance for Funds Used During Construction. A component of construction cost in regulated utilities representing the cost of capital deployed during construction of new assets. AFUDC contains a cost of borrowed funds component and a return on equity component.

Revenue

Revenue	**Three months ended December 31**			**Year ended December 31**		
(thousands of Canadian dollars)	**2020**	**2019**	**% Change**	**2020**	**2019**	**% Change**
Transportation	94,360	95,813	(2%)	362,282	357,298	1%
Leases	15,942	15,121	5%	63,647	60,146	6%
Other	454	446	2%	1,726	2,308	(25%)
Total	**110,756**	**111,380**	**(1%)**	**427,655**	**419,752**	**2%**

Total revenue consists of income from three sources: transportation, leases and other services. Throughout 2020, the Trans Mountain pipeline operated at fully capacity, while Puget achieved consecutive months of record modern day throughput in July and August 2020. For the three month period ended December 31, 2020, total revenue decreased by $0.6 million to $110.8 million as compared to $111.4 million in the same period of the prior year. For the year ended December 31, 2020, total revenue increased by $7.9 million to $427.7 million as compared to $419.8 million in the prior year.

Transportation revenue in the fourth quarter of 2020 decreased by $1.4 million to $94.4 million, as compared to $95.8 million in the same period of the prior year. The decrease is due to lower toll rates related to decreased depreciation and taxes partially offset by higher flow through operating costs and increased throughput on Puget, due to higher average throughput. In 2020, transportation revenue increased by $5.0 million to $362.3 million as compared to $357.3 million in the prior year. The increase is mainly due to higher flow through operating cost recoveries on TMPL pursuant to the 2019-2021 Incentive Toll Settlement ("ITS"), partially offset by lower toll rates related to decreased depreciation and taxes.

Lease revenue, which primarily relates to income earned on TMC's third party tank leases, increased in 2020. For the three month period ended December 31, 2020, lease revenue totalled $15.9 million, an increase of $0.8 million, as compared to the $15.1 million recognized in the same period of the prior year. For the year ended December 31, 2020, lease revenue totalled $63.6 million, an increase of $3.5 million, as compared to the $60.1 million recognized in the prior year.

Other revenue mainly relates to pipe rack rent revenue earned at TMC's terminals and other minor revenue items.

Expenses

Expenses (thousands of Canadian dollars)	Three months ended December 31 2020	 2019	 % Change	Year ended December 31 2020	 2019	 % Change
Pipeline operating costs	36,863	35,392	4%	129,719	120,300	8%
Depreciation and amortization	24,598	25,281	(3%)	98,009	100,551	(3%)
Salaries and benefits	16,592	16,657	0%	71,265	64,296	11%
Taxes, other than income taxes	8,574	7,129	20%	33,597	32,685	3%
Administration	1,129	2,895	(61%)	4,677	8,073	(42%)
Total	**87,756**	**87,354**	**0%**	**337,267**	**325,905**	**3%**

Pipeline operating costs and taxes, other than income taxes, on the TMPL are primarily treated as flow through costs to TMC's customers as per the ITS agreement. Depreciation and amortization, salaries and benefits, and administration costs related to the TMPL are largely recovered from TMC's customers through the capital recovery and fixed cost components of the ITS.

Pipeline operating costs for the three months and year ended December 31, 2020 totalled $36.9 million and $129.7 million respectively, reflecting increases of $1.5 million and $9.4 million respectively, as compared to the same periods of the prior year. The increases are primarily due to remediation costs related to the June 2020 Sumas Release and higher insurance costs partially offset by decreased pipeline integrity costs, due to the timing of when work is completed.

Depreciation and amortization expense in the fourth quarter of 2020 decreased by $0.7 million to $24.6 million, as compared to $25.3 million in the same period of the prior year. For the year ended December 31, 2020, depreciation and amortization expense decreased by $2.6 million to $98.0 million as compared to $100.6 million in the prior year. The decrease for both the three months and year ended December 31, 2020 is mainly due to the completion of a required depreciation study, which lowered depreciations rates on several asset categories effective January 1, 2020.

Salaries and benefits expense for the three month period ended December 31, 2020 of $16.6 million was unchanged from the same period of the prior year. In 2020, salaries and benefits expense increased by $7.0 million to $71.3 million compared to $64.3 million in the prior year. The increase in 2020, as compared to 2019, is mainly due to higher costs associated with a planned increase in workforce to support TMC's transition to a stand-alone organization.

Taxes, other than income taxes, in the fourth quarter of 2020 increased by $1.5 million to $8.6 million, as compared to $7.1 million in the same period of the prior year. For the year ended December 31, 2020 taxes, other than income taxes, increased by $0.9 million to $33.6 million, as compared to $32.7 million in the prior year. The increase for both the three months and year ended December 31, 2020, as compared to the same periods of the prior year, is due to increased property taxes, primarily on TMPL regulated assets.

Administration expense for the three month period ended December 31, 2020 decreased by $1.8 million to $1.1 million, as compared to $2.9 million in the same period of the prior year. In 2020, administration expenses decreased by $3.4 million to $4.7 million, as compared to $8.1 million in the prior year. The decrease for both the three months and year ended December 31, 2020, as compared to the same periods in the prior year, is due to increased capitalized administration costs associated with the TMEP, and decreased travel expenses, partially offset by higher information technology costs associated with infrastructure improvements, and increased expenses associated with TMC's COVID-19 response.

Adjusted EBITDA

Adjusted EBITDA for the three month period ended December 31, 2020 decreased by $1.7 million to $47.6 million, as compared to $49.3 million in the same period of the prior year. The decrease is mainly due to lower transportation revenue on TMPL, partially as a result of lower depreciation expense which reduces revenue. For the year ended December 31, 2020, Adjusted EBITDA decreased by $6.0 million to $188.4 million, as compared to $194.4 million in the prior year. As flow through costs equally impact revenue and expenses, the decrease in Adjusted EBITDA is mainly due to higher salaries and benefits costs, and lower flow through depreciation expense which reduced revenue.

Equity Allowance for funds used during construction ("AFUDC")

Equity AFUDC for the three month period ended December 31, 2020 increased by $32.1 million to $60.9 million, as compared to $28.8 million in the same period of the prior year. For the year ended December 31, 2020 equity AFUDC increased by $93.1 million to $184.4 million, as compared to $91.3 million in the prior year. The significant increase in both the fourth quarter and the full year of 2020, as compared to the same periods in the prior year, is due to the cumulative impact of capital spending on the TMEP.

Interest expense

Interest Expense	**Three months ended**			**Year ended December 31**		
(thousands of Canadian dollars)	**2020**	**2019**	**% Change**	**2020**	**2019**	**% Change**
Interest and commitment fees on loans from parent	57,872	40,212	44%	195,899	147,832	33%
Capitalized debt financing costs	(35,266)	(18,506)	91%	(106,797)	(58,573)	82%
Interest income and other	(916)	(1,307)	(30%)	(4,090)	(4,650)	(12%)
Interest Expense, net of capitalized debt financing costs	**21,690**	**20,399**	**6%**	**85,012**	**84,609**	**0%**

The increase in total interest and commitment fees from TMC's parent and capitalized debt financing costs for both the three months and year ended December 31, 2020, as compared to the same periods in the prior year, is due to the capital spending on the TMEP and the corresponding increase in long-term debt levels year over year.

Income tax

Income tax expense for the three months and year ended December 31, 2020 totalled $17.7 million and $47.9 million, respectively representing effective tax rates of 27.6% and 25.4%, respectively; as compared to income tax expense for the three months ended December 31, 2019 of $7.7 million and an income tax recovery of $32.3 million for year ended December 31, 2019. The significant income tax recovery recognized in the prior year was due to the decrease in the Alberta corporate tax rate in the second quarter of 2019.

Net Income

Net income for the three month period ended December 31, 2020 increased by $22.8 million to $46.4 million, as compared to $23.6 million in the same period of the prior year. The increase is mainly due to the $32.1 million increase in equity AFUDC, due to spending on the TMEP, and the $0.7 million decrease in depreciation and amortization, due to the completion of a required deprecation study which lowered depreciation rates effective January 1, 2020. These items were partially offset by the $10.0 million increase in income tax expense, due to higher pre-tax income, the $1.7 million decrease in Adjusted EBITDA, and a $1.3 million increase in interest expense.

Net income for the year ended December 31, 2020 increased by $9.9 million to $140.8 million, as compared to $130.9 million in the prior year. The increase is mainly due to the $93.1 million increase in equity AFUDC, due to capital spending on the TMEP, and a $2.6 million decrease in depreciation and amortization, due to the deprecation study impact. These items were partially offset by the $80.2 million increase in income tax expense, due to the significant income tax recovery recognized in the prior year associated with the decrease in the Alberta corporate tax rate, and the $6.0 million decrease in Adjusted EBITDA.

Capital Expenditures

Capital Expenditures	**Three months ended December 31**		**Year ended December 31**	
(thousands of Canadian dollars)	**2020**	**2019**	**2020**	**2019**
TMEP capital	1,173,801	378,106	3,312,009	1,249,307
Non-TMEP capital	16,256	36,665	51,205	78,361
Total	**1,190,057**	**414,771**	**3,363,214**	**1,327,668**

Capital expenditures for the three month period and year ended December 31, 2020 increased significantly over the same periods of the prior year, due to construction activity on the TMEP. A total of $1.2 billion and $3.3 billion, respectively was incurred on the TMEP for the three month period and the year ended December 31, 2020. Work is underway in various phases of construction along the majority of the route and the project is approximately 22% complete. During 2020, work continued in B.C. along the pipeline corridor in the North Thompson and BC Interior regions. Work at the Lower Mainland terminals included foreshore expansion at the Westridge Marine Terminal and preparation work for tunnel boring and installation of tanks at the Burnaby Terminal. In Alberta, several river crossings have been completed and pipeline construction is nearing completion in the Greater Edmonton area. Camp communities opened in

Valemount (July), Clearwater (October), and Ohamil (December) as part of the temporary workforce accommodation plan, with preparatory work underway at another camp location.

For the three month period and year ended December 31, 2020, non-TMEP capital expenditures, which are net of customer recoveries, totalled $16.3 million and $51.2 million, respectively which primarily included expenditures related to the System Optimization Project as well as Edmonton facility upgrades, mainline infrastructure, and other routine sustaining capital projects to maintain the TMPL in a safe and reliable operating condition.

2021 Financial Outlook

For 2021, TMC expects its existing operations to generate Adjusted EBITDA of between $180 million and $190 million. Trans Mountain anticipates throughput of approximately 315,000 bpd on TMPL and 192,000 bpd on Puget.

Capital spending (including AFUDC) on the TMEP is expected to total approximately $4.4 billion in 2021, with additional spending of approximately $70 million expected on other capital projects and asset retirements.

These projections are based on a number of assumptions, including:

- Continued strong demand for transportation to the West Coast of Canada and into Washington State.
- A financing mix of 55% debt and 45% equity from TMP Finance, with an interest rate of 5% on debt.
- A USD/CAD exchange rate of 1 USD = 1.35 CAD.

Actual results may vary from our expectations.

Environment, Health and Safety

As part of our Environment, Health and Safety program TMC tracks its performance against its own previous three-year average and that of the pipeline industry in the areas of vehicle safety, worker safety, and releases of the commodities we transport. Tracking against our own historical performance drives continuous improvement which is an integral part of all our programs and comparing against industry provides a means to assess the effectiveness of our operations against our peers. The following table provides a summary of TMC's Environment, Health and Safety program during 2020:

		Three-year average	
	2020	**TMC**	**Industry**[1]
Health and Safety			
Avoidable Vehicle Incident Rate (per million miles driven)	0.00	0.49	1.23
Total Recordable Injury Rate[2]			
Employees	0.59	0.38	0.41
Contractors	0.54	1.06	1.37
Contractors – TMEP	0.49 [4]	N/A	1.50
Environment			
Commodity Releases Rate[3]	0.80	0.52	0.19
Volume of releases(m^3)[3]	151.15	1.76	12.45

(1) Industry rates provided by CEPA (Canadian Energy Pipeline Association) except for Contractor rates which are provided by NAICS (North American Industry Classified System).

(2) Total Recordable Injury Rate: number of recordable incidents X 200,000 divided by number of hours worked.

(3) Release rates are per 1,000 km of operating pipeline. See Sumas Release discussion below.

(4) Measured from the commencement of the project to December 31, 2020.

Safety Stand Down

During the fourth quarter of 2020, as a result of rising safety incidents, including two major contractor incidents, one of which was a fatality, Trans Mountain enacted a voluntary project-wide safety stand down that temporarily suspended all construction activity on TMEP effective December 18, 2020. The objective of the safety stand down was to review, reset and refocus TMC's efforts, and those of our contractors and workers. Construction on TMEP resumed in the first quarter of 2021. In conjunction with restarting construction, Trans Mountain completed a number of organizational changes to better align safety responsibilities.

Sumas Release

In June 2020, TMC had a commodity release at our Sumas pump station in Abbotsford, British Columbia. The pipeline was shut down and the release was fully contained on Trans Mountain property. The cleanup and safe response to the release began immediately followed by investigations by the applicable government authorities, as well as Trans Mountain. The environmental remediation activities at the site continued throughout 2020 and are nearing completion. A total of $17.7 million in operating costs for the cleanup have been recorded for the year ended December 31, 2020, the vast majority of which are expected to be recovered in tolls pursuant to the 2019-2021 Incentive Toll Settlement ("ITS").

While TMC tracks all commodity releases, industry data for releases greater than 1.5 m^3 was the threshold used for performance comparison. During 2020, the Sumas release was the only commodity release that met this threshold.

Environment, Social and Governance

In 2021, TMC will publish its first ESG report sharing the company's ESG performance and describing the practices below in more detail.

Environment

TMC has a robust and proactive asset integrity program that includes inline inspections, integrity digs and a control centre that monitors pipeline operations 24/7. In case of an incident, TMC has emergency response plans and its own inventory of emergency response equipment, covering the pipeline, pump stations and the Westridge Marine Terminal. Although the greenhouse gas (GHG) emissions associated with operating a pipeline are relatively small, TMC will be setting targets to reduce and/or offset our scope 1 and scope 2 emissions. Our targets will support the Government of Canada's ambition to reach net zero by 2050.

For the execution of the TMEP, TMC uses a variety of leading-edge environmental practices and technologies. TMC has evaluated and sought to minimize the impacts on land, water and air of construction activities, including considerations of traditional knowledge and heritage resources. Construction of TMEP will generate emissions and as part of TMC's regulatory approvals, TMC committed to offset these construction-related emissions.

Social

In alignment with the mandate to operate in a manner consistent with Canada's commitment to advance reconciliation with Indigenous Peoples, TMC seeks to maximize opportunities for Indigenous people. TMC's hope is that Indigenous communities are in a more sustainable position than when they first engaged with them, and that a positive legacy endures beyond the completion of TMEP.

To promote safe operations and construction, TMC has stringent safety regulations, high expectations of its contractors, and is always working to improve its safety practices.

Governance

TMC's Board of Directors is appointed by CDEV and is composed of 12 members, 11 of whom are considered independent including the Chair. The Board is responsible for the stewardship of the company with overall responsibility to oversee and supervise the management and businesses activities, while exercising their independent judgment to strengthen management and accountability.

Business Risks

In addition to the risks associated with the COVID-19 pandemic, TMC's current business risks include the following:

Financial Risks

There are limited risks due to economic factors on existing operations. Most costs and revenues in Trans Mountain Pipeline Limited Partnership and Trans Mountain Canada Inc. are in Canadian dollars, resulting in limited foreign exchange exposure. On Puget, revenues and most costs are in U.S. dollars, leading to limited foreign exchange exposure within the Puget entity, but resulting in some exposure to foreign currency translation when TMC converts Puget's results to Canadian dollars on consolidation. Historically management has viewed this risk as low, and as a result has not entered into currency hedging or other arrangements designed to mitigate this risk.

Tolls for transportation service on the Canadian portion of the existing TMPL are regulated by the CER and governed by the terms of the ITS, which provides significant financial risk mitigation. Tolls for service are set each year and are designed to yield a return on rate base and a recovery of operating costs based on the annual budget. A significant portion of operating costs are classified as "flow through" under the ITS, meaning that TMPL is authorized by shippers to spend prudently on items like integrity and maintenance, environmental protection, safety and security and certain other costs, and adjust future tolls to collect any variance from amounts in the budget used in the toll design. TMC applies the provisions of ASC 980, *Regulated Operations* under U.S. GAAP, and therefore recognizes revenue and a regulatory asset/receivable to match the amount and timing of spending on flow through items. As a result, TMPL operating income is very stable and predictable under the ITS.

Completion of the TMEP requires significant capital expenditures, and TMC will require the continued availability of financing from its parent TMP Finance in order to proceed with the TMEP. TMC's ability to service existing and future debt required may depend on a number of factors, including future financial and operating performance, project execution on the TMEP, overall economic conditions, and financial, regulatory, and other factors, many of which are beyond TMC's direct control. TMC's future operating cash flow may not be adequate to service its debt, particularly prior to the in-service of the TMEP.

Operation and Construction Execution Risks

TMC is exposed to risks which could result in additional costs, impacts to operations, delays in construction execution and/or reputational damage including, but not limited to:

- Changes in market conditions, commodity prices, the political environment, widespread epidemics or pandemics, and economic conditions in Canada and globally;
- Major incident that impacts the safety of the public, employees and the protection of the environment resulting from construction execution, operations or third party damage;
- Natural hazards and environmental events that affect the public, the protection of the environment, construction execution and/or operations;
- Demonstrations or protests that result in impacts to construction execution and/or operations;
- Timely receipt of permits and access to lands that results in impacts to construction execution;
- Regulatory and legal decisions and outcomes, and potential changes in laws and regulations that result in impacts to construction execution and/or operations;
- Inadequate controls for contractor oversight that result in impacts to construction execution and/or operations;
- Inadequate controls that result in violations of law, fraud or increased cost;
- Attracting and retaining a suitably skilled workforce;
- Cyber security and/or confidentiality breach that results in impacts to operations or reputational damage.

Forward-looking information

In certain sections of this Report we discuss our business strategy and outlook, and comment on financial resources, capital spending, and other expectations of management. This is forward-looking information. We disclose forward-looking information to help the reader understand management's assessment of our future plans and financial outlook. Statements that are forward-looking generally include words like anticipate, expect, believe, may, will, should, estimate, or other similar words.

Forward-looking statements do not guarantee future performance. Actual results could be different due to incorrect assumptions, risks or uncertainties related to our business, or events that happen after the date of this Report.

Our forward-looking information is based on assumptions and expectations and is subject to risks and uncertainties, including:

Assumptions

- expected operating and financial results including planned changes in our business;
- expectations or projections about strategies and goals for growth and expansion;
- expected cash flows and availability of funds from our immediate parent and financing source, Canada TMP Finance Ltd;
- potential costs, schedules and completion dates for planned projects, including projects under construction, permitting and in development;
- planned and unplanned outages of our pipelines and related assets;
- integrity and reliability of our assets;
- expected outcomes relating to regulatory processes and legal proceedings, and potential changes in laws and regulations;
- impacts arising from COVID-19 not becoming significantly more onerous on TMC;
- the expected impact of future accounting changes, commitments and contingent liabilities;
- expected industry, market and economic conditions;
- future demand for space on our pipeline systems;
- inflation rates and commodity prices;
- interest, tax and foreign exchange rates.

Risks and uncertainties

- our ability to successfully implement our strategic priorities and whether they will yield the expected financial and operational results and benefits;
- the operating performance of our pipelines and related assets;
- competitive factors in the pipeline sector;
- the available supply and price of energy commodities;
- performance and credit risk of our counterparties;
- regulatory and legal decisions and outcomes, and potential changes in laws and regulations;

- changes in market commodity prices, the political environment, widespread epidemics or pandemics, and economic conditions in Canada and globally;
- construction execution and completion of capital and operations projects, including reliance on the availability, performance and expertise of a suitably skilled and qualified workforce and third party contractors;
- demonstrations, protests or civil disobedience that impact construction execution and/or operations;
- climate change risks, including the effects of unusual weather and natural catastrophes;
- climate change effects and regulatory and market compliance and other costs associated with climate change;
- reputational risks;
- increases in costs for labour, equipment and materials;
- fluctuations in interest, tax and foreign exchange rates;
- risks related to cyber security, confidentiality, and data integrity;
- risks related to technological developments;
- natural hazards (floods, landslides, seismic activity, etc.).

Forward-looking information should not be used for anything other than its intended purpose, as actual results could vary.