



TRANS MOUNTAIN CORPORATION

**CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**
(unaudited)

For the three and nine month periods ended September 30, 2021

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Revenues (Note 2)	107,818	105,113	322,806	316,899
Expenses				
Pipeline operating costs	31,504	29,998	94,629	92,856
Depreciation and amortization	25,689	24,586	76,618	73,411
Salaries and benefits	19,706	17,756	60,373	54,673
Taxes, other than income taxes	9,038	8,095	27,086	25,023
Administration	1,020	506	4,171	3,548
	86,957	80,941	262,877	249,511
Operating income	20,861	24,172	59,929	67,388
Equity allowance for funds used during construction	100,313	49,279	255,928	123,544
Interest expense, net of capitalized debt financing costs	(22,781)	(21,787)	(66,514)	(63,322)
Other, net	218	(65)	655	(1,566)
Foreign exchange gain (loss)	35	117	223	(1,396)
Income before income taxes	98,646	51,716	250,221	124,648
Income tax expense (Note 3)	(24,268)	(12,341)	(61,422)	(30,239)
Net income	74,378	39,375	188,799	94,409

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 September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net income	74,378	39,375	188,799	94,409
Other comprehensive income (loss), net of tax				
Currency translation adjustment	8,764	(6,914)	406	8,106
Pension and post-employment benefits	156	61	466	184
	8,920	(6,853)	872	8,290
Comprehensive income	83,298	32,522	189,671	102,699

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	September 30, 2021	December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	344,722	104,454
Accounts receivable	59,049	83,821
Other current assets	30,754	33,445
	434,525	221,720
Property, plant and equipment	12,799,517	8,976,864
Right-of-use asset	121,621	76,066
Regulatory assets	87,020	62,429
Goodwill (Note 4)	888,098	888,098
Restricted investments	91,778	93,986
Restricted cash	76,392	75,737
Deferred amounts and other assets	199,700	235,238
Total Assets	14,698,651	10,630,138
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	751,607	540,466
Interest payable	81,708	-
Regulatory liabilities	87,753	139,050
Other current liabilities	61,548	27,767
	982,616	707,283
Loans from parent (Note 6)	6,766,100	4,827,350
Deferred income taxes	694,016	631,875
Regulatory liabilities	94,102	95,126
Pension and post-employment benefits	101,198	99,816
Lease liabilities	74,424	57,144
Other deferred credits	10,048	11,318
Total Liabilities	8,722,504	6,429,912
Equity	5,976,147	4,200,226
Total Liabilities and Equity	14,698,651	10,630,138

Litigation, commitments and contingencies (Note 9)

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 September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Operating activities				
Net income	74,378	39,375	188,799	94,409
Items not affecting cash				
Depreciation and amortization	25,689	24,586	76,618	73,411
Equity allowance for funds used during construction	(100,313)	(49,279)	(255,928)	(123,544)
Deferred income tax expense (Note 3)	25,169	16,194	61,935	32,476
Changes in non-cash working capital items (Note 7)	100,101	5,919	49,403	(22,133)
Total Cash and cash equivalents and Restricted cash provided by operating activities	125,024	36,795	120,827	54,619
Investing activities				
Capital expenditures	(1,337,977)	(849,021)	(3,393,439)	(2,042,211)
Internal use software expenditures	(1,469)	(3,295)	(3,087)	(9,033)
Purchase of restricted investments	(1,753)	(2,799)	(8,828)	(11,729)
Total Cash and cash equivalents and Restricted cash used in investing activities	(1,341,199)	(855,115)	(3,405,354)	(2,062,973)
Financing activities				
Issuances of loans from parent (Note 6)	783,750	456,500	1,938,750	1,075,250
Capital contributions (Note 6)	641,250	373,500	1,586,250	879,750
Total Cash and cash equivalents and Restricted cash provided by financing activities	1,425,000	830,000	3,525,000	1,955,000
Effects of exchange rate changes on Cash and cash equivalents and Restricted cash	2,312	(1,170)	450	945
Net increase (decrease) in Cash and cash equivalents and Restricted cash	211,137	10,510	240,923	(52,409)
Cash and cash equivalents and Restricted cash, beginning	209,977	423,995	180,191	486,914
Cash and cash equivalents and Restricted cash, end	421,114	434,505	421,114	434,505
Cash and cash equivalents, beginning	134,968	363,094	104,454	423,899
Restricted cash, beginning	75,009	60,901	75,737	63,015
Cash and cash equivalents and Restricted cash, beginning	209,977	423,995	180,191	486,914
Cash and cash equivalents, end	344,722	358,182	344,722	358,182
Restricted cash, end	76,392	76,323	76,392	76,323
Cash and cash equivalents and Restricted cash, end	421,114	434,505	421,114	434,505

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 as of December 31, 2020	2,064,150	1,885,500	281,195	(30,619)	4,200,226
Capital contributions	-	1,586,250	-	-	1,586,250
Net income	-	-	188,799	-	188,799
Other comprehensive loss, net of tax	-	-	-	872	872
Balance as of September 30, 2021	2,064,150	3,471,750	469,994	(29,747)	5,976,147
Balance as of December 31, 2019	2,064,150	600,750	140,393	(14,664)	2,790,629
Capital contributions	-	879,750	-	-	879,750
Net income	-	-	94,409	-	94,409
Other comprehensive income, net of tax	-	-	-	8,290	8,290
Balance as of September 30, 2020	2,064,150	1,480,500	234,802	(6,374)	3,773,078

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 Her 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 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 generally accepted accounting principles in the United States of America (“U.S. GAAP”), as contained in the Financial Accounting Standards Board Accounting Standards Codification. TMC believes that U.S. GAAP provides better comparability with industry peers and better 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.

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, 2020. 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, 2020.

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 November 12, 2021. Subsequent events have been evaluated from September 30, 2021 to the date the condensed consolidated financial statements were available for issue on November 12, 2021 and there are no subsequent events which would require adjustment to the condensed consolidated financial statements and related disclosures.

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 September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
<i>(In thousands of Canadian dollars)</i>				
Transportation				
Fee-based services	98,155	83,068	267,454	265,110
Regulatory adjustment ^(a)	(7,015)	5,676	5,593	2,812
	91,140	88,744	273,047	267,922
Leases	15,857	15,942	47,762	47,705
Other	821	427	1,997	1,272
	107,818	105,113	322,806	316,899

(a) For TMPL, regulatory adjustments are made for differences between transportation revenue recognized pursuant to its toll settlement with shippers, as approved by the 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 and nine month periods ended September 30, 2021 and 2020, 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 September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
<i>(In thousands of Canadian dollars)</i>				
Opening balance	4,518	4,718	4,415	4,628
Additions	-	-	418	392
Transfer to Revenues	(158)	(151)	(473)	(453)
Ending balance	4,360	4,567	4,360	4,567

The contract liabilities balance as of September 30, 2021 and December 31, 2020 is presented as:

	September 30, 2021	December 31, 2020
<i>(In thousands of Canadian dollars)</i>		
Other current liabilities	317	213
Other deferred credits	4,043	4,202
	4,360	4,415

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 September 30, 2021 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 2021	9,666
2022	3,456
2023	213
2024	213
2025	213
Thereafter	3,362
Total	17,123

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 TMEP.

3. Income Taxes

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
<i>(In thousands of Canadian dollars)</i>				
Current tax recovery	901	3,853	513	2,237
Deferred tax expense	(25,169)	(16,194)	(61,935)	(32,476)
Total income tax expense	(24,268)	(12,341)	(61,422)	(30,239)
Effective tax rate	24.60%	23.86%	24.55%	24.26%

The effective tax rate for the three and nine month periods ended September 30, 2021 and 2020 were consistent with the statutory rate of 24.67%.

TRANS MOUNTAIN CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. Goodwill

Goodwill relates to the acquisition of the TMPL and the Puget Pipeline on August 31, 2018. Management evaluates goodwill on a quarterly basis for indicators of impairment. As a result of significant factors which may have a material effect on TMEP including, but not limited to, a voluntary safety stand-down, COVID-19, wildfires in British Columbia, labor market challenges and contractor changes, as of September 30, 2021, management performed a goodwill impairment test, which did not result in an impairment charge.

The fair value of the reporting unit was estimated using an income-based approach based on discounted cash flows. The estimate of fair value required the use of significant unobservable inputs, including assumptions related to the discount rate, the timing and cost to complete the TMEP, and the extent cash flows will be re-contracted at the end of the initial TMEP term contracts, and therefore, the fair value is representative of a Level 3 fair value. For purposes of determining the fair value, the estimate of discounted cash flows included probability-weighted scenarios of various in-service dates for the TMEP. The estimate of discounted cash flows was determined using a discount rate of 7.25% which reflects the time value of money based on the risks associated with the Corporation's assets that have not otherwise been incorporated in the cash flow estimates.

Changes in these key assumptions would impact the fair value of the reporting unit which could result in impairment. In reference to a base valuation, sensitivity analysis of key assumptions was performed. An increase in the assumed discount rate by 25 basis points on the expected cash flows, while reducing the fair value does not result in an impairment. An increase in project costs by \$3.0 billion, and a three month delay to the commencement of commercial service of the project, while reducing the fair value also does not result in an impairment. A decrease in the percentage of re-contracted cash flows at the end of the initial TMEP term contracts of 10%, while reducing the fair value, does not result in an impairment.

5. 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 September 30,				Nine months ended September 30,			
	Pension		OPEB		Pension		OPEB	
	2021	2020	2021	2020	2021	2020	2021	2020
<i>(In thousands of Canadian dollars)</i>								
Service cost ^(a)	3,120	2,589	143	128	9,359	7,766	428	383
Other components on net benefit cost ^(b)								
Interest cost	1,725	2,152	108	138	5,176	6,456	325	416
Expected return on plan assets	(2,256)	(2,306)	-	-	(6,773)	(6,923)	-	-
Settlement loss recognized	-	-	-	-	-	1,373	-	-
Amortization of past service cost	81	-	-	-	243	-	-	-
Amortization of net actuarial loss	116	81	8	-	350	244	24	-
Total net benefit cost	2,786	2,516	259	266	8,355	8,916	777	799

(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.

TRANS MOUNTAIN CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 has a credit agreement with TMP Finance dated August 29, 2018 as amended most recently on April 1, 2021 (the "Credit Agreement") which includes an "Acquisition Facility", a non-revolving term loan facility, and a "Construction Facility", a revolving construction credit facility, to be used primarily to finance the TMEP construction. The facilities have an interest rate of 5% on amounts drawn and a standby fee of 0.065% on the unadvanced portion. The facilities mature on the earlier of the maturity date, which is August 29, 2025, and in the event of certain changes in ownership.

TMC also has a funding agreement with TMP Finance dated August 30, 2018 as amended most recently on April 1, 2021 (the "Funding Agreement") under which cash proceeds of each funding request are comprised of 55% debt funding in accordance with the Credit Agreement and 45% equity funding.

Drawdowns are permitted under the Credit Agreement up to March 31, 2022 or as extended at the discretion of TMP Finance. The Maximum Funding Amount under the Funding Agreement and the Construction Facility available credit under the Credit Agreement are shown in the below table.

Period	Maximum Funding Amount	Construction Facility available credit
<i>(In thousands of Canadian dollars)</i>		
December 31, 2020 – March 31, 2021	5,700,000	3,135,000
April 1, 2021 – December 30, 2021	8,700,000	4,785,000
December 31, 2021 – March 31, 2022	9,200,000	5,060,000

TMP LP also has a line of credit agreement with TMP Finance dated March 25, 2019 (the "Financial Capacity Line of Credit") which is designed to meet the Canada Energy Regulator ("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 standby fee of 0.3% on the unadvanced portion.

The total available credit as of September 30, 2021 and outstanding amounts presented as long-term loans from parent as of September 30, 2021 and December 31, 2020 are shown in the table below. There are no required payments on the borrowings until maturity. There are no financial covenants.

	Total available credit September 30, 2021	Outstanding amount September 30, 2021	Outstanding amount December 31, 2020
<i>(In thousands of Canadian dollars)</i>			
Acquisition Facility	2,506,350	2,506,350	2,506,350
Construction Facility	4,785,000	4,259,750	2,321,000
Financial Capacity Line of Credit	500,000	-	-
	7,791,350	6,766,100	4,827,350

TRANS MOUNTAIN CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. Transactions with Related Parties *(continued)*

Funding from Parent (continued)

The following table presents the funding received from TMC's parent, both the issuances of loans from parent and capital contributions, and the total interest and commitment fees incurred on the loans from parent.

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
<i>(In thousands of Canadian dollars)</i>				
Issuances of loans from parent	783,750	456,500	1,938,750	1,075,250
Capital contributions	641,250	373,500	1,586,250	879,750
Total funding from parent	1,425,000	830,000	3,525,000	1,955,000
Interest and commitment fees on loans from parent	82,218	51,131	218,547	138,027

7. Change of Operating Assets and Liabilities

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
<i>(In thousands of Canadian dollars)</i>				
	Decrease (Increase)			
Accounts receivable	21,802	(4)	24,755	16,398
Deferred amounts and other assets	25,247	1,225	9,737	(10,110)
Regulatory assets	(12,857)	(11,573)	(24,591)	(24,963)
Accounts payable and accrued liabilities	(7,108)	1,542	(2,847)	20,433
Interest payable	81,708	50,661	81,708	50,661
Pension and post-employment benefits	742	814	1,582	817
Regulatory liabilities	(10,513)	(26,837)	(41,285)	(73,302)
Lease liabilities	2,319	177	4,988	144
Other liabilities and deferred credits	(1,239)	(10,086)	(4,644)	(2,211)
	100,101	5,919	49,403	(22,133)

TRANS MOUNTAIN CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 September 30, 2021 and December 31, 2020 there were no significant accounts receivable past due and no allowance for doubtful accounts 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/(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 loans from parent. See Note 6. Given the significant ongoing expenditures expected in connection with the TMEP, TMC will require periodic amendments to the Maximum Funding Amount under the Funding Agreement. TMC has requested incremental funding authority to continue to advance the TMEP in the fourth quarter of 2021. TMC will require the continued availability of future financing from TMP Finance in order to complete the project.

Interest Rate Risk

The Corporation does not have significant exposure to interest rate risk as loans from its parent are at fixed interest rates and there were no floating interest rate instruments throughout the period or at the balance sheet date. As such, exposure to interest rate risk would arise on refinancing.

Significant Shippers

For the three and nine month periods ended September 30, 2021, there were six customers that each individually represented between 11-20% of total revenue, and six customers that each individually represented between 11-17% of total revenue, respectively. For both of the three and nine month periods ended September 30, 2020, 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 September 30, 2021 and December 31, 2020.

TRANS MOUNTAIN CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. Litigation, Commitments and Contingencies (*continued*)

TMEP Litigation

As a result of a decision from the BC Court of Appeal, the BC Environmental Assessment Office (“EAO”) was directed to consider any adjustments to the BC Environmental Assessment Certificate that may be required due to the CER’s court directed reconsideration process and subsequent issuance of Order in Council-065 approving the TMEP. In April 2020 the BC EAO announced a process for the reconsideration of any consequential adjustments. The EAO prepared a draft report for the Minister of Environment and Climate Change Strategy and the Minister of Energy, Mines and Low Carbon Innovation (the “Ministers”) and released a draft for public comment. After receiving and incorporating public comment, the EAO prepared a final draft report and will be submitting recommendations to the Ministers for consideration.

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 Dispute Claim in relation to amounts it claims are owed pursuant to the Contract resulting from the termination. The Corporation has responded with a position that the Corporation is entitled to reimbursement from the GCC for the costs incurred resulting from the events leading to the termination. The parties are in the process of negotiating a settlement in relation to the GCC’s claim and the Corporation’s responding claim. As such, the final settlement amount cannot be reasonably estimated.

Commitments

As of September 30, 2021, irrevocable commitments related to property, plant, and equipment were \$77.5 million. These commitments were primarily related to the TMEP.