



TRANSMOUNTAIN

TRANS MOUNTAIN CORPORATION

**CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**
(unaudited)

For the three-month period ended March 31, 2020

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

	Three months ended March 31,	
	2020	2019
Revenues		
Transportation revenue (<i>Note 2</i>)	86,335	84,089
Lease revenue	15,747	14,491
Other revenue	431	851
	102,513	99,431
Expenses		
Pipeline operating costs	26,700	23,706
Depreciation and amortization	24,368	25,042
Salaries and benefits	19,364	16,180
Taxes, other than income taxes	8,335	8,557
Administration	1,600	2,454
	80,367	75,939
Operating income	22,146	23,492
Equity allowance for funds used during construction	33,952	17,604
Interest expense, net of capitalized debt financing costs	(19,990)	(24,279)
Other, net	(1,337)	(146)
Foreign exchange loss	(1,437)	(17)
Income before income taxes	33,334	16,654
Income tax expense (<i>Note 3</i>)	(8,107)	(4,260)
Net income	25,227	12,394

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)

	<u>Three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Net income	25,227	12,394
Other comprehensive income (loss), net of tax		
Currency translation adjustment	28,348	(6,135)
Pension and post-employment benefits	81	(114)
	28,429	(6,249)
Comprehensive income	53,656	6,145

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, 2020	December 31, 2019
Assets		
Current Assets		
Cash and cash equivalents	155,429	423,899
Accounts receivable	50,034	62,801
Other current assets	15,735	19,511
	221,198	506,211
Property, plant and equipment	6,339,227	5,744,369
Right-of-use asset	65,442	67,659
Regulatory assets	45,543	40,853
Goodwill	888,098	888,098
Restricted investments	79,705	70,911
Restricted Cash	62,921	63,015
Deferred amounts and other assets	33,053	60,619
Total Assets	7,735,187	7,441,735
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	291,002	305,868
Interest payable	40,717	-
Regulatory liabilities	197,091	196,888
Other current liabilities	23,838	23,180
	552,648	525,936
Loans from parent (<i>Note 5</i>)	3,367,100	3,257,100
Deferred income taxes	592,828	584,885
Regulatory liabilities	139,088	131,185
Pension and post-employment benefits	87,033	87,297
Lease liabilities	50,038	51,955
Other deferred credits	12,167	12,748
Total Liabilities	4,800,902	4,651,106
Equity	2,934,285	2,790,629
Total Liabilities and Equity	7,735,187	7,441,735

Litigation, commitments and contingencies (*Note 8*)

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,	
	2020	2019
Operating activities		
Net income	25,227	12,394
Items not affecting cash		
Depreciation and amortization	24,368	25,042
Equity allowance for funds used during construction	(33,952)	(17,604)
Deferred income taxes	7,604	2,961
Changes in non-cash working capital items <i>(Note 6)</i>	69,526	85,719
Total Cash and cash equivalents and Restricted cash provided by operating activities	92,773	108,512
Investing activities		
Capital expenditures	(560,583)	(86,543)
Internal use software expenditures	(2,317)	-
Purchase of restricted investments	(2,757)	(3,731)
Working capital settlement on acquisition	-	37,020
Total Cash and cash equivalents and Restricted cash used in investing activities	(565,657)	(53,254)
Financing activities		
Issuances of loans from parent <i>(Note 5)</i>	110,000	-
Repayment of loans from parent <i>(Note 5)</i>	-	(500,000)
Capital contributions <i>(Note 5)</i>	90,000	-
Total Cash and cash equivalents and Restricted cash provided by financing activities	200,000	(500,000)
Effects of exchange rate changes on Cash and cash equivalents and Restricted cash	4,320	(312)
Net (decrease) increase in Cash and cash equivalents and Restricted cash	(268,564)	(445,054)
Cash and cash equivalents and Restricted cash, beginning of period	486,914	718,043
Cash and cash equivalents and Restricted cash, end of period	218,350	272,989
Cash and cash equivalents, beginning of period	423,899	169,200
Restricted cash, beginning of period	63,015	548,843
Cash and cash equivalents and Restricted cash, beginning of period	486,914	718,043
Cash and cash equivalents, end of period	155,429	223,824
Restricted cash, end of period	62,921	49,165
Cash and cash equivalents and Restricted cash, end of period	218,350	272,989
Supplemental Disclosures of Cash Flow Information		
Cash interest paid, net of amounts capitalized	46	57
Cash paid for income taxes	-	(3)
Non-cash Investing and Financing		
Change in non-cash property, plant and equipment due to accruals and contractor advances and retainage	(935)	49,921
Increase (decrease) in property, plant and equipment due to foreign currency translation	24,230	(5,828)
Right-of-use assets obtained in exchange of lease obligations	2,291	54,162

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	Total Equity
Balance at December 31, 2019	2,064,150	600,750	140,393	(14,664)	2,790,629
Capital contributions	-	90,000	-	-	90,000
Net income	-	-	25,227	-	25,227
Other comprehensive income, net of tax	-	-	-	28,429	28,429
Balance at March 31, 2020	2,064,150	690,750	165,620	13,765	2,934,285
Balance at December 31, 2018	2,064,150	74,250	9,538	7,337	2,155,275
Net income	-	-	12,394	-	12,394
Other comprehensive loss, net of tax	-	-	-	(6,249)	(6,249)
Balance at March 31, 2019	2,064,150	74,250	21,932	1,088	2,161,420

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 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 Sound”). TMPL has operated since 1953, and in its current configuration transports approximately 300,000 barrels per day of crude oil and refined petroleum from Edmonton, Alberta to Burnaby, British Columbia. As part of the purchase of TMP LP, the Corporation also acquired certain rights, designs and construction contracts related to the expansion of the TMPL known as the Trans Mountain Expansion Project (“TMEP”). If completed as currently anticipated, the TMEP will increase the capacity of the TMPL to 890,000 barrels per day. Puget owns the Puget Sound, which interconnects with TMPL at the international border near Sumas, British Columbia, and transports products 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 (the “Trust”) which is consolidated with the Corporation.

TMC’s mandate is to operate the existing TMPL and Puget Sound 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 (“FASB”) Accounting Standards Codification (“ASC” or the “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 significant 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, 2019. 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, 2019.

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 13, 2020. Subsequent events have been evaluated from March 31, 2020 to the date the condensed consolidated financial statements were available for issue on May 13, 2020 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. Revenue Recognition

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,	
	2020	2019
(In thousands of Canadian dollars)		
Transportation		
Fee-based services	98,909	78,378
Regulatory adjustment	(12,574)	5,711
	86,335	84,089
Leases	15,747	14,491
Other	431	851
	102,513	99,431

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, 2020 and March 31, 2019, 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-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,	
	2020	2019
(In thousands of Canadian dollars)		
Balance at beginning of period	4,628	4,840
Additions	392	385
Transfer to Revenues	(151)	(149)
Balance at end of period	4,869	5,076

The contract liabilities balance as of March 31, 2020 and December 31, 2019 is presented as:

	March 31, 2020	December 31, 2019
(In thousands of Canadian dollars)		
Other current liabilities	507	213
Other deferred credits	4,362	4,415
	4,869	4,628

TRANS MOUNTAIN CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. Revenue Recognition (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, 2020 that will be invoiced or transferred from contract liabilities and recognized in future periods.

Year (In thousands of Canadian dollars)	Estimated Revenue
Remaining 2020	30,031
2021	39,860
2022	3,580
2023	213
2024	213
Thereafter	3,563
Total	77,460

The contractually committed revenue primarily consists of service customer contracts, which have minimum volume commitment payment obligations. The actual revenue recognized on these customer contracts can vary depending on the service provided and the contractually committed revenue for purposes of the tabular presentation 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; and (iii) contracts for which revenue is recognized at the amount for which there is a right to invoice for services performed.

3. Income Taxes

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

(In thousands of Canadian dollars)	Three months ended March 31,	
	2020	2019
Income tax expense	8,107	4,260
Effective tax rate	24.3%	25.6%

As a result of an Alberta corporate tax rate reduction in June 2019 from 12% to 8%, the blended Federal and Provincial (Alberta and BC) deferred tax rate was reduced from 27% to 24.67%. The effective tax rate for the three-month periods ended March 31, 2020 and 2019 were lower than the statutory rate due to the taxable income of Puget in the U.S. being taxed at a lower rate.

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	
	2020	2019	2020	2019
(In thousands of Canadian dollars)				
Service cost	2,589	2,114	128	104
Other components of net benefit cost:				
Interest cost	2,152	2,255	138	152
Expected return on plan assets	(2,308)	(2,320)	-	-
Settlement loss recognized	1,373			
Amortization of past service cost	81	58	-	-
Total net benefit cost	3,887	2,107	266	256

5. 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.

Loans from Parent

TMC has a credit agreement with TMP Finance dated August 29, 2018 as amended January 27, 2019 and July 30, 2019 (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, 2023 and August 28, 2023 for the Acquisition Facility and Construction Facility, respectively, and the in the event of certain changes in ownership.

TMC also has a funding agreement with TMP Finance dated August 30, 2018 as amended July 30, 2019 (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. Under the Funding Agreement, the Maximum Funding Amount in respect of construction funding increased from \$2.4 billion to \$3.8 billion on January 1, 2020. Under these agreements, no funding or advance requests under the Construction Facility can be made after December 31, 2020 (which may be extended at the discretion of TMP Finance).

TMC has a line of credit agreement with TMP Finance dated March 25, 2019 for \$500 million (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.

TRANS MOUNTAIN CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. Transactions with Related Parties (continued)

Loans from Parent (continued)

The total available credit as of March 31, 2020 and outstanding amounts as of March 31, 2020 and December 31, 2019 with TMP Finance are shown in the table below. There are no required payments on the borrowings until maturity. There are no financial covenants.

(In thousands of Canadian dollars)	March 31, 2020		December 31, 2019
	Total available credit	Outstanding amount	Outstanding amount
Acquisition Facility	2,506,350	2,506,350	2,506,350
Construction Facility	2,090,000	860,750	750,750
Financial Capacity Line of Credit	500,000	-	-
	5,096,350	3,367,100	3,257,100
Presented as:			
Current loans from parent		-	-
Long-term loans from parent		3,367,100	3,257,100
		3,367,100	3,257,100

For the three-month periods ended March 31, 2020 and 2019 total interest and commitment costs of \$41.3 million and \$38.3 million, respectively were incurred.

Equity Contributions

During the three-month period ended March 31, 2020, pursuant to the Funding Agreement and concurrent with the borrowings against the Construction Facility, TMP Finance contributed additional capital of \$90.0 million, which represents 45% of the total funds received.

TRANS MOUNTAIN CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. Change of Operating Assets and Liabilities

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

(In thousands of Canadian dollars)	Three months ended March 31,	
	2020	2019
	Decrease (increase)	
Accounts receivable	13,031	63,477
Deferred amounts and other assets	2,025	(6,831)
Regulatory assets	(4,691)	(2,503)
Accounts payable and accrued liabilities	16,960	(19,965)
Interest payable	40,717	38,044
Pension and post-employment benefits	(460)	(119)
Regulatory liabilities	2,070	13,837
Lease liabilities	193	1,310
Other liabilities and deferred credits	(319)	(1,531)
	69,526	85,719

7. Risk Management and Financial Instruments

Credit Risk

The Corporation is exposed to credit risk on cash and cash equivalents 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. A majority of the Corporation's customers operate in the oil and gas exploration and development, or energy marketing or transportation industries. The reduction in global crude oil demand resulting from the COVID-19 pandemic and oversupply concerns has resulted in significant decreases in crude oil prices globally and in the Western Canadian Sedimentary Basin. There may be exposure to long-term downturns in energy commodity prices and economic instability from these events 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 at March 31, 2020 and December 31, 2019 there were no significant accounts receivable past due or impaired.

Cash and cash equivalents are held with major financial institutions, 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 (loss) gain in the accompanying condensed consolidated statement of income. Management does not believe that the exposure to foreign currency transactions is significant.

TRANS MOUNTAIN CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet financial obligations, including commitments, as they become due. The Corporation may be exposed to long-term downturns in the energy industry and economic volatility which is mitigated by the current regulatory frameworks governing the Corporation's operations and the competitive position of the Corporation's assets. 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 5. Given the significant expenditures expected in connection with the TMEP, TMC will require the continued availability of future financing from TMP Finance in order to service debt and 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 and as such exposure to interest rate risk would arise on refinancing.

Significant Shippers

For the three-month period ended March 31, 2020, there were five customers that each individually represented between 11-21% of total revenue. For the three-month period ended March 31, 2019, there were five customers that each individually represented between 11-16% of total revenue.

8. 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. Included in accounts payable and accrued liabilities were accruals of nil and \$0.3 million for outstanding legal proceedings as of March 31, 2020 and December 31, 2019, respectively.

TMEP Litigation

The TMEP has been subject to various legal actions to challenge the federal government's approval of the TMEP.

On April 25, 2018, the B.C. Lieutenant Governor in Council referred a question to the B.C. Court of Appeal regarding the constitutionality of draft legislation seeking to impose a requirement for a "hazardous substance permit" on all persons having possession, charge or control of a certain volume of "heavy oil" in the course of operating an industry, trade or business. The draft legislation, if enacted, would likely apply to the TMEP. On June 18, 2018, the Court granted 20 persons participatory status in the reference matter, including Trans Mountain Pipeline ULC. The Court heard the reference case on March 18 to March 22, 2019. On May 24, 2019, the Court unanimously opined that it is not within the authority of the B.C. Legislature to enact the proposed legislation. The Province of B.C. filed its Notice of Appeal to the Supreme Court of Canada ("SCC") on June 14, 2019. The Supreme Court of Canada set a hearing date of January 16, 2020. The SCC rendered a decision on the appeal from the bench, dismissing the appeal for the reasons stated by the BC Court of Appeal.

TRANS MOUNTAIN CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

TMEP Litigation (continued)

On August 30, 2018, the Federal Court of Appeal (“FCA” or “the Court”) released its judgment in the matter of Tsleil-Waututh Nation et al. v. Attorney General of Canada et al. (“Tsleil-Waututh”). In its decision, the Court quashed the Order in Council approving the TMEP and remitted the matter to the Governor in Council (“GIC”) to remedy two areas: the scope of the National Energy Board’s (“NEB”, now known as the CER) review, and Phase III consultations with Indigenous peoples. On the scope of the NEB’s review, the Court decided that the NEB’s review of the TMEP unjustifiably excluded TMEP related shipping from the TMEP’s definition. The Court determined the GIC must require the NEB to reconsider its recommendation and related conditions. On Phase III consultations with Indigenous peoples, the Court determined that the Government of Canada must re-do its Phase III consultations before the TMEP could be submitted again to the GIC for approval.

On February 22, 2019, the NEB released its Reconsideration Report, in which the NEB concluded that the TMEP is in the Canadian public interest. The NEB recommended that the GIC approve the TMEP subject to 156 conditions, which are measures that the NEB can enforce upon TMPL and the TMEP under its authority as regulator. The NEB’s report also contained 16 recommendations to the GIC, which relate to items outside the scope of the NEB’s authority and beyond the control of TMPL or the TMEP, but within the authority of the GIC. Management believes the conditions are reasonable and has incorporated these conditions into the TMEP project execution plan.

On June 18, 2019, the GIC issued a new Order in Council approving the TMEP and directing the NEB to grant a Certificate of Public Convenience and Necessity (“CPCN”) for the TMEP. The NEB issued the amended CPCN on June 21, 2019, subject to 156 conditions. Further, following consideration of public comments, on July 19, 2019, the NEB issued its decision that it would rely on decisions and orders with respect to the TMEP that were issued prior to the FCA’s decision in Tsleil-Waututh.

Twelve parties/groups filed motions with the FCA for leave (the “Leave Motions”) to judicially review the new Order in Council re-approving the TMEP. In general, the Leave Motions argue that the NEB, the Government of Canada, and/or the GIC failed to comply with the FCA’s decision in Tsleil-Waututh in the NEB’s Reconsideration hearing and the Phase III consultation process. On September 4, 2019, the FCA dismissed six of the Leave Motions and granted Leave to Appeal for the other six applications. Two of the six parties for whom Leave to Appeal was granted withdrew from further proceedings with the FCA. Final argument was heard on December 16-18, 2019. The FCA released its decision on February 4, 2020, dismissing the applications of all four remaining applicants. As at April 6, 2020 the four unsuccessful FCA applicants have filed Leave Motions with the Supreme Court of Canada (“SCC”) and Trans Mountain will be filing a Response opposing the Leave applications.

On November 4, 2019, the six applicants for whom the Leave Motions were dismissed by the FCA filed appeals to the SCC. On March 5, 2020 the SCC released its decision dismissing all Leave applications with costs.

In addition to the judicial reviews of the NEB Recommendation Report and GIC’s order at the FCA, two judicial review proceedings were commenced at the Supreme Court of B.C. by the Squamish Nation and the City of Vancouver. The petitions alleged a duty and failure to consult or accommodate First Nations, and generally, among other claims, that the Province did not conduct a proper provincial environmental assessment before issuing the provincial Environmental Assessment Certificate (“EAC”). The Squamish and Vancouver judicial review proceedings were heard in October and November 2017, respectively, and on May 24, 2018, the court dismissed both proceedings. Appeals to the B.C. Court of Appeal (“BCCA”) were filed by Vancouver and Squamish and were heard together on May 6 to May 8, 2019. The BCCA released its decision on September 17, 2019. The BCCA dismissed the applications to quash the EAC but allowed both appeals for the limited extent of remitting the conditions to the respective provincial Ministers for reconsideration and consequent adjustment in light of the changes the NEB made to its original report in the reconsideration. The BCCA stated that provincial authority did not extend to “order[ing] assessments that the [NEB] expressly refused to order” and must be limited to conditions within the province’s jurisdiction. The Court dismissed all other claims including those related to additional provincial assessment, public consultation, and Indigenous consultation and accommodation. In April 2020 the BC EAO announced a process for the reconsideration of any consequential adjustments.

Commitments

As of March 31, 2020, irrevocable commitments related to property, plant, and equipment were \$129.4 million, which consists primarily of commitments related to the TMEP.