CANADA DEVELOPMENT INVESTMENT CORPORATION

CDIC

SUMMARY OF

CORPORATE PLAN
for
2009 - 2013
and
CAPITAL BUDGET for
2009

CANADA DEVELOPMENT INVESTMENT CORPORATION

CORPORATE PLAN
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1.0 EXECUTIVE SUMMARY

This document is a summary of the Corporate Plan for Canada Development Investment Corporation ("CDIC" or the "Corporation") for 2009-2013 and Capital Budget for 2009.

The Corporate Plan reflects the current mandate of the Corporation. In November 2007, the Minister of Finance informed CDIC that "going forward, the operations of the CDIC should reflect a future focussed on the ongoing management of its current holdings in a commercial manner, providing assistance to the government in new directions suited to CDIC's capabilities, while maintaining the capacity to divest CDIC's existing holdings, and any other government interests assigned to it for divestiture, upon the direction of the Minister of Finance".

CDIC's main objectives with respect to each of its holdings for the plan period are as follows, and are described in more detail in Section 4 of this plan:

CHHC

- To manage CDIC's investment in Canada Hibernia Holding Corporation's 8.5% interest in the Hibernia offshore oil development project to achieve optimum return, while ensuring that the financial and other obligations associated with the 8.5% ownership are satisfied.

- To have the 8.5% interest in the Hibernia project ready for divestiture when so instructed by the shareholder.

CEI

- To manage CDIC's investment in CEI which exists solely to settle its remaining obligations, including with respect to retiree pensions, fund clean up of waste sites, and the defence of legal actions – as described in greater detail in Section 4 of this plan.

Appendix A sets out the Summary of Corporate Plan of CHHC for the planning period.

2.0 MANDATE AND CORPORATE PROFILE

The Articles of Incorporation give CDIC a broad mandate. The primary objective is to carry out its activities in the best interests of Canada, operating in a commercial manner.

In November, 2007, the Minister of Finance wrote the Chairman and indicated that the future operations of CDIC "should reflect a future focused on the ongoing management of its current holdings in a commercial manner, providing assistance to the Government in new policy directions suited to CDIC's capabilities, while maintaining the capacity to divest CDIC's existing holdings, and any other government interests assigned to it for divestiture, upon the direction of the Minister of Finance". Accordingly, management of CDIC and its subsidiaries have been focusing on managing CHHC for the long term.

CDIC was incorporated in 1982 to provide a commercial vehicle for Government equity investment and to manage commercial holdings of the Government. CDIC has been used as a means of ensuring that the Government's interests have been 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
- Eldorado Nuclear Limited (now 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. 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 retains investments in CHHC and CEI.

3.0 CORPORATE PERFORMANCE

3.1 Assessment of Previous Year's Results

CDIC's actual performance in 2008, as compared to the objectives outlined in the 2008-2012 Corporate Plan, are as follows:

Canada Development Investment Corporation

2008 Performance:

CDIC's performance is outlined below.

Canada Hibernia Holding Corporation

2008 Performance:

CDIC continued to oversee, as shareholder, CHHC's 8.5% interest in the Hibernia Project pursuant to a Memorandum of Understanding ("MOU"). CHHC paid $243 million in dividends to CDIC up to September 30th, 2008 and CDIC paid $240.2 million in dividends to the Government. $2.8 million was retained to recover divestiture costs.

Canada Eldor Inc.

2008 Performance:

CDIC continued to oversee as shareholder CEI's liabilities. During 2007 it entered into discussions with Cameco concerning differences of opinion as to responsibility for certain costs at the Port Hope refinery. In 2008, the parties have agreed to arbitration proceedings in this regard which are expected to be heard in 2009.

PPP Canada Inc

2008 Performance

At the request of the Minister, CDIC incorporated PPP Canada as a wholly owned subsidiary on February 12 2008 and $500,000 was advanced to the company. CDIC also appointed an interim Board of Directors and provided management services to this company. On May 8 2008, PPP Canada was proclaimed a parent Crown Corporation and the advance was repaid to CDIC in June. PPP Canada is thus no longer a responsibility of CDIC, although CDIC is still the shareholder; however CDIC continues to provide management services.

4.0 OBJECTIVES, STRATEGIES AND PERFORMANCE MEASURES FOR THE PERIOD JANUARY 2009 TO DECEMBER 2013

CDIC's Board of Directors establishes appropriate implementation procedures to carry out the Minister of Finance's directions with respect to the future operation of the Corporation, and such guidance as the Minister may provide.

In conducting its oversight function, this plan assumes that:

- the management of CEI will continue to be overseen by CEI's Board of Directors with the assistance of a part time officer, assistant and independent contractors.
- CDIC will continue to monitor the operations of CHHC particularly its capacity for ongoing management of the 8.5% interest in the project, and its potential for divestiture. CHHC's Board of Directors and management will be responsible for the operational strategy and management of the Corporation.

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.

All appropriations received from 1993-1998 totalling $430.97 million have been returned. As at September 30, 2008 CHHC has paid $1.072 billion in dividends to CDIC and CDIC has paid $1.069 billion to the Government.

See Appendix A for CHHC's Corporate Plan Summary.

4.2 Canada Eldor Inc.

Under the terms of the Purchase and Sale Agreement in 1988 between CEI and Cameco, CEI is required to participate in certain ongoing costs. These are likely to continue throughout the plan period.

i) Historic Waste – Port Hope

CEI and Cameco agreed on a formula for sharing any future joint costs, excluding normal operating costs, related to specified existing wastes accumulated by CEI to October 5, 1988, the date of transfer of CEI's operations and assets to Cameco. Cameco assumed liability for the first $2 million of joint costs. The next $98 million in joint costs will be shared 23/98ths by Cameco, 75/98ths by CEI. CEI assumed liability for joint costs in excess of $100 million.

In 1999, the federal government introduced its own plan to resolve the longstanding waste disposal issue in Port Hope. This plan, called the Port Hope Area Initiative (PHAI) has focussed on completion of the environmental assessment (EA) process. It is anticipated this phase of the process will be completed by 2009.

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 Government will likely acquire these sites upon completion of the environmental assessment process described above. On exercise of that option, the agreement stipulates that Cameco would make payments to CEI for the remaining portion of their joint cost obligation (i.e. the balance of $25 million) in five equal annual installments. These payments have not been reflected in the current financial plan as the timing of transfer is not currently known. When the Government assumes ownership of the waste sites, all future costs of decommissioning and clean up will be borne by the Government and CEI will no longer have any obligation for these costs.

CEI would, though, continue to have an obligation to fund the cost of historic waste clean up with regard to the refineries and certain miscellaneous above ground wastes (to the extent the waste was historic waste). CEI does not agree with Cameco's position with respect to the interpretation of the definition of “Joint Costs” in the Purchase and Sale agreement of 1988. CEI is in discussions with Cameco.

In July 2007 Cameco discovered a leakage of contaminated groundwater at the UF6 plant. This caused a temporary shutdown and extensive remediation repairs. Cameco has informed CEI that they are holding CEI responsible for some or all of these costs. CEI is denying liability.

ii) Site Restoration - Beaverlodge

Beaverlodge is a former mine site which has been inactive since prior to the sale of Eldorado assets to Cameco. Pursuant to the Purchase and Sale Agreement, CEI is responsible for all costs associated with the decommissioning of this site which was transferred to Cameco at the time of the sale. Cameco is responsible for the monitoring and management of the site and CEI reimburses Cameco for actual costs plus a 15% management fee.

The current lease between Cameco and the Province of Saskatchewan has been extended to December 2026. It can be cancelled once Cameco has met, to the satisfaction of the Province of Saskatchewan, the specified targets for decommissioning and reclamation.

On an annual basis Cameco updates its work plan and cost estimate for the balance of this project. As at September 30, 2008 costs are estimated at $9.6 million and the project is scheduled to be completed in 2018.

Other:

i) Retiree Benefits - Eldorado Retirees

Pursuant to the Purchase and Sale Agreement, CEI is responsible for the management of the benefit plan for all Eldorado and Eldor employees who retired prior to October 1988. These benefits include life insurance, and health and dental benefits. Currently there 285 former employees in this plan which is administered through Cameco. As at September 30, 2008 CEI has $2.3 million accrued in its financial statements for this liability. An audit was performed by Aon in 2007 which revealed no major deficiencies in the administration of the plan.

ii) Litigation - Rio Algom

In 2006 Rio Algom (“Rio”) initiated a $75 million law suit against the Government of Canada, naming CEI as a co-defendant. Rio’s claim is for loss of profits related to contracts entered into in the 1950’s between Rio, and various other companies, including Eldorado Mining and Refining Limited (CEI’s predecessor company). The Department of Justice is leading the defence of this suit, and CEI has retained its own counsel. No estimate of CEI’s potential liability is possible at this time.

iii) Litigation - Delorno

In 2000, CEI was named a party to a class action lawsuit relating to contamination in the Delorno area in Ontario. The Statement of Claim was filed against the Province of Ontario, the Attorney General of Canada, the Atomic Energy Control Board, BOC Canada Limited (a private company) and CEI. CEI was included in this action as a result of an allegation that Eldorado Mining and Refining Limited sold some waste (in the 1940’s) to BOC who then further refined the waste. The remnants of this are alleged to have been a part of the creation of the contamination. Conversations with officials in Natural Resources Canada (“NRCan”) indicate that this is substantially an issue for the Province of Ontario. The Department of Justice has been appointed as counsel and a Notice of Intent to Defend has been served on the plaintiffs. There was no activity on this matter in 2008, and the outcome remains undeterminable at this time.

iv) Funds on Deposit in the Consolidated Revenue Fund

An Order in Council in 1986-87 confirmed that a special account had been established in the Consolidated Revenue Fund (CRF) under section 129(1) of the

Financial Administration Act (FAA). The money on deposit in the CRF represents funds that were held back from the proceeds of disposition of certain assets in order to fund future unknown or unquantifiable financial obligations with respect to such dispositions. These funds are used to satisfy liabilites that CEI continues to have arising from the sale of its assets, and from its past operations plus CEI's minimal operating costs. Funds are drawn down from time to time to ensure that CEI can meet its obligations as they come due.

4.3 Canada Development Investment Corporation

CDIC's objectives are:

a) To manage the company's investments.

b) To manage other issues which may arise, and to remain prepared to assume management and divestiture of any other government interests assigned to it for divestiture, in a commercial manner.

CDIC is managed by a part-time Executive Vice President together with another part time employee and contract support. Management is supervised by the Board of Directors.

5.0 FINANCIAL SECTION

5.1 Financial Overview

CDIC's 2008 operating income and expense are forecast at $650,000 and $1,020,000 respectively. CDIC's operating costs for 2009 are forecast at $1,120,000 and $780,000 annually thereafter.

CDIC's dividend income from CHHC for 2008 is forecast at $295 million, $158 million higher than planned. For 2009, dividend income is projected to be $127 million.

CEI's operating income and expense are forecast at $1,170,000 and $450,000 respectively. CEI's operating costs are projected at $450,000 for 2009 as planned.

Included in this plan are proforma financial projections as follows: Schedule 1- Balance Sheets, Schedule 2 - Statements of Income (loss) and accumulated deficit and Schedule 3 – Statement of operating budget.

5.2 Capital Budget

Neither CDIC, nor its wholly owned subsidiaries CHHC and CEI, require any capital funding for the 2009 fiscal year.

Schedule 1

Canada Development Investment Corporation
Proforma Balance Sheets
Years Ended December 31, 2007 to 2013
$ millions

	2007 Actual	2008 Plan	2008 Forecast	2009 Plan	2010 Plan	2011 Plan	2012 Plan	2013 Plan
Assets								
Currents assets:								
CDIC	9.36	11.62	11.85	11.21	10.91	10.61	10.31	10.01
CEI	12.43	10.24	10.32	10.28	11.32	11.34	11.48	10.74
CHHC	87.28	83.70	65.47	111.80	149.39	151.80	63.18	62.79
	109.07	105.56	87.64	133.28	171.62	173.75	84.96	83.54
Long term assets:								
CEI	43.50	38.59	43.50	38.55	34.50	31.36	28.13	25.84
CHHC	289.06	297.55	274.61	266.56	271.82	282.43	315.08	354.02
	441.63	**441.70**	**405.75**	**438.39**	**477.93**	**487.54**	**428.17**	**463.40**
Liabilities and Shareholder's Equity								
Current liabilities:								
CDIC	0.18	-	-	-	-	-	-	-
CEI	7.68	3.75	5.88	3.95	4.00	3.89	3.76	3.11
CHHC	12.64	22.10	39.53	34.43	33.90	33.60	6.15	3.16
	20.50	25.85	45.41	38.38	37.90	37.49	9.91	6.27
Long term liabilities:								
CEI	16.86	12.75	17.21	14.63	12.01	9.49	7.11	5.38
CHHC	112.31	111.10	114.10	121.73	130.65	139.43	148.00	156.40
	129.17	123.85	131.31	136.36	142.66	148.92	155.11	161.78
Shareholder's Equity								
Capital stock	-	-	-	-	-	-	-	-
Contributed surplus	743.18	743.18	743.18	743.18	743.18	743.18	743.18	743.18
Accumulated deficit	(451.22)	(451.18)	(514.16)	(479.54)	(445.82)	(442.07)	(480.03)	(447.83)
	291.96	292.00	229.02	263.65	297.37	301.12	263.15	295.35
	441.63	**441.70**	**405.75**	**438.39**	**477.93**	**487.54**	**428.17**	**463.40**

Canada Development Investment Corporation **Schedule 2**
Proforma Statement of Income (loss) and Accumulated deficit
Years Ended December 31, 2007 to 2013
$ millions

	2007 Actual	2008 Plan	2008 Forecast	2009 Plan	2010 Plan	2011 Plan	2012 Plan	2013 Plan
Proforma Statement of Income (loss)								
CDIC	(0.08)	(0.32)	(0.37)	(0.65)	(0.30)	(0.30)	(0.30)	(0.30)
CEI	(2.18)	(0.30)	(0.65)	(0.48)	(0.44)	(0.49)	(0.57)	(0.64)
CHHC	163.10	143.08	228.20	162.75	112.63	123.31	143.18	152.02
Net income (loss)	**160.84**	**142.46**	**227.18**	**161.63**	**111.89**	**122.52**	**142.31**	**151.08**
Proforma Statement of Accumulated Deficit								
Opening accumulated deficit	(460.98)	(461.44)	(451.14)	(514.16)	(479.54)	(445.82)	(442.07)	(480.03)
Net income (loss)	160.84	142.46	227.18	161.63	111.89	122.52	142.31	151.08
Dividends paid	(151.00)	(132.20)	(290.20)	(127.00)	(78.17)	(118.77)	(180.27)	(118.88)
Closing accumulated deficit	**(451.14)**	**(451.18)**	**(514.16)**	**(479.54)**	**(445.82)**	**(442.07)**	**(480.03)**	**(447.83)**

Canada Development Investment Corporation **Schedule 3**
Proforma Statements of Operations
Years Ended December 31, 2007 to 2013
$ millions

	2007 Actual	2008 Plan	2008 Forecast	2009 Plan	2010 Plan	2011 Plan	2012 Plan	2013 Plan
CDIC								
Operating income	0.56	0.51	0.65	0.48	0.48	0.48	0.48	0.48
Operating expense	0.64	0.83	1.02	1.12	0.78	0.78	0.78	0.78
Net operating income (loss)	**(0.08)**	**(0.32)**	**(0.37)**	**(0.65)**	**(0.30)**	**(0.30)**	**(0.30)**	**(0.30)**
CEI								
Operating income	0.59	1.55	1.17	1.34	1.23	1.18	1.10	1.03
Operating expense	0.28	0.45	0.45	0.45	0.30	0.30	0.30	0.30
Net operating income (loss)	**0.31**	**1.10**	**0.71**	**0.89**	**0.93**	**0.88**	**0.80**	**0.73**
Total net operating income (loss)	**0.23**	**0.78**	**0.34**	**0.25**	**0.63**	**0.58**	**0.50**	**0.43**

Note -see Appendix A for CHHC's operating budget

Appendix A

CANADA HIBERNIA HOLDING CORPORATION

CORPORATE PLAN SUMMARY

FOR THE YEARS 2009 – 2013

CANADA HIBERNIA HOLDING CORPORATION

2009 CORPORATE PLAN SUMMARY

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1. Hibernia Project - Summary

Canada Hibernia Holding Corporation (CHHC) is a wholly owned subsidiary of Canada Development Investment Corporation (CDIC), a Federal crown corporation. CHHC was established in March 1993, for the sole purpose of holding, managing, administering and operating the Government of Canada's 8.5% working interest in the Hibernia offshore oil project. This interest was acquired by the Government of Canada as a consequence of Gulf Canada withdrawing from the Hibernia project. Construction of the field facilities was completed in 1997 and first oil from the Hibernia field occurred in November of that year.

The co-ventures in the project who share ownership in production license Hibernia PL1001 and EL1093 with CHHC are: ExxonMobil (33.125%), Chevron Canada Resources (26.875%), Petro-Canada Hibernia Partnership (20.0%), Murphy Atlantic Offshore Oil Company (6.5%) and StatoilHydro Canada Ltd. (formerly Norsk Hydro) (5.0%).

The project is operated by the Hibernia Management and Development Company (HMDC) on behalf of the owners, with the management and technical staff being provided under contract from ExxonMobil Corporation.

CHHC receives its share of production 'in kind', receiving one tanker cargo (nominally 845,000 barrels) every 7 to 12 weeks, depending on production rates. To transport its oil to market, CHHC joined with Petro-Canada and StatoilHydro Canada Ltd. in entering into a long term time charter for the tanker M/T Mattea. CHHC's 25% share of the Mattea is used to sell and deliver CHHC cargoes direct-to-market (DTM) to refineries along the eastern seaboard of Canada and the USA. For risk management and strategic marketing purposes CHHC also has berth and storage capacity at the Newfoundland Transshipment Ltd. terminal (NTL).

All activities undertaken to date and contemplated in this business plan remain within the original mandate of CHHC.

CHHC derives its cash flow solely from its Hibernia operating activities. This can fluctuate depending on Hibernia production volumes, on the net selling price received for CHHC's crude oil, operating costs, royalties and taxes, and major capital expenditures.

CHHC is responsible for funding its share of Hibernia operations, drilling, platform and processing facility upgrades and its own crude transportation and administration costs, as well as federal and provincial royalties and taxes. While initial pre-production funding was obtained through appropriations from the Federal government, funding since 1998 has come from the sale of CHHC's portion of crude oil produced at Hibernia. Cash in excess of operational requirements was initially used to repay the $431 million in appropriations and, subsequently, to pay dividends to the Federal government. In addition, to November 30, 2008, CHHC has paid $1.12 billion to the Federal Government in dividends, and $325 million in income taxes (net of investment tax credits).

The price that CHHC receives for their product is linked to the Dated Brent benchmark which is used for supply pricing for refineries with access to waterborne crude. Like the U.S. West Texas Intermediate (WTI), Brent fluctuates with global supply and demand issues, including a wide range of geopolitical factors and is priced in U.S. dollars. Hibernia crude typically trades at a modest premium to Dated Brent, with the differential affected by competing supply (especially from West Africa) and regional demand along the eastern coast of Canada and the USA. Within the DTM operating environment, CHHC has the opportunity to seek premium markets for its crude by using its favourable long term Mattea ship capacity and avoiding the seasonal and market driven costs related to shipping its oil via the NTL terminal at Whiffen Head, NL. Based on past experience, DTM cargoes typically add $0.60 to $1.00 per barrel to the price CHHC receives for its cargoes.

Operating costs for Hibernia, while subject to normal inflationary pressures, do not vary significantly on an annual basis. Declining production volumes therefore are the major cause of increasing costs per barrel of production. At the present time, drilling and associated well tie-in costs represent the majority of future capital expenditures.

The final factors significantly affecting CHHC's cash from operating activities are royalties. CHHC currently pays the Government of Newfoundland and Labrador a royalty based on 5% of gross transfer revenue (sales value less applicable transportation costs). CHHC estimates that net royalty payout will be reached in 2009 (timing depends on crude oil prices), at which time provincial royalty will increase to 30% of net transfer revenue. In addition, in early 2009, CHHC will begin to pay a net profits interest (NPI) to the Federal Government. At 10% of net revenue, CHHC's 2009 NPI payments are anticipated to be $20.7 million.

CHHC management works with the other Hibernia owners to evaluate opportunities to increase production rates while managing both capital and operating expense and in optimizing the utilization of the limited number of remaining well slots on the platform. In addition, CHHC works to achieve value for CHHC's tanker capacity through direct-to-market sales or other opportunities.

Operating within these variables and being mindful of the risk factors described elsewhere in this document, CHHC management forecasts a healthy ongoing stream of cash, over the long-term, being generated by the Hibernia project which will be available for return to its shareholder by way of periodic dividends, with no anticipated call for the borrowing of funds for operations and capital purposes.

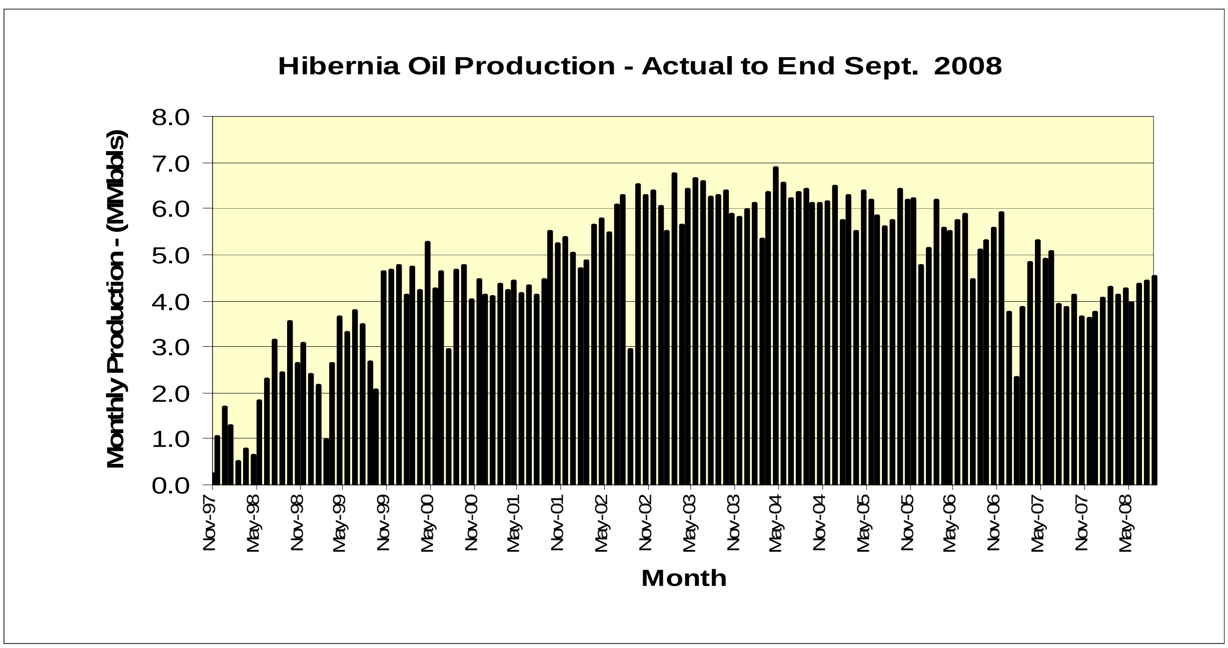
2. Production and Operating Costs

As a result of several successful performance initiatives and well interventions, production should average approximately 140,000 bpd for 2008 compared to a September 2007 forecast of 115,000 bpd for 2008. Cumulative production to year-end year 2008 will be approximately 620 million barrels of oil.

Field production will again begin a gradual decline with future decline offsets occurring mainly when new fault blocks in Hibernia Southern Extension are drilled and brought on stream.

The new regulatory standard for traces of oil in produced water which is released to the ocean was reduced to 30 milligrams per litre (mg/l) effective January 1, 2008 (measured on a 30 day rolling average basis). Modifications and maintenance to water treatment systems undertaken in December have ensured OIW levels have consistently been below the new standard, with the September 2008 month-end value at 23 mg/l.

Total Hibernia operating costs for 2008 are projected to be $286.3 million, $55.6 million higher than originally budgeted. Forecasted operating costs include $68.5 million of R & D costs which were not originally budgeted, a result of the Newfoundland and Labrador court denying the Owners' appeal of the C-NLOPB R&D Expenditure directive (see 4.1.5 below). The net result of higher costs and higher than budgeted production is that per barrel production costs for 2008 will be $5.68/barrel vs. the budget of $5.27/barrel.



Planning future drilling operations is a continued focus of HMDC and in particular development of the Hibernia Southern Extension (HSE) project. Ongoing efforts are being made to develop currently undeveloped formations in the Hibernia field and maximize ultimate recovery.

Given regard to all the factors, this Plan is based on HMDC's forecast decline which results in a most-likely Hibernia average production rate of 112,000 bpd during 2009, resulting in the sale of 5 cargoes of CHHC crude.

The future proposed Hibernia Southern Extension (HSE) development is a major focus area for CHHC. A new Development Plan Amendment (DPA) to enable development of the HSE was filed with the C-NLOPB in mid-2008. Key aspects of the HSE development are the estimated 220 million barrels of additional reserves to be captured and the unitization arrangement that must be developed and agreed upon for sharing costs and production for reservoir blocks that overlap lease boundaries.

The Province's 2007 Energy Plan states that it will "establish a policy to obtain 10 per cent equity position in all future oil and gas projects requiring a Development Plan approval where it fits our strategic long-term objectives". This objective will be addressed through negotiations between the co-ventures and the Province. In the event this happens, a dilution of all co-ventures interests will occur proportionally, including CHHC's interests. Fiscal, equity and benefits terms relating to HSE production need to be resolved before Newfoundland and Labrador will approve any recommendations from the C-NLOPB.

A reasonable timeline would be the C-NLOPB recommending approval of the DPA by the end of the second quarter 2009, enabling the drilling of the first HSE well to begin in late-2009 with first production in mid-2010.

The above processes contain uncertainties. The estimates of production and financial items are based on co-venture's approval to drill the HSE AA-Block wells in 2009, with co-venture's approval of the remaining HSE development prior to 2011. Significant capital growth will occur later in the Corporate Plan period and beyond. First AA-Block HSE production begins in 2010 with the majority of HSE Unit production occurring later in the Corporate Plan period.

3. Marketing and Transportation

As CHHC owns 25% of the Mattea capacity, CHHC continues to participate in discussions regarding potential revised tanker and trans-shipping arrangements for the Hibernia, Terra Nova and White Rose fields once the Regional Transportation arrangements end in August 2010. It is expected that a new arrangement will be reached in 2009. This new arrangement may include an alternate marketing arrangement for CHHC's share of Hibernia production.

There is an ongoing issue with the Province relating to the deductibility of all transportation costs for the purpose of calculating royalty. The Province has the view that the full Mattea charter rates as actually incurred are not allowable expense deductions and should be based on a "cost of service" model with no return on investment. In mid-2008, co-ventures, including CHHC, entered into discussions with the Province to resolve the matter and thereby avoid arbitration.

In light of the planned HSE development and production from outside the original Hibernia production license land, there will be significant agreement amendments required to accommodate the HSE production, including the lifting of cargo and tracking of volume parcels and costs subject to different fiscal terms, maintaining CHHC's access to the Mattea consistent with its cost share, and providing the Province with transportation and trans-shipping capacity.

4. Risk Management

This Corporate Plan has the normal variability associated with crude pricing, capital expenditures, operating expenditures and reservoir performance. A number of these variables are deemed key to CHHC for the 2009 Corporate Plan and have substantial mitigation plans and procedures. These key variables are:

- Operational and Technical Issues and Risks
- Commodity Price Risk
- Foreign Currency Risk
- Regulation and Royalties Issues and Risks
- Research &Development Guidelines and Costs
- Environmental Issues and Risks
- Abandonment and Risk Reserve

The owner's appeal of the C-NLOPB Research and Development decision was unsuccessful at the Newfoundland Court level, Consequently, the Hibernia Executive Committee (HEC) has sought Leave to Appeal to the Supreme Court of Canada. HMDC has forecasted the amount of R & D funds which the co-ventures would owe in the event that they are bound by the appeal results. CHHC's share of the outstanding R&D investment would be $5.8 million to the end of 2008.

5. Canada Hibernia Holding Corporation – Organization

Since its inception in 1992, CHHC has been staffed by a modest number of highly skilled and experienced energy industry professionals. Historically, the staff has consisted of a President & CEO, a Vice President & COO, a Controller, a secretary/executive assistant and three part-time consultants. Reservoir engineering and geological support for CHHC is provided on a contract basis by RPS-APA Petroleum Engineering and by Petrel Robertson Consulting Ltd. Other specialty services relating to crude oil marketing is provided primarily by Vitol Inc. in Houston and by Petro-Canada for some parcels handled through the Newfoundland trans-shipment facility. Legal, audit and insurance services are also accessed on a contract basis. During 2008, CHHC's transition plan was put into effect with the hiring of a new Vice President who in early 2009 will also take on the duties of the COO. The current VP/COO will at that time stay on as a Vice President working part-time with primary responsibility for marketing and transportation matters and supporting the new Chief Operating Officer.

CHHC's business has two core elements:

- Fulfilling its role as a non-operating joint venture owner of Hibernia, and
- Managing the marketing and transportation of its share of Hibernia crude.

The first role is filled through participation on the Hibernia Executive Committee and the many business and technical committees that collectively oversee the ongoing business planning and operations of the Hibernia project including (but not limited to) the Hibernia Technical Committee, the Hibernia Lifting and Transportation Committee, and the Hibernia Legal Committee.

The second role is executed through managing CHHC's obligation to nominate and lift its share of production on a timely basis at the Hibernia platform, CHHC's 25% interest in the MT Mattea time charter, CHHC's contractual capacity interest at NTL, and the marketing of CHHC cargoes of Hibernia crude and associated transportation logistics.

6. Objectives and Strategies for 2009

In addition to the ongoing focus on Hibernia operations, including drilling, facilities upgrades, production, transportation, marketing and maximizing shareholder value, CHHC's objectives and strategies for 2009 will include substantial incremental activity in 2009 in the development of the Hibernia Southern Extension and the associated unitization negotiations and structuring as follow-up from that done in 2008. These incremental projects will add substantial incremental value to the shareholder.

Further, effort is expected in CHHC's response to the Province's disallowance of certain transportation costs for royalty purposes, and in the participation of CHHC in the planning effort for post 2010 regional tanker transportation.

CHHC continues to be committed to working constructively with other Hibernia owners in all activities while at the same time, CHHC is committed to preserving, protecting, and enhancing CHHC's working interest position in the Hibernia asset.

CHHC continues to support the shareholder in its "manage and hold" strategy while continuing to have the 8.5 % interest in the Hibernia project ready for divestiture when so instructed by the shareholder.

7. Financial Information

7.1 Financial Overview

This Plan is based on an average Hibernia production rate of 112,000 bpd during 2009, resulting in the sale of 5 cargoes of CHHC crude.

Using a third party crude oil price and foreign exchange forecast as of September 19, 2008, CHHC calculated an average Dated Brent price of US$95.00/bbl, a CAD$/US$ exchange rate of $1.07, yielding a price of CAD$101.65/bbl, resulting in revenues of CAD$427.0 million. (In 2008, CHHC received prices ranging from CAD$90.52/bbl to CAD$130.42/bbl.)

CHHC's share of project expenses for 2009 are $29.4 million for operations (field & well, insurance, transportation, abandonment funding & administration), with projected royalties and NPI of $96.5 million and taxes of $89.7 million resulting in a net operating cash flow of $211.4 million.

CHHC's share of forecast capital expenditures is $20.7 million, $13.1 million for drilling (assuming a continued 2-rig operation) with the remainder for facility projects.

Based on the above estimates and the September 2008 oil price forecast, CHHC forecast that $127 million in dividends would be paid to the parent corporation during 2009.

7.2 2009 Proforma Financial Statements

See attached Schedule I, II and III

Canada Hibernia Holding Corporation **Schedule I**

Proforma Balance Sheets

December 31, 2007 To 2013

CAD$ millions

	2007	2008	2009	2010	2011	2012	2013
Assets							
Current assets:							
Cash and investments operating	84.13	61.15	109.40	60.00	60.00	60.00	60.00
Accounts receivable	1.38	1.33	1.33	88.86	91.04	1.33	1.33
Prepaid and deferred	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Inventory	1.42	2.64	0.72	0.18	0.41	1.50	1.11
Total current assets	**87.28**	**65.47**	**111.80**	**149.39**	**151.80**	**63.18**	**62.79**
Plant and equipment:							
Hibernia project facilities	620.84	639.76	659.74	682.45	710.25	756.66	809.37
Crude oil tanker	39.53	39.53	39.53	39.53	39.53	39.53	39.53
Total plant and equipment at cost	660.37	679.29	699.27	721.98	749.78	796.19	848.90
Less accumulated depletion and depreciation	(452.34)	(500.55)	(549.92)	(588.41)	(626.72)	(657.58)	(685.66)
Net plant and equipment	**208.03**	**178.74**	**149.35**	**133.57**	**123.06**	**138.61**	**163.24**
Other assets:							
Future income taxes	-	-	9.30	16.88	24.14	26.96	26.56
Cash held in escrow	2.55	2.55	2.55	2.55	2.55	2.55	2.55
Abandonment and Risk Fund	78.48	93.32	105.36	118.82	132.68	146.96	161.67
Total other assets	**81.03**	**95.87**	**117.21**	**138.25**	**159.37**	**176.47**	**190.78**
	376.34	**340.08**	**378.36**	**421.21**	**434.23**	**378.26**	**416.81**
Liabilities And Shareholder's Equity							
Current liabilities:							
Accounts payable and accrued liabilities	11.76	5.84	33.23	32.57	32.11	4.42	1.18
Income taxes payable	0.12	32.60					
Current lease obligation	0.76	0.95	1.06	1.19	1.35	1.59	1.84
Due to shareholder	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Total current liabilities	**12.78**	**39.53**	**34.43**	**33.90**	**33.60**	**6.15**	**3.16**
Other liabilities:							
Long term lease obligation	8.26	7.40	6.43	5.35	4.13	2.70	1.10
Future income taxes	12.16	1.40	-	-	-	-	-
Provision for abandonment	91.89	105.30	115.30	125.30	135.30	145.30	155.30
Total other liabilities	**112.31**	**114.10**	**121.73**	**130.65**	**139.43**	**148.00**	**156.40**
Shareholder's equity:							
Retained earnings	251.25	186.45	222.20	256.66	261.20	224.11	257.25
Total shareholder's equity	**251.25**	**186.45**	**222.20**	**256.66**	**261.20**	**224.11**	**257.25**
	376.34	**340.08**	**378.36**	**421.21**	**434.23**	**378.26**	**416.81**

Canada Hibernia Holding Corporation

Schedule II

Proforma Statements Of Operations And Retained Earnings
Years Ended December 31, 2007 To 2013
CAD$ millions

	2007	2008	2009	2010	2011	2012	2013
Revenue							
Crude oil sales	319.43	457.37	426.95	349.86	358.60	367.57	376.77
Royalty	(15.58)	(23.16)	(75.74)	(88.65)	(90.51)	(88.99)	(86.97)
Net Profits Interest	-	-	(20.71)	(20.68)	(21.12)	(20.77)	(20.99)
Net crude oil sales	303.85	434.21	330.50	240.53	246.97	257.81	268.81
Interest income	4.02	4.34	5.32	5.56	5.96	6.38	6.81
Total revenue	**307.87**	**438.55**	**335.82**	**246.09**	**252.93**	**264.19**	**275.62**
Expenses							
Field operating	14.33	24.91	25.95	24.05	19.82	14.74	17.30
Transportation	4.59	5.72	5.27	5.44	5.62	5.79	5.90
Administration	1.57	2.05	2.49	1.85	1.87	1.95	2.04
Interest-capital lease	1.24	1.08	0.98	0.88	0.75	0.61	0.45
Depreciation & depletion	36.85	48.21	49.37	38.49	38.31	30.86	28.08
Abandonment accretion	4.63	13.41	10.00	10.00	10.00	10.00	10.00
Other	(0.62)	-	-	-	-	-	-
Total expenses	**62.59**	**95.38**	**94.06**	**80.71**	**76.37**	**63.95**	**63.77**
Net income before tax	**245.28**	**343.17**	**241.76**	**165.38**	**176.56**	**200.24**	**211.85**
Income taxes							
Future income tax	(5.73)	(10.76)	(10.70)	(7.58)	(7.26)	(2.82)	0.40
Actual current income tax	87.91	125.73	89.71	60.33	60.51	59.88	59.43
Total income taxes	82.18	114.97	79.01	52.75	53.25	57.06	59.83
Net income	**163.10**	**228.20**	**162.75**	**112.63**	**123.31**	**143.18**	**152.02**
Retained earnings:							
Beginning of year	239.15	251.25	186.45	222.20	256.66	261.20	224.11
Dividends	(151.00)	(293.00)	(127.00)	(78.17)	(118.77)	(180.27)	(118.88)
End of year	**251.25**	**186.45**	**222.20**	**256.66**	**261.20**	**224.11**	**257.25**

Canada Hibernia Holding Corporation **Schedule III**
Proforma Statements Of Cash Flow
Years Ended December 31, 2007 To 2013
CAD$ millions

	2007	2008	2009	2010	2011	2012	2013
Operating activities:							
Income for year	163.10	228.20	162.75	112.63	123.31	143.18	152.02
Non-cash deductions	33.79	50.86	48.67	40.91	41.05	38.04	38.48
Changes in non-cash working capital	0.29	25.82	(2.42)	(86.37)	(0.84)	62.51	(2.19)
	197.18	**304.88**	**209.00**	**67.17**	**163.52**	**243.73**	**188.31**
Investing activities:							
Hibernia project facilities	(22.28)	(19.17)	(20.74)	(23.86)	(29.67)	(47.75)	(53.12)
Abandonment and Risk Fund		(14.84)	(12.04)	(13.46)	(13.86)	(14.28)	(14.71)
	(22.28)	**(34.01)**	**(32.78)**	**(37.32)**	**(43.53)**	**(62.03)**	**(67.83)**
Financing activities:							
Dividends paid to Canada	(151.00)	(293.00)	(127.00)	(78.17)	(118.77)	(180.27)	(118.88)
Lease obligation payments	(2.77)	(0.86)	(0.97)	(1.08)	(1.22)	(1.43)	(1.60)
	(153.77)	**(293.86)**	**(127.97)**	**(79.25)**	**(119.99)**	**(181.70)**	**(120.48)**
Change in cash	**21.13**	**(22.99)**	**48.25**	**(49.40)**	**-**	**-**	**-**
Cash, beginning of year	**63.01**	**84.14**	**61.15**	**109.40**	**60.00**	**60.00**	**60.00**
Cash, end of year	**84.14**	**61.15**	**109.40**	**60.00**	**60.00**	**60.00**	**60.00**