CANADA DEVELOPMENT INVESTMENT CORPORATION

SUMMARY OF

CORPORATE PLAN
for
2007 - 2011
and
CAPITAL BUDGET for
2007

CANADA DEVELOPMENT INVESTMENT CORPORATION

SUMMARY OF CORPORATE PLAN FOR 2007-2011
TABLE OF CONTENTS

1.0 MANDATE and FUTURE ROLE

In 1998 the Government passed legislation which provides authority for CDIC to dispose of its remaining assets and liabilities, the Government to assume certain obligations of CDIC and its subsidiaries and to ultimately wind up the Corporation.

The mandate under which CDIC now operates is as follows:

> CDIC is to wind down its operations by divesting of its remaining assets in an orderly fashion and to ready the corporation for eventual windup.

The Board of Directors and Executive Vice-President will manage the Corporation and provide advice to the Minister as required. Remaining obligations will be transferred to the Government when requested.

2.0 CORPORATE PROFILE

In 1982, CDIC was incorporated to provide a commercial vehicle for Government equity investment and to manage commercial holdings of the Government. CDIC was used as a means of ensuring that the Government's interests were managed with a commercial focus and made more effectively accountable. Accordingly, CDIC was given responsibility for the Government's investments in:

- Massey Ferguson
- Canadair Limited
- The de Havilland Aircraft of Canada Limited ("de Havilland")
- Eldorado Nuclear Limited (now Canada Eldor Inc. ("CEI"))
- Teleglobe Canada
- Canada Development Corporation
- Fishery Products International Limited, National Sea Products Limited and Percheries Cartier Inc.

In 1984, CDIC began to divest these holdings as directed by the Minister of Finance. Since this time, CDIC has successfully divested the above assets and has assisted the Government in the divestiture of other holdings. In summary, CDIC's accomplishments can be summarized as follows:

Company	**Year**	**Proceeds($millions)**
Canadair Limited	1986	$ 140
De Havilland Aircraft of Canada Ltd.	1986	90
Teleglobe Canada	1987	505
Fishery Products International Limited	1987	104
Canada Development Corporation	1986/87	361
Nordion International Inc.	1991	165
Varity Corporation (warrants and common shares)	1987/91	9
Telesat Canada	1992	155
Cameco Corporation	1992-1995	320
Co-Enerco Resources Ltd.	1993	74
Ginn Publishing Canada Inc.	1994	10
Varity Corporation (preferred shares)	1996	31
Theratronics International Limited	1998	15
		$ 1,979

CDIC's remaining investment for disposition is Canada Hibernia Holding Corporation ("CHHC").

3.0 CORPORATE PERFORMANCE

Assessment of Results for 2006

During 2006, CDIC's activities included the following:

- CDIC continued to manage, as shareholder, CHHC's 8.5% interest in the Hibernia Project pursuant to the Memorandum of Understanding ("MOU"). All appropriations received from 1993 to 1998 totaling $430.97 million have been returned. As at September 30, 2006, CHHC has paid $621 million in dividends to CDIC and CDIC has paid an equivalent amount to the Government. In addition, CHHC has paid $232.62 million in royalties and taxes to the Government of Canada, $207.96 million in royalties and taxes to the Province of Newfoundland and $9.97 million in taxes to the Province of Alberta. After consultation with the Minister, CDIC hired financial advisors in 1999 to assist with providing advice and conducting the sales process of CHHC. Upon approval from the Minister, the sales process will commence and will be managed by the Board of Directors and management of CDIC with the support of the Board and management of CHHC, the assistance of outside contractors and the participation of the Financial Advisors.

- CEI continues to share the costs of disposing of accumulated wastes as per the Purchase and Sale Agreement between CEI and Cameco. As part of the Port Hope Area Initiative (PHAI), in March 2004, an agreement of Purchase and Sale was signed by the Government, Cameco and CEI which allows the Government to acquire the Port Hope and Welcome waste sites from Cameco. The long term costs of maintaining the two waste sites have not been developed as yet but are likely significant and it is expected that the majority of these costs will be incurred by the Government, not Cameco & CEI. CEI remains liable for costs related to decommissioning the Port Hope and Blind River refineries to the extent that these are historic costs.

- Cameco continues to monitor and manage the Beaverlodge site and provides CEI with monthly invoices indicating costs incurred. In 2004, Cameco provided a ten year work plan and cost estimate to CEI for the completion of the decommissioning and reclamation process.

- CEI funded all claims and premiums for the benefit plan of retired Eldorado and Eldor employees that were retired at the time of sale. Currently there are 287 former employees covered by benefits.

- In 2006 CEI was named along with the Government of Canada in a claim by Rio Algom ("Rio") of $75 million for loss of profits related to contracts entered into by Rio and various other companies to which it is a successor with CEI in the 1950's. The Department of Justice is leading the defense of this suit, and CEI has appointed counsel to represent itself. No estimate of potential liability is possible at this time.

- CEI continues to monitor and take all necessary actions to defend CEI's position in the Delorno litigation.

- During 2006, the Board of CDIC appointed a part time executive and an assistant to manage the day to day affairs of the company and those of CEI. CDIC continues to make the wind down of the Corporation its primary goal; however certain issues, primarily related to liabilities wuch as waste contingencies and litigation are difficult to resolve quickly.

4.0 OBJECTIVES, STRATEGIES AND PERFORMANCE MEASURES FOR THE PERIOD JANUARY 2007 TO DECEMBER 2011

In view of the Corporation's mandate, CDIC continues to review each activity to determine whether it can be eliminated or readied for transfer to the Government. The Budget Implementation Act, 1998 gives CDIC authority to sell its wholly-owned subsidiaries. It also gives the Minister of Finance the authority to assume certain obligations of CDIC including its subsidiaries and dissolve the Corporation.

All outstanding activities have been identified, and plans for an orderly resolution have been detailed. Matters will, however, remain outstanding since they consist of:

- Investments, the orderly liquidation of which will depend on market conditions, or
- Legal matters (contractual and litigation), which cannot be rapidly resolved without undue cost to the Corporation and, ultimately, to the Canadian taxpayer.

This plan assumes that the liquidation/resolution of above items would continue to be the responsibility of CDIC which operates through its Board of Directors with the assistance of a part time officer, assistant and independent contractors.

4.1 Canada Hibernia Holding Corporation

CDIC supervises the management of this investment through general oversight by its Board of Directors and direct oversight by the Board of Directors of CHHC and its senior staff.

CHHC will continue to manage its 8.5% interest in the Hibernia Development Project and shares of Hibernia Management and Development Company Ltd. on a commercial basis.

4.2 Canada Eldor Inc.

CEI's primary remaining obligations are those pursuant to the Purchase and Sale Agreement and other matters. These obligations include the ongoing funding of costs related to the retiree benefits, litigation and environmental matters, the most significant being the waste contingencies.

5.0 FINANCIAL SECTION

5.1 Financial Overview

CDIC's operating income for the current year is $490,000. Operating expenses for 2006 are forecast at $590,000, $120,000 higher than planned, primarily due to the opening of the Toronto office, the hiring of part time staff, and internal audit costs. CDIC's operating costs for 2007-2011 are forecast at $570,000.

CDIC's projected divestiture costs related to the privatization of CHHC are forecast to be $140,000 for 2006 and $3.50 million for 2007 based upon a presumption that CHHC is privatized in that year. Recovery of total divestiture costs is projected to be $6 million in 2007. CDIC dividend income from CHHC for 2006 is forecast at $174 million, $17 million lower than planned primarily due to timing of production.

CEI's operating income for the current year is forecast at $220,000 and CEI's operating costs for 2006 are forecast at $310,000. CEI's operating costs are projected at $300,000 annually.

The projected balance sheet, statement of income (loss) and accumulated deficit and operating budget are available in Sections 5.2, 5.3 and 5.4 respectively.

5.5 Capital Budget

Neither CDIC, nor its wholly owned subsidiaries CHHC and CEI, require any capital funding for the 2007 fiscal year.

Appendix A

CANADA HIBERNIA HOLDING CORPORATION

CORPORATE PLAN SUMMARY

FOR THE YEARS 2007 - 2011

CANADA HIBERNIA HOLDING CORPORATION

2007 CORPORATE PLAN SUMMARY

Index: **Pg. No.**

1.0 Status of Hibernia Project - Summary

Canada Hibernia Holding Corporation (CHHC) was incorporated on December 4, 1992 for the sole purpose of holding, managing and administering CDIC's Hibernia interest. This 8.5% working interest was acquired by the Government of Canada as a consequence of Gulf Canada Resources withdrawing from the Hibernia project. This acquisition fully subscribed project ownership and assured uninterrupted continuation of project development. Other Partners in the project are ExxonMobil (33.125%), Chevron Canada Resources (26.875%), Petro-Canada Hibernia Partnership (20.0%), Murphy Atlantic Offshore Oil Company (6.5%) and Norsk Hydro (5.0%).

Construction of the field facilities was completed in 1997 and first oil from the field commenced in November of that year. Continued investment was required to support the multi-well drilling program to develop the Hibernia field. Production gradually increased as additional wells were drilled. In mid-1998 revenue from CHHC's share of production reached a level where it fully covered ongoing investment and operating expenditures. The Government of Canada by that time had appropriated $431 million for CHHC's working interest share of the project, and invested $1.04 billion in Hibernia by way of grants. In addition, the Government provided loan guarantees for the Project for owners other than CHHC.

Commencing in December 1999, CHHC began repayment of appropriations to the Government of Canada that were originally made to CHHC for the project. As of December 2002, CHHC had returned all appropriations and commenced making dividend payments in 2003. To the end of September 2006, CHHC has paid cumulative dividends of $621 million. By the end of September, 2006, CHHC has paid cumulative royalties in the amount of $62 million to the Province of Newfoundland and Labrador, as well as an estimated $146 million in income taxes to the Province. In addition, it is estimated that CHHC will have paid $232 million in income taxes to the Government of Canada, and $10 million to the Province of Alberta. CHHC also established a separate account to fund the Corporation's share of future Hibernia abandonment costs. The fund is established as an account within the Federal Government's Consolidated Revenue Fund and also serves as an insurance risk fund.

The Hibernia Project continues to perform beyond original expectations. Individual well production capability has exceeded that of the original development plan and enables platform production rates to exceed the original forecast. Oil recovery levels will be significantly higher than originally estimated. In addition to higher recoveries, recent drilling has demonstrated that there is more oil in the reservoir in the south end of the field.

Production in 2006 is expected to average 180,000 bpd, lower than the 200,000 bpd forecast by HMDC and budgeted in the CHHC 2006 Corporate Plan. Production rates for the first half of 2006 in some months averaged close to 200,000 bpd, however a trend to lower rates is evident and indicates that Hibernia is beyond the peak production rate for the field. In the past, production from new wells approximately offset production decline from older wells. In absence of regulatory approval to continue development drilling of the Hibernia south field extension, this drilling strategy could not be continued in 2006 and contributed to the production decline experienced during the year. Production in 2007 is projected to be 161,000 bpd and is based on there being no contribution from the Hibernia south field extension in 2007. The production and financial forecast in the Plan assumes the needed regulatory approval for drilling will be achieved mid year 2007 and that the present Provincial royalty terms for the PL1001 production license area will apply for production from the southern extension on PL1001 land. Upon removal of the regulatory delay it is expected that there will be improvement of field production but not back to the peak rates previously seen.

Knowledge of other productive zones in the Hibernia field continues to be limited. The Ben-Nevis-Avalon (BNA) zone, shallower than the Hibernia, has a large volume of oil in place. The quality of the reservoir, however, is much poorer than the Hibernia zone. Extensive work on this zone has been deferred, and the owners have opted to take advantage of the prolific production from the Hibernia zone. As a result, drilling of the BNA reservoir has been limited to wells that are largely of an evaluation nature.

The current Plan is to incrementally assess and pursue the potential of the BNA zone. This strategy is partially due to a late 2002 appraisal well, drilled from a floating drilling rig into a BNA zone extension located to the southwest of the platform. This well proved additional and better quality BNA reservoir and in combination with the results from a 2001 new 3D seismic program this well significantly changed owner understanding of the BNA zone. Recent better performance of a fourth outlying BNA water injector into this southwest area enhances further understanding of BNA development potential.

This Corporate Plan includes $25.0 million (CHHC share) for drilling in 2007. The Corporate Plan also includes $8.2 million (CHHC share) in 2007 for platform facility upgrades to provide additional produced water processing capacity and well slot availability.

Prices for CHHC oil sold to the end of September, 2006, have been very robust, averaging US $64.09 per barrel.

The combination of strong oil prices and high production rates will for the fifth consecutive year generate revenues higher than the previous Corporate Plan.

2.0 Production Ramp Up and Field Development

The 1998 Hibernia Management and Development Company Ltd. (HMDC) Corporate Plan called for Hibernia to achieve peak production (annual average of 135,000 bpd, peak 150,000 bpd) in early 2000. While early drilling performance was poorer than expected, this has been more than offset by the high production rates from the wells drilled and the excellent response to water and gas injection. The Hibernia project production rates have been facilities limited, rather than reservoir limited. Several plant modifications have increased the production handling capability. Short-term tests in 2003 have demonstrated a peak capability of 230,000 bpd, although increasing water and gas production since that time again leaves the platform capacity limited.

Although engineering evaluations are underway, Hibernia owners have not committed to any upgrade expenditures. As a result, HMDC anticipates achieving average daily production rates of 161,000 bpd in 2007 and has maintained a conservative production outlook for subsequent years.

The seismic interpretation done in 2003 and drilling done since 2004 provided evidence that the Hibernia field is likely larger than the present boundaries of the Hibernia production license lands. In 2004, it was determined that it is in CHHC's best interest to preserve the corporation's primary asset value by avoiding, if possible, any dilution through the process of adding certain lands adjacent to the existing production license lands. CHHC intends to facilitate the extension of the Hibernia Commercial Discovery Area and the Hibernia production license lands and participate with the other Hibernia owners in development of an Area of Mutual Interest (AMI) agreement. This agreement will coordinate future actions in relation to lands adjacent to the Hibernia production license lands. Certain fees may be involved in the above alternative, and a nominal provision for this has been carried over for 2007.

3.0 Production Operations

Each Hibernia owner is obliged to transport and market their share of produced oil. Each owner takes a turn, depending on their working interest, to load a tanker and deliver the oil to market. At any point in time an owner is "underlifted" or "overlifted", depending on which party has most recently lifted a cargo. At the anticipated 2007 production rates, CHHC estimates to be allocated six 845,000 barrel cargoes.

Under a Net Profits Interest (NPI) agreement with the Hibernia owners a net profits interest is payable to the Federal Government. Using a US $50.00 base price for crude oil, escalated at 3% per annum, CHHC expects to start making such payments in 2009.

Royalties are payable to the Government of Newfoundland and Labrador by each owner as the oil is sold. There is an outstanding issue with the Province on certain project costs and the transportation costs which should be deductible in the royalty calculation. This issue is under discussion with the Province.

4.0 Canada Hibernia Holding Corporation – Organization

CHHC maintains an office in Calgary which is staffed by a small group of full and part time employees and contractors. CHHC participates fully in the various HMDC committees and continuously monitors the Hibernia operation. ExxonMobil, serving as Operator, continues to improve the overall operation resulting in lower operating costs and improved efficiency.

Hibernia oil is marketed by each owner on a cargo by cargo basis. Crude is transported directly to market and/or moved through the transshipment terminal using conventional second-leg tankers. Until August 2004 CHHC shipments were transported direct to market using the MT Mattea, a special built tanker for Hibernia service and offshore loading. Through a special arrangement with Hibernia owners who needed additional ship capacity, CHHC now markets its oil through the Newfoundland Transshipment terminal. At future lower production rates the Corporation expects to resume direct to market crude sales.

Crude oil prices have varied significantly since production commenced at Hibernia. Prices were about US $21.00/bbl in September 1997, falling to a new 12-year industry low of US $10.90/bbl mid 1998. Prices improved in 1999 and 2000, stabilizing around US $24-25/bbl. Since then prices have strengthened dramatically and in 2006 appear to have again stabilized at a new range of US $59-73/bbl. This Corporate Plan has used a forecasted delivered oil price of US $50.00/bbl for 2007 and inflated at 3% over the subsequent years of the Plan.

CHHC maintains working capital equal to approximately twelve months expenditures. This significant working capital requirement is due to the nature of sales being on a periodic basis which creates potential for wide swings in funding requirements.

5.0 Objectives and Strategies for 2007

CHHC's objectives and strategies for 2007 will focus on all Hibernia operations, including drilling, facilities expansion and upgrades, production, transportation, marketing and maximizing shareholder value. CHHC is committed to working in partnership with other Hibernia owners in all activities which preserves CHHC's working interest position in the Hibernia asset. In addition, CHHC will support the shareholder in the development and implementation of a divestiture strategy.

6.0 Financial Information

6.1 Financial Overview

CHHC will continue to earn revenue from the Hibernia project through the sale of crude oil. CHHC's projected revenues and cash requirements to fund its operations indicate that their obligation to the project will be self-funding throughout the next five year Plan period.

CHHC plans to spend $33 million in capital expenditures for the Plan year, and has forecasted their cash flow from operations, after income taxes to be approximately $180 million. After 2007 contributions to the Abandonment fund and Capital Lease payments, there will be a projected dividend payment in the amount of $143 million to the Federal Government.

6.2 2007 Proforma Financial Statements

Canada Hibernia Holding Corporation **Schedule I**
Proforma Balance Sheets
December 31, 2005 To 2011
C$ millions

	2005	2006	2007	2008	2009	2010	2011
Assets							
Current assets:							
Cash and investments	79.92	60.62	60.31	60.00	60.00	60.00	60.00
Accounts receivable	8.34	1.93	3.23	3.23	3.23	3.23	3.23
Prepaid and deferred	0.37	0.37	0.38	0.39	0.40	0.41	0.42
Inventory	0.46	1.72	1.21	1.21	1.21	1.21	1.21
Total current assets	89.09	64.64	65.13	64.83	64.84	64.85	64.86
Plant and equipment:							
Hibernia project facilities	571.96	596.23	628.59	656.71	689.35	697.21	709.19
Crude oil tanker	39.53	39.53	39.53	39.53	39.53	39.53	39.53
Total plant and equipment at cost	611.49	635.76	668.12	696.24	728.88	736.74	748.72
Less accumulated depletion and depreciation	(374.83)	(415.50)	(456.48)	(494.69)	(533.13)	(572.11)	(605.14)
Net plant and equipment	236.66	220.26	211.64	201.55	195.75	164.63	143.58
Other assets:							
Future income taxes	-	-	-	-	-	-	3.90
Cash held in escrow	2.55	2.55	2.55	2.55	2.55	2.55	2.55
Abandonment and Risk Fund	74.74	78.48	80.48	82.89	85.38	87.94	90.58
Total other assets	77.29	81.03	83.03	85.44	87.93	90.49	97.03
	403.04	**365.93**	**359.80**	**351.82**	**348.52**	**319.97**	**305.47**
Liabilities And Shareholder's Equity							
Current liabilities:							
Accounts payable and accrued liabilities	19.17	10.88	10.88	10.88	10.88	10.88	10.88
Income taxes payable	38.31	0.26	1.14	1.14	1.14	1.14	1.14
Current lease obligation	3.00	2.97	0.71	0.78	0.87	0.97	1.09
Due to shareholder	0.13	0.13	0.13	0.13	0.13	0.13	0.13
Total current liabilities	60.61	14.24	12.86	12.93	13.02	13.12	13.24
Other liabilities:							
Long term lease obligation	13.92	11.27	10.56	9.78	8.91	7.94	6.85
Future income taxes	23.70	21.33	18.30	12.79	7.27	0.91	-
Provision for abandonment	78.48	80.48	82.89	85.38	87.94	90.58	92.23
Total other liabilities	116.10	113.08	111.75	107.95	104.12	99.43	99.08
Shareholder's equity:							
Retained earnings	226.33	238.61	235.19	230.94	231.38	207.42	193.15
Total shareholder's equity	226.33	238.61	235.19	230.94	231.38	207.42	193.15
	403.04	**365.93**	**359.80**	**351.82**	**348.52**	**319.97**	**305.47**

6.2 2007 Proforma Financial Statements

Canada Hibernia Holding Corporation **Schedule II**
Proforma Statements Of Operations And Retained Earnings
Years Ended December 31, 2005 To 2011
C$ millions

	2005	2006	2007	2008	2009	2010	2011
Revenue							
Crude oil sales	425.44	363.32	295.08	302.82	311.95	321.28	275.76
Royalty	(20.58)	(18.00)	(15.96)	(14.85)	(15.63)	(16.09)	(48.80)
Net Profits Interest		-	-	-	(24.78)	(28.85)	(23.63)
Net crude oil sales	404.86	345.32	279.12	287.97	271.54	276.34	203.33
Interest income	1.36	2.14	2.66	2.40	2.40	2.40	2.40
Total revenue	**406.22**	**347.46**	**281.78**	**290.37**	**273.94**	**278.74**	**205.73**
Expenses							
Field operating	11.57	10.42	13.56	15.88	12.61	9.71	10.23
Transportation	3.16	4.63	4.57	5.12	5.34	5.56	5.79
Administration	1.39	1.53	1.68	1.74	1.81	1.84	1.88
Interest-capital lease	2.13	1.98	1.70	1.35	1.28	1.19	1.09
Depreciation & depletion	54.53	42.67	43.39	40.70	41.00	41.62	34.68
Other	0.04	(0.17)	-	-	-	-	-
Total expenses	**72.82**	**61.06**	**64.90**	**64.79**	**62.04**	**59.92**	**53.67**
Net income before tax	**333.40**	**286.40**	**216.88**	**225.58**	**211.90**	**218.82**	**152.06**
Income taxes							
Future income tax	(4.60)	(2.37)	(3.03)	(5.51)	(5.52)	(6.36)	(4.81)
Actual current income tax	116.01	102.49	80.33	84.99	80.09	83.41	59.08
Total income taxes	111.41	100.12	77.30	79.48	74.57	77.05	54.27
Net income	**221.99**	**186.28**	**139.58**	**146.10**	**137.33**	**141.77**	**97.79**
Retained earnings:							
Beginning of year	235.34	226.33	238.61	235.19	230.94	231.38	207.42
Dividends	(231.00)	(174.00)	(143.00)	(150.35)	(136.89)	(165.73)	(112.06)
End of year	**226.33**	**238.61**	**235.19**	**230.94**	**231.38**	**207.42**	**193.15**

6.2 2007 Proforma Financial Statements

Canada Hibernia Holding Corporation **Schedule III**
Proforma Statements Of Cash Flow
Years Ended December 31, 2005 To 2011
C$ millions

	2005	2006	2007	2008	2009	2010	2011
Operating activities:							
Income for year	221.99	186.28	139.58	146.10	137.33	141.77	97.79
Non-cash deductions	49.37	40.13	40.36	35.19	35.48	35.26	29.87
Changes in non-cash working capital	25.30	(36.53)	0.90	1.37	2.85	0.18	0.20
	296.66	189.88	180.84	182.66	175.66	177.21	127.86
Investing activities:							
Hibernia project facilities	(22.67)	(28.76)	(33.18)	(29.43)	(35.41)	(7.95)	(12.07)
Abandonment and Risk Fund	(14.74)	(3.74)	(2.00)	(2.41)	(2.49)	(2.56)	(2.64)
	(37.41)	(32.50)	(35.18)	(31.84)	(37.90)	(10.51)	(14.71)
Financing activities:							
Dividends paid to Canada	(231.00)	(174.00)	(143.00)	(150.35)	(136.89)	(165.73)	(112.06)
Lease obligation payments	(2.78)	(2.68)	(2.97)	(0.78)	(0.87)	(0.97)	(1.09)
	(233.78)	(176.68)	(145.97)	(151.13)	(137.76)	(166.70)	(113.15)
Change in cash:	25.47	(19.30)	(0.31)	(0.31)	-	-	-
Cash, beginning of year	54.45	79.92	60.62	60.31	60.00	60.00	60.00
Cash, end of year	**79.92**	**60.62**	**60.31**	**60.00**	**60.00**	**60.00**	**60.00**