Interim Financial Statements of

TOTAL CAPITAL CANADA LTD.

For the six month periods ended June 30, 2019 and 2018

(Unaudited)

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Independent Auditors' Report on Review of Interim Financial Statements

To the Shareholder and Board of Directors of Total Capital Canada Ltd.

Introduction

We have reviewed the accompanying statement of financial position of Total Capital Canada Ltd. as at June 30, 2019, the statements of loss and comprehensive loss, changes in shareholder's equity and cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information ("the interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standards ("IFRS") including the requirements of IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the financial position of the entity as at June 30, 2019, and of its financial performance and its cash flows for the six-month period then ended in accordance with IFRS including the requirements of IAS 34, "Interim Financial Reporting".

KPMG LLP

Chartered Professional Accountants

July 24, 2019
Calgary, Canada

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TOTAL CAPITAL CANADA LTD.

Statements of Financial Position
(Thousands of U.S. dollars)
(Unaudited)

	As at June 30, 2019	As at December 31, 2018
Assets		
Current assets		
Cash	597	1,009
Related party loans (note 4)	33,284	18,454
Interest receivable on related party loans (note 4)	38,231	37,608
	72,112	57,071
Non-current assets		
Related party loans (note 4)	10,920,499	10,795,172
Fair value of derivatives (notes 8 and 9)	5,942	–
Deferred tax asset	215	92
	10,998,768	10,852,335
Liabilities and Shareholder’s Equity		
Current liabilities		
Accounts payable and accrued liabilities	1,135	1,029
Related party loans (note 4)	38,231	37,608
Fair value of derivatives (notes 8 and 9)	33,284	18,454
Debt (note 5)	5,912,446	5,703,788
	5,985,096	5,760,879
Non-current liabilities		
Fair value of derivatives (notes 8 and 9)	308,996	296,422
Related party loans (note 4)	5,942	–
Debt (note 5)	4,697,755	4,793,786
Shareholder’s equity		
Share capital (note 6)	50	50
Retained earnings	929	1,198
	979	1,248
	10,998,768	10,852,335

Nature of operations and economic dependence (note 1)
See accompanying notes to financial statements.

TOTAL CAPITAL CANADA LTD.

Statements of Income (Loss) and Comprehensive Income (Loss)
Six month periods ended June 30
(Thousands of U.S. dollars)
(Unaudited)

	2019	2018
Finance income (note 7)	206,475	285,737
Finance expense (note 7)	(206,867)	(285,700)
Net finance income (expense) before income tax expense (recovery)	(392)	37
Income tax expense (recovery)		
Deferred	(123)	10
Net income (loss) and comprehensive income (loss)	(269)	27

See accompanying notes to financial statements.

TOTAL CAPITAL CANADA LTD.

Statements of Changes in Shareholder's Equity
Six month periods ended June 30
(Thousands of U.S. dollars)
(Unaudited)

2019	Opening balance	Net loss	Closing balance
Share capital	50	–	50
Retained earnings	1,198	(269)	929
Total shareholder's equity	1,248	(269)	979

2018	Opening balance	Net income	Closing balance
Share capital	50	–	50
Retained earnings	1,143	27	1,170
Total shareholder's equity	1,193	27	1,220

See accompanying notes to financial statements.

TOTAL CAPITAL CANADA LTD.

Statements of Cash Flows
Six month periods ended June 30
(Thousands of U.S. dollars)
(Unaudited)

	2019	2018
Cash provided by (used in)		
Operating		
Net income (loss)	(269)	27
Items not involving cash:		
Deferred income tax expense (recovery)	(123)	10
Change in fair value of derivatives (note 7)	21,462	31,767
	21,070	31,804
Net change in non-cash working capital (note 11)	(21,356)	(31,550)
Cash provided by (used in) operating activities	(286)	254
Financing		
Repayment of medium term notes	–	(1,000,000)
Net proceeds of commercial paper	132,781	2,053,403
Cash provided by financing activities	132,781	1,053,403
Investing		
Change in related party loans receivable	(132,907)	(1,053,705)
Change in cash	(412)	(48)
Cash, beginning of period	1,009	1,162
Cash, end of the period	597	1,114

See accompanying notes to financial statements.

1. Nature of operations and economic dependence

Total Capital Canada Ltd. ("TCCL" or the "Company") was incorporated on April 9, 2007 under the Business Corporations Act (Alberta). TCCL is a wholly-owned subsidiary of Total S.A. TCCL issues debt securities and commercial paper. TCCL lends substantially all proceeds of its borrowings to Total E&P Canada Ltd. ("TEPC"), which is also ultimately owned by Total S.A., and has Canadian oil and gas operations.

The related party loans to TEPC corresponding to the debt are not expected to be repaid within the next 12 months and as a result they are classified as a long-term asset. The debt is both current and long-term in nature and as a result, TCCL has a working capital deficit of $5.9 billion at June 30, 2019. The current portion of the debt is expected to be refinanced upon maturity. The ultimate recoverability of the related party loans from TEPC is dependent upon TEPC successfully developing its oil sands reserves and realizing positive cash flows from its operations as well as receiving the continued support of Total S.A. Total S.A. has fully and unconditionally guaranteed the debt securities issued by TCCL as to payment of principal, premium, if any, interest and any other amounts due.

The Company's registered office is located at 2900, 240 – 4th Avenue S.W., Calgary, Alberta, Canada, T2P 4H4.

2. Basis of presentation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board including International Accounting Standard 34 *Interim Financial Reporting*.

The financial statements were authorized for issue by the Board of Directors on July 24, 2019.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for derivative financial instruments that are measured at fair value with changes in fair value recorded in profit or loss.

The methods used to measure fair values are discussed in note 9.

(c) Functional and presentation currency

The financial statements are presented in U.S. dollars, which is the functional currency of the Company.

2. Basis of presentation (continued)

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

The most significant area of estimation uncertainty and critical judgments in applying accounting policies in the financial statements relate to the fair value of the derivative contracts described in notes 8 and 9.

3. Significant accounting policies

(a) Foreign currency translation

Transactions in foreign currencies are translated to U.S. dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to U.S. dollars at the period end exchange rate. Foreign currency differences arising on translation are recognized in profit or loss.

(b) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise cash, interest receivable, related party loans, accounts payable and accrued liabilities and debt. Non-derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured at amortized cost using the effective interest method, less any loss allowance.

(ii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures (see note 8). Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for in profit or loss.

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

(c) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

(d) Finance income and expenses

Finance income comprises interest income on related party loans, management fee with related party, gain on derivatives, other financial income which is comprised of the offset of the losses on derivatives and foreign exchange, and foreign exchange gains. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance expense comprises interest expense on borrowings, finance fees, loss on derivatives, transaction costs, other financial expense which is comprised of the offset of the gains on derivatives and foreign exchange, and foreign exchange losses.

Foreign currency gains and losses, reported under finance income and expenses, are reported on a net basis.

3. Significant accounting policies (continued)

(e) Changes in accounting policies

IFRS 16 *Leases*

Effective January 1, 2019, the Company adopted IFRS 16 *Leases* (“IFRS 16”), which replaced IAS 17 *Leases* and IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, using the modified retrospective approach. IFRS 16 introduced a single on-balance sheet accounting model for lessees, which requires the recognition of right-of-use assets representing the rights to use the underlying assets and lease liabilities representing the obligation to make lease payments. Lessor accounting remains similar to previous accounting policies. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Upon transition, the Company used the following practical expedients permitted under IFRS 16. Some of these expedients are on a lease-by-lease basis and others are applicable by class of underlying assets:

- Account for leases with a remaining term of less than 12 months at January 1, 2019 as short-term leases;
- Account for lease payments as an expense and not recognize a leased asset if the underlying asset is of a lower dollar value;
- Apply a single discount rate to a portfolio of leases with similar characteristics; and
- Recognize lease liabilities at the present value of the remaining lease payments, discounted using the Company’s incremental borrowing rate as at January 1, 2019. The associated right-of-use assets will be measured at the amount equal to the lease liability on date of transition.

There was no impact to the financial statements at the transition date of January 1, 2019 on application of the new standard.

(Thousands of U.S. dollars)

4. Related party loans

Related party loans are primarily comprised of U.S. dollar loans obtained by the Company and lent to TEPC for use in its business. The loans are long-term in nature as the intention is not to repay the loans until TEPC generates net positive cash flows. TCCL charges TEPC interest at the market rate applicable to TCCL for the corresponding interest period, which is equivalent to the rate incurred on its outstanding debt as described in note 5. All finance expenses incurred by the Company related to these activities are recovered from TEPC.

The current asset (liability) portion of the related party loans is the corresponding offset to the fair value of the derivatives contracts entered into by the Company which expire within the next 12 months that are in a(n) liability (asset) position as at the reporting date. The current liability portion also includes interest payable to Total Capital, a wholly owned subsidiary of Total S.A.

5. Debt

The Company is registered to issue commercial paper and medium term notes and is a borrower on revolving credit lines.

(a) Summary of debt outstanding

The following table summarizes the book value of the debt outstanding:

	June 30, 2019	December 31, 2018
Commercial paper	5,765,977	5,633,196
Medium term notes	4,844,224	4,864,378
Total	10,610,201	10,497,574

The following table summarizes the book value of the current portion of the debt outstanding:

	June 30, 2019	December 31, 2018
Commercial paper	5,765,977	5,633,196
Medium term notes	146,469	70,592
Total	5,912,446	5,703,788

(Thousands of U.S. dollars)

5. Debt (continued)

(b) Commercial paper

The Company is an issuer under Total S.A.'s $13 billion U.S. commercial paper program. The commercial papers are issued at a discount and the Company receives the proceeds net of interest costs. The debt is accreted to its face value using the effective interest rate method with the interest expense recognized over the term of the commercial paper. The repayment terms are determined at the time of issuance; however they cannot be longer than 364 days. Total S.A. has fully and unconditionally guaranteed the commercial paper issued as to payment of principal, premium, if any, interest and any other amounts due.

The book value of the commercial paper at June 30, 2019 is as follows:

Expiry	Currency	Face value	Book value (USD)
Due July 2, 2019 at 2.40%	USD	973,000	972,935
Due July 2, 2019 at 2.53%	USD	737,000	736,948
Due July 3, 2019 at 2.53%	USD	289,500	289,459
Due July 3, 2019 at 2.53%	USD	300,000	299,958
Due July 10, 2019 at 2.53%	USD	350,000	349,779
Due July 12, 2019 at 2.53%	USD	208,000	207,839
Due July 16, 2019 at 2.53%	USD	339,000	338,643
Due July 16, 2019 at 2.53%	USD	350,000	349,632
Due July 23, 2019 at 2.52%	USD	552,000	551,150
Due July 24, 2019 at 2.53%	USD	258,000	257,583
Due July 30, 2019 at 2.53%	USD	417,000	416,150
Due August 1, 2019 at 2.53%	USD	496,000	494,919
Due August 28, 2019 at 2.49%	USD	503,000	500,982
			5,765,977

(Thousands of U.S. dollars)

5. Debt (continued)

(b) Commercial paper (continued)

The book value of the commercial paper at December 31, 2018 is as follows:

Expiry	Currency	Face value	Book value (USD)
Due January 3, 2019 at 2.33%	USD	217,000	216,972
Due January 3, 2019 at 2.36%	USD	368,000	367,952
Due January 4, 2019 at 2.31%	USD	421,000	420,919
Due January 4, 2019 at 2.36%	USD	35,000	34,993
Due January 4, 2019 at 2.46%	USD	1,028,000	1,027,789
Due January 7, 2019 at 2.52%	USD	58,000	57,976
Due January 7, 2019 at 2.53%	USD	341,500	341,356
Due January 9, 2019 at 2.53%	USD	250,000	249,859
Due January 10, 2019 at 2.53%	USD	250,000	249,842
Due January 10, 2019 at 2.53%	USD	300,000	299,810
Due January 16, 2019 at 2.36%	USD	89,000	88,912
Due January 16, 2019 at 2.41%	USD	41,000	40,959
Due January 16, 2019 at 2.45%	USD	200,000	199,796
Due January 16, 2019 at 2.45%	USD	155,000	154,842
Due January 23, 2019 at 2.55%	USD	31,500	31,451
Due January 23, 2019 at 2.57%	USD	512,000	511,196
Due January 24, 2019 at 2.56%	USD	23,500	23,462
Due January 24, 2019 at 2.42%	USD	100,000	99,845
Due January 24, 2019 at 2.42%	USD	50,000	49,923
Due January 24, 2019 at 2.42%	USD	60,000	59,907
Due January 30, 2019 at 2.51%	USD	450,000	449,090
Due January 30, 2019 at 2.51%	USD	66,000	65,867
Due February 1, 2019 at 2.53%	USD	457,000	456,004
Due February 25, 2019 at 2.55%	USD	135,000	134,474
			5,633,196

(c) Medium term notes

TCCL issues notes under Total S.A.’s €35 billion Euro Medium Term Note Program, the $16 billion U.S. Medium Term Note Program and the $2 billion Australian Medium Term Note Program. Interest is charged at a fixed or floating rate determined at the time of issuance. The repayment terms of the notes are determined at the time of issuance. Total S.A. has fully and unconditionally guaranteed the medium term notes issued as to payment of principal, premium, if any, interest and any other amounts due.

(Thousands of U.S. dollars)

5. Debt (continued)

(c) Medium term notes (continued)

The book value of the medium term notes at June 30, 2019 is as follows:

Expiry	Notional value	Currency	Book value (USD)
September 23, 2019	100,000	AUD	70,057
January 31, 2020	100,000	CAD	76,412
July 9, 2020	750,000	EUR	853,500
March 18, 2022	1,000,000	EUR	1,138,000
July 15, 2023	1,000,000	USD	999,255
September 18, 2029	1,500,000	EUR	1,707,000
			4,844,224

The book value of the medium term notes at December 31, 2018 is as follows:

Expiry	Notional value	Currency	Book value (USD)
September 23, 2019	100,000	AUD	70,592
January 31, 2020	100,000	CAD	73,374
July 9, 2020	750,000	EUR	858,750
March 18, 2022	1,000,000	EUR	1,145,000
July 15, 2023	1,000,000	USD	999,162
September 18, 2029	1,500,000	EUR	1,717,500
			4,864,378

There were no medium term note issuances or repayments for this six month period ended June 30, 2019. The change in book value of the medium term notes from December 31, 2018 to June 30, 2019 is due to the foreign exchange translation gain of $20,247 (note 7) offset by the amortization of debt issue costs of $93.

(d) Revolving credit line

TCCL is a swingline borrower on a US$150 million multicurrency revolving credit agreement (incorporating a US$ swingline option) with a chartered American bank. The interest rate on the credit facility is charged a variable rate determined on the date of issuance. The credit facility is fully and unconditionally guaranteed by Total S.A. To date, no amounts have been drawn on this facility.

(Thousands of U.S. dollars)

6. Share capital

The Company is authorized to issue an unlimited number of common shares, and as of June 30, 2019 and December 31, 2018, has 50,000 issued and outstanding common shares at $1.00 each. All of the shares are held by Total S.A.

7. Finance income and finance expense

(a) Finance income

	Six months ended June 30, 2019	Six months ended June 30, 2018
Income on related party loans	164,154	130,032
Management fee with related party	612	519
Foreign exchange gain on translation of foreign currency denominated debt	20,247	123,419
Other financial income	21,462	31,767
	206,475	285,737

(b) Finance expense

	Six months ended June 30, 2019	Six months ended June 30, 2018
Interest on borrowings	164,154	130,032
Finance fees	1,004	482
Other financial expense	20,247	123,419
Loss on derivatives	21,462	31,767
	206,867	285,700

(Thousands of U.S. dollars)

8. Financial risk management and financial instruments overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The following disclosure presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the management of capital.

(a) Risk management framework

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework.

The risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's related party loans and the forward foreign exchange and interest rate swap contracts.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at June 30, 2019 was $10,998,553 (December 31, 2018 - $10,852,243).

Carrying amount	June 30, 2019	December 31, 2018
Cash	597	1,009
Interest receivable on related party loans	38,231	37,608
Fair value of derivatives	5,942	–
Related party loans	10,953,783	10,813,626
Total	10,998,553	10,852,243

All of the Company's income and the majority of its receivables are from TEPC. The Company's exposure to credit risk is influenced mainly by the characteristics of TEPC as a borrower. However, management also considers the default risk of the industry and country in which the borrower operates, as these factors may have an influence on credit risk.

(Thousands of U.S. dollars)

8. Financial risk management and financial instruments overview (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The Company's debts are unconditionally guaranteed by Total S.A.

The following are the remaining contractual maturities of financial liabilities at June 30, 2019. The amounts are gross and undiscounted, and include estimated interest payments.

Also included in debt are the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes which are not usually closed out prior to contractual maturity.

	Carrying amount	Contractual cash flows	Less than one year	Greater than one year
Derivative and Non-derivative financial liabilities:				
Debt (notional value excluding interest)	10,610,201	11,168,355	5,954,805	5,213,550
Interest expense on debt	–	604,301	96,830	507,471
Interest differential on swaps	–	352,466	69,658	282,808
Related party loans	44,173	44,173	38,231	5,942
Accounts payable and accrued liabilities	1,135	1,135	1,135	–
	10,655,509	12,170,430	6,160,659	6,009,771

The interest payments on variable rate commercial papers and medium term notes in the above table reflect current market interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows on derivative instruments may be different from the amount in the above table as interest rates and exchange rates change. Except for those financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

8. Financial risk management and financial instruments overview (continued)

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors of the Company. The Company does not apply hedge accounting but enters into derivative contracts to hedge its economic exposure.

(i) Currency risk

Currency risk is the risk that the future cash flows will fluctuate as a result of changes in exchange rates. The Company manages its exposure to foreign exchange fluctuations on its non-U.S. dollar denominated medium term notes by entering into cross-currency interest rate swaps with Total Capital (see interest rate risk section below for the notional value details). Gains or losses on the cross-currency and interest rate swaps are flowed through to TEPC, so that the Company's exposure to foreign currency exchange risk is insignificant.

(ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The interest charged on the medium term notes fluctuates with the interest rates posted by the lenders. Any change in interest rates resulting in changes to interest expense is flowed through to TEPC. The Company uses long-term interest rate swaps, along with the aforementioned currency swaps, to manage the associated risk.

(Thousands of U.S. dollars)

8. Financial risk management and financial instruments overview (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

At June 30, 2019, the Company had the following cross currency and interest rate swap contracts related to the outstanding medium term notes:

Expiry	Notional value	Currency	Notional value (USD)	Swap rate	Fair value (USD)
September 23, 2019	100,000	AUD	90,300	LIBOR+25.500bp	(17,916)
January 31, 2020	100,000	CAD	92,005	LIBOR+30.500bp	(15,368)
July 9, 2020	500,000	EUR	651,750	LIBOR+82.500bp	(68,330)
July 9, 2020	250,000	EUR	325,700	LIBOR+82.400bp	(33,983)
March 18, 2022	500,000	EUR	647,450	LIBOR+64.230bp	(61,190)
March 18, 2022	500,000	EUR	647,000	LIBOR+64.520bp	(60,783)
July 15, 2023	250,000	USD	250,000	LIBOR+81.250bp	5,942
July 15, 2023	250,000	USD	250,000	3.4070%	(7,970)
September 18, 2029	500,000	EUR	647,200	3.3645%	(29,286)
September 18, 2029	500,000	EUR	647,400	3.1925%	(18,892)
September 18, 2029	500,000	EUR	647,050	3.3555%	(28,562)
					(336,338)

At December 31, 2018, the Company had the following cross currency and interest rate swap contracts related to the outstanding medium term notes:

Expiry	Notional value	Currency	Notional value (USD)	Swap rate	Fair value (USD)
September 23, 2019	100,000	AUD	90,300	LIBOR+25.500bp	(18,454)
January 31, 2020	100,000	CAD	92,005	LIBOR+30.500bp	(17,885)
July 9, 2020	500,000	EUR	651,750	LIBOR+82.500bp	(67,462)
July 9, 2020	250,000	EUR	325,700	LIBOR+82.400bp	(33,547)
March 18, 2022	500,000	EUR	647,450	LIBOR+64.230bp	(58,599)
March 18, 2022	500,000	EUR	647,000	LIBOR+64.520bp	(58,199)
July 15, 2023	500,000	USD	500,000	LIBOR+81.250bp	(12,216)
September 18, 2029	500,000	EUR	647,200	3.3645%	(28,621)
September 18, 2029	500,000	EUR	647,400	3.1925%	(18,226)
September 18, 2029	500,000	EUR	647,050	3.3555%	(1,667)
					(314,876)

(Thousands of U.S. dollars)

9. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Cash, interest receivable, accounts payable and accrued liabilities and debt

The fair value of cash, interest receivable, accounts payable and accrued liabilities and commercial paper is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At June 30, 2019, the fair value of these balances approximated their carrying value due to their short term to maturity.

The fair value of the medium term notes has been determined on an individual basis by discounting future cash flows with the zero coupon interest rate curves existing at June 30, 2019 (level 2 fair value).

The fair value of the medium term notes at June 30, 2019 is as follows:

Expiry	Notional value	Currency	Fair value (USD)
September 23, 2019	100,000	AUD	72,498
January 31, 2020	100,000	CAD	77,192
July 9, 2020	750,000	EUR	884,857
March 18, 2022	1,000,000	EUR	1,180,549
July 15, 2023	1,000,000	USD	1,008,726
September 18, 2029	1,500,000	EUR	1,706,999
			4,930,821

(Thousands of U.S. dollars)

9. Determination of fair values (continued)

(b) Cross currency and interest rate swap contracts

The fair value of cross currency and interest rate swap contracts are determined by discounting the difference between the contracted prices and published forward price curves as at the reporting date. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations that incorporate various inputs, including foreign exchange spot and forward rates.

The following table summarizes the fair value of the derivatives:

	June 30, 2019	December 31, 2018
Non-current asset	5,942	–
Current liability	(33,284)	(18,454)
Non-current liability	(308,996)	(296,422)
	(336,338)	(314,876)

Level 1 Fair Value Measurements

Level 1 fair value measurements are based on unadjusted quoted market prices.

Level 2 Fair Value Measurements

Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices. The fair value of the foreign exchange and interest rate swaps were determined using level 2 fair value measurements.

Level 3 Fair Value Measurements

Level 3 fair value measurements are based on unobservable information.

10. Capital management

The Company's objective is to obtain debt financing from the capital markets and to provide the financing obtained to TEPC. The Company considers its capital structure to include working capital, debt and shareholder's equity. The Company's shareholder's equity is not subject to external restrictions and the Company has not paid or declared any dividends since incorporation. There are no financial covenants in the Company's debt agreements.

(Thousands of U.S. dollars)

11. Supplemental cash flow information

	Six months ended June 30, 2019	Six months ended June 30, 2018
Interest receivable on related party loans	(623)	269
Accounts payable and accrued liabilities	106	217
Interest payable (related party loans)	623	(269)
Change in related party loans related to fair value of derivatives:		
Current asset	(14,830)	(5,357)
Non-current asset	(12,574)	(56,076)
Current liability	–	(2,552)
Non-current liability	5,942	32,218
Net change in non-cash working capital	(21,356)	(31,550)