CDEV

Canada Development Investment Corporation

La corporation de développement des investissements du Canada

CANADA DEVELOPMENT INVESTMENT CORPORATION

2017 to 2021 CORPORATE PLAN SUMMARY

and

2017 CAPITAL BUDGET

December, 2016

CDEV CORPORATE PLAN SUMMARY
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1.0 EXECUTIVE SUMMARY

WHO WE ARE

Canada Development Investment Corporation ("the Corporation" or "CDEV") was incorporated in 1982 under the provisions of the *Canada Business Corporations Act* and is wholly-owned by Her Majesty in Right of Canada. The Corporation is an agent Crown corporation listed in Schedule III, Part II of the *Financial Administration Act* ("FAA") and is not subject to the provisions of the *Income Tax Act*. CDEV reports to Parliament through the Minister of Finance ("the Minister"). In 2013 we changed our brand initials to "CDEV" from "CDIC". CDEV has three wholly-owned subsidiaries: Canada Hibernia Holding Corporation ("CHHC"), Canada Eldor Inc. ("CEI"), and Canada GEN Investment Corporation ("GEN").

WHAT WE DO

Our Vision: To be the Government of Canada's primary resource for the evaluation, management and divestiture of its commercial assets.

Our Mission: Acting in the best interests of Canada, on behalf of the Minister of Finance, we bring excellent business judgement and commercial practices to the evaluation, management and divestiture of assets of the Government of Canada.

CDEV's activities are driven by the priorities of the Government through discussions with and mandates received from the Minister of Finance and through the Government's budget and policy pronouncements. CDEV has historically been used as a means of ensuring that the Government's interests that are assigned to it have been managed with a commercial focus. To date we have managed and sold some fifteen companies for the Government with total proceeds exceeding $9 billion. We currently manage Canada's interest in the Hibernia oil field, liabilities of CEI, and are managing sales processes of Government assets.

In July 2016, CDEV received a mandate to review certain government owned commercial assets, including airports and ports and procure commercial and financial advice.

OUR RECENT ACTIVITIES

From late 2015 to mid-2016 CDEV undertook limited activities related to the evaluation of government assets or regarding the sales processes it is involved with. This was due to a combination of the new government in Ottawa as well as the relatively low commodity prices that impact our sales projects. In the third quarter of 2016 we were given mandates for projects in support of a review of certain government assets. To realize upon these mandates CDEV hired advisors to provide financial advice to the Government.

The ownership interest of CHHC in the Hibernia field continues to perform well with forecast 2016 sales volumes 24% greater than plan due to higher production than Plan in both the main Hibernia field and the Hibernia South Extension ("HSE"). 2016 forecast gross oil revenue of $220 million was near plan of $225 million. CHHC dividends to CDEV are forecast at $56 million in 2016, near plan of $59 million.

CEI continues to manage the liabilities resulting from past activities of Eldorado Nuclear, the assets of which were merged with Saskatchewan Mining and Development Corporation in 1988 to form Cameco Corporation. CEI continues to pay for costs relating to the decommissioning of the former Beaverlodge mine site and for retiree benefits of certain former employees. No significant changes in the liability have occurred.

We held our annual public meeting on October 11, 2016 in Toronto, ON fulfilling requirements under the FAA.

WHAT WE PLAN TO DO IN THE NEXT FIVE YEARS

CHHC was established in March 1993, for the sole purpose of holding, managing, administering and operating an 8.5% working interest in the Hibernia project. CHHC's primary goal is to manage its ownership in the Hibernia project and other Hibernia-related developments assuring that the shareholder's interest is protected and its value is maximized where possible. An expert management team based in Calgary performs this function. CDEV's role is to maintain the asset in a state of readiness should Canada elect to divest of the asset and, should Canada decide to divest, to take appropriate steps to fulfill that decision. Toward this goal, CHHC retained its technical advisor to prepare a technical and economic reserve evaluation report with an effective date of September 30, 2016.

Dividends from CHHC in the plan period are expected to average $69 million per year which is well below the high level of dividends in 2012 to 2014 of approximately $120 million per year. CHHC's share of production is expected to be stable near 7.5 million barrels in the plan period. The share of total CHHC production coming from the HSE will drop in 2021 as production shifts back to the main field. Given the increasing cost estimates for decommissioning obligations for the Hibernia project, CHHC has begun to set aside, in addition to the CRF, suitable financial assets ($12 million in 2017) that will be available to fund decommissioning in the future, as well as act as a reserve against other risks. Since CHHC is a one asset company it cannot rely on cash flows from other assets to fund the decommissioning costs.

We will assist in the review of government assets as mandated. Our primary functions include preparing well-defined statements of work in conjunction with the Department of Finance, conducting a thorough and fair advisor selection process, and managing relationships with the advisor and the management team of the asset under review. We will ensure that the process produces insightful reports on a timely basis that will provide a sound basis for decision making by the Government. Should a decision be made to divest ownership of a corporate asset, we will continue to remain ready to support the Government in the development and implementation of a sales process.

We will retain suitable funds to retain the ability to perform our mandate if we no longer have assets that earn income or can be monetized. In the attached financial projections we show a cash position (at the CDEV level) of approximately $100 million at the end of 2016 and through the plan period to fund potential contingencies including the below detailed Panama lawsuit which has a total claim of over $300 million, expected project costs in the plan period, and fluctuating and lower CHHC earnings compared to prior years. CDEV cannot receive appropriations so it must retain funds as necessary.

CEI through Cameco, the manager and licensee of the Beaverlodge mine site, continues to manage the properties for which it has been granted a license. Projects are being undertaken to reach the goal of transferring the properties to the Institutional Control programme of the government of Saskatchewan within seven years. The total expected costs of these projects and other fees are approximately $13 million. CEI will continue to pay Cameco for certain expenses regarding retirement benefits. CEI expects to withdraw $5 million from the Consolidated Revenue Fund in 2016 and another $5 million in 2018 to pay for some of these costs.

2.0 MANDATE AND FUTURE ROLE

The Articles of Incorporation give CDEV a broad mandate. We were incorporated to provide a commercial vehicle for Government equity investment and to manage commercial holdings of Canada. Our primary objective is to carry out our 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 CDEV "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 CDEV's capabilities, while maintaining the capacity to divest CDEV's existing holdings, and any other Government interests assigned to it for divestiture, upon the direction of the Minister of Finance".

2.1 Corporate Governance

CDEV is managed by a team based in Toronto headed by the Executive Vice-President, who work closely with consultants, legal counsel, the Board and management of its subsidiaries to ensure the effective functioning of the Corporation and its subsidiaries. Led by the Executive-Vice President we have seven employees plus one contractor. CHHC has separate management based in Calgary that is experienced in the oil industry.

The Corporation reports to Parliament through the Minister of Finance. CDEV's Board of Directors supervises and oversees the conduct of the business and affairs of CDEV. The Board of CDEV currently consists of the Chairman and five other directors. See Appendix A for the Corporation's organization chart and current listing of CDEV's directors and officers. All members of the Board are independent of CDEV management. The Board carries out its responsibilities regarding the financial statements of the Corporation through its Audit Committee. Corporate governance is dealt with by the Nominating and Governance ("N and G") Committee, which continues to review CDEV's governance practices in the spirit of continuous improvement and to address new requirements. In addition, the N and G Committee assists in determining the composition and structure of the Board and recommending to the Governor in Council candidates for Board membership and for the position of Chair. The Board also has a Human Resources and Compensation Committee that assists the Board in matters pertaining to the human resources and compensation strategy, policies and practices of CDEV and its subsidiaries. In 2016 we revised our Board competency profile so that it can be used to assist the Privy Council Office in its search for new Board members. CDEV will continue to closely monitor the evolving guidance in governance matters and public sector best practices and implement changes in its governance practices as appropriate. Attendance at Board and committee meetings is outstanding and each director dedicates appropriate time outside of board meetings to the governance of the Corporation. There is currently one vacancy on the Board.

Effective communication with the Government and the public is conducted through the Corporate Plan and Corporate Plan Summary, as approved by the Board, the Annual Report, the interim quarterly reports, the corporate website, and an annual public meeting.

As well, meetings are held as required with the Minister of Finance and officials of the Government of Canada.

3.0 CORPORATE PROFILE

CDEV was incorporated in 1982 and has historically been used as a means of ensuring that the Government's interests have been managed with a commercial focus and made more effectively accountable. Over the years we have been given responsibility to hold and manage, or divest numerous Government holdings as directed or approved by the Minister. Since 1984 we have successfully divested assets for over $9 billion in proceeds.

CDEV has three wholly-owned subsidiaries: Canada Eldor Inc., Canada Hibernia Holding Corporation, and Canada GEN Investment Corporation.

We retain contractors and consultants to augment our capabilities on specific projects. We have retained financial, legal and technical advisors for the sales roles for which we are responsible. Where CDEV's assistance has been requested with respect to conducting reviews of government assets, we have hired advisors with capabilities suitable for each project. All advisors are hired through a competitive process with ultimate approval by the Board of Directors.

4.0 CORPORATE PERFORMANCE

4.1 Assessment of 2016 Results

Our actual performance in 2016 as compared to the objectives outlined in our 2016-2020 Corporate Plan is as follows:

Our 2016 Objectives - Our main objectives were to manage the interests of the Government assigned to us, in a commercial manner. These were the main areas of focus for 2016:

- Manage our working interest in the Hibernia oil field through our subsidiary CHHC and ensure that this asset is ready for sale when deemed appropriate.
- Manage the sales processes of assets assigned to CDEV for divestiture. Continue to keep CHHC in a state of readiness of a potential sale.
- Continue our involvement in the Government's CAMR programme as requested by the Minister.
- Manage our operations to maintain our ability to perform all tasks given to us in an efficient manner. This includes the use of contracted experts and consultants to undertake projects that are specialized and short-term in nature.
- In response to the Government's operating budget freeze, continue to identify and implement new ways to reduce operating expenditures that are under our control but which do not adversely impact our performance under the mandates given to us.
- Remain available and prepared to address the needs of the Government for any future endeavour that is suitable given our capabilities and expertise.

Our 2016 Performance:

a) We continued to oversee, as shareholder, CHHC's 8.5% working interest in the original Hibernia project and interests in other Hibernia-related developments. The working interest is managed through our subsidiary CHHC. CHHC forecasts $56 million in dividends in 2016, compared to plan of $59 million. 2016 Net income is forecast at $65 million compared to plan of $70 million. Results were impacted by lower oil prices but offset by higher platform production.

CDEV continues to retain a financial advisor and an oil reserve consultant to help CDEV remain prepared in case the Government indicates an intention to investigate the sale of CHHC in the future.

b) CDEV continues to maintain readiness to act as the Agent of the Government in the event of a decision to divest. There was minimal activity on previously mandated sales processes in 2016.

c) We did not undertake any CAMR projects in 2016. This programme has ceased.

d) Cameco continues to monitor and manage the Beaverlodge site and provides CEI with monthly invoices indicating costs incurred. These were paid after review by CEI. For 2016, payments to Cameco are forecast at $3 million. CEI is forecast to pay approximately $0.2 million for the year to cover claims and administrative costs for the benefit plan of retired employees.

e) Operations: In 2016 we reduced our utilization of contract personnel. Our full-time equivalent ("FTE") headcount has increased by one. Other actions to reduce costs include the use of group flight passes, the continued use of telephone meetings where appropriate, scheduling of three of five main board meetings in Toronto to reduce travel for certain individuals. However we have continued to ensure that we are properly staffed to take on any new endeavours on behalf of the Government, and to restart any continuing projects as required.

4.2 Analysis of External Business Environment

The ongoing management of our holdings will depend, in part, on market conditions specific to the underlying company or investment.

The volume of work required of CDEV management is difficult to predict as it depends significantly on the requests of the Minister for assistance with the review of government assets or any divestment mandates.

The performance of CHHC is impacted by the normal variability associated with crude oil pricing, specifically the "Brent" price of crude oil, the CAD/USD foreign exchange rate, production rates, capital expenditures, operating expenditures and reservoir performance. However, given the relatively low cost structure of the Hibernia project, expected crude oil prices and foreign exchange fluctuations do not impact the sustainability of the project.

CEI's financial obligations to Cameco may be affected by ongoing changes in the regulatory requirements enacted in particular by the Canadian Nuclear Safety Commission ("CNSC") and the Government of Saskatchewan.

5.0 OBJECTIVES AND STRATEGIES FOR THE PERIOD 2017 TO 2021

Canada Development Investment Corporation

Our main objectives are to manage the interests of the Government assigned to us, in a commercial manner. These are the main areas of focus for 2017 and beyond:

- Manage our working interest in the Hibernia oil field through our subsidiary CHHC and ensure that this asset is ready for sale when deemed appropriate. CHHC continues to retain its technical advisor and maintains all of its technical information in a form to help keep it prepared for a potential sale.
- Continue to be prepared to develop and manage a sales process, should the government choose to divest ownership of a corporate asset.
- Continue to maintain CHHC in a state of readiness for a potential divestiture.
- Assist in the review of government assets as requested by the Minister including the completion of the projects initiated in 2016.
- Manage our operations to maintain our ability to perform all tasks given to us in an efficient manner. This includes the use of contracted experts and consultants to undertake projects that are specialized and short-term in nature.
- Continue to identify and implement new ways to reduce operating expenditures that are under our control but which do not adversely impact our performance under the mandates given to us. We note that a great deal of our professional fee expenses are not controllable and vary depending on the work requested of CDEV.
- Remain committed to keep travel costs at an appropriate level given our level of activity. This includes continued controls and management of our travel costs in alignment with the TBS' travel *Directive, Guideline and Special Travel Authority*.
- Remain available and prepared to address the needs of the Government for any future endeavour that is suitable given our capabilities and expertise.
- Retain sufficient funds to be able to fulfill our mandate and be prepared for any contingencies including the Panama lawsuit. Also, since CHHC's cash flow is severely impacted by lower oil prices than in previous years, we increased CDEV's normal cash retention amount to $100 million in 2015. Previously CDEV received GEN dividends funded from the GM common and preferred shares but these are no longer owned.

Section 6.3 further discusses key financial assumptions for the pro-forma financial statements and schedules included as part of this Corporate Plan.

Panama Lawsuit

In 2015, CDEV was served with Panama-based litigation. CDEV is a co-defendant in this litigation with Nordion Inc. and Multidata Systems International Corp. The litigation relates to medical devices manufactured by Nordion and its predecessor Theratronics that were improperly used and delivered excessive radiation to cancer patients in Panama in 2000. Nordion and Theratronics were both previously owned by CDEV, which fully divested Nordion in 1991 and Theratronics in 1998. CDEV had previously been served with litigation in the United States in 2001 for the same Panama-based facts, but had succeeded in achieving a dismissal of CDEV as defendant in 2003. The plaintiff's claims are for US $300 million jointly against all defendants.

CDEV has engaged counsel in Panama and has filed a response with the court denying any liability. CDEV management and counsel believe that the most likely outcome of this litigation for CDEV is the dismissal of CDEV as a defendant. However, there remains a small but non-negligible risk of a different outcome.

Travel costs and guidelines

In mid-2015 CDEV, along with other Crown Corporations, received a Directive to align its Travel and Expenditure Guidelines with those of the Treasury Board Secretariat. The travel and expense guidelines of CDEV were already, by and large, in alignment with those of TBS' travel *Directive, Guideline and Special Travel Authority*. Travel costs for all of our companies is forecast at $227 thousand in 2016 and planned at $322 thousand in 2017.

We confirm that CDEV is in alignment with TBS travel *Directive, Guideline and Special Travel Authority*.

5.1 Canada Hibernia Holding Corporation

Please see the attached Appendix B for detailed information on the objectives and strategies of CHHC. At a high level, we note that planned CHHC 2017 sales volume of 3.25 million barrels is lower than 2016 forecast of 3.83 million barrels due to lower platform production and a higher proportion of production in the HSE where CHHC has a lower working interest percentage than the main field. CHHC 2017 Plan net income is $69 million, similar to 2016 forecast net income of $65 million. Dividends from CHHC are expected to be $74 million in 2017 compared to $56 million in 2016.

5.2 Canada GEN Investment Corporation

GEN holds approximately $0.6 million in cash which is its only asset. Its liabilities consist of accrued legal fees, director fees and management fees payable to CDEV.

5.3 Canada Eldor Inc.

CEI has mine site restoration liabilities related to a decommissioned uranium mine of Eldorado Nuclear in northern Saskatchewan and costs related to post-employment benefits of former employees. CEI is also a defendant in a class action lawsuit going back several years in the Deloro township of Ontario.

5.3.1 CEI – Mine Site Restoration (near Beaverlodge Lake, Saskatchewan)

Beaverlodge is a former uranium 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. CEI accrues these costs based on estimates provided by Cameco. CEI evaluates any potential efforts by Cameco staff in managing the process. CEI has hired independent consultants to assist it in monitoring Cameco's performance.

Status of Overall Project and Outstanding Issues

The CNSC approved a license renewal for the Beaverlodge properties in 2013 for a period of ten years to 2023. It is expected that by the end of the license term, most or all 65 individual properties will be transferred to the Institutional Control ("IC") programme of the Government of Saskatchewan.

Cameco updates its work plan annually, in late October, with cost estimates for the balance of this project. As at September 30, 2016 costs are estimated at $13 million and the project is scheduled to be completed in 2023. We will withdraw $5 million from the CRF in late 2016 to pay for site restoration costs. The main activity in the work plan is the replacement of shaft caps of the former mine near Uranium City, SK.

5.3.2 CEI - Defined Benefit Obligations

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, health and dental benefits. The retirement benefit obligations are $2 million at September 30, 2016.

5.3.3 CEI - Contingency: Litigation related to the Deloro lawsuit

In 2000, CEI was named a party to a class action lawsuit relating to contamination in the Deloro 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. Previous conversations with officials at Natural Resources Canada indicate that this is substantially an issue for the Province of Ontario. The Department of Justice was appointed as counsel and a Notice of Intent to Defend was served on the plaintiffs. For several years there has been no activity on this matter and the outcome remains undeterminable at this time.

5.4 Review of Government Assets and Sales Roles

5.4.1 Review of Government Assets

In 2016 CDEV assisted the Government in the analysis and evaluation of certain government assets. At the time of writing CDEV has not received any additional review mandates for 2017 however we remain capable to undertake new projects which might include further analysis or implementation of the first projects. For budgeting purposes we have included potential costs for more, but unspecified, projects in 2017 and beyond.

5.4.2 Sales Roles in general

For the current or any future mandates to act as agent in the sale of a government asset, we identify and hire required financial and other advisors to evaluate the asset, provide advice to the Government on the possibilities and requirements to undertake a sale, manage a sales process as required, and help facilitate the execution of a potential sale. The timing for any sale is not known. In the financial projections in section 6, we have included the expected expenditures for advisory services. We have assumed that all advisory and transaction expenditures incurred as agent will be recovered by CDEV through the sales process, when complete and hence on a net basis there is no impact on our planned results if a transaction closes in the plan period.

5.5 Risks and risk mitigation

We and our subsidiaries are subject to a number of risks. Those risks related to CHHC are detailed in its Corporate Plan (see Appendix B).

CEI is subject to considerable liabilities, as discussed above, due to its undertakings to Cameco as part of the 1988 Purchase and Sale Agreement. Provisions for the future costs related to the Beaverlodge mine site and defined benefits are currently estimated at $15 million. CEI has approximately $6 million in cash and short-term investments and $16 million in funds deposited with the CRF to fund these liabilities. Whether these funds are adequate is unknown due to the potential but unknown liabilities related to the 1988 agreement including site restoration and retiree benefits and a lawsuit which CEI faces.

CDEV has no significant contingent liabilities at present other than the Panama lawsuit. Since the level and type of activity under sales agency roles or other undertakings requested by the Minister are hard to predict, we have working capital of $100 million at CDEV to provide for future project costs or contingencies. A higher retained cash balance is necessary at CDEV because CDEV cannot receive appropriations from the Government, dividends from CHHC are subject to greater fluctuation from changing oil prices, and increased funding for decommissioning obligations.

Reviews of government assets and agency sales roles are funded by cash resources of CDEV. Given the cash available from CHHC dividends, the costs associated with these anticipated activities do not materially increase the risks to CDEV.

CDEV manages its information technology using a third-party service provider that provides up-to-date technical expertise. This however cannot cover all potential IT risks including downtime. We regularly evaluate our IT services to mitigate IT risks. In 2016 we replaced our file server since the old equipment was at the end of its life cycle with reliability and vendor product support diminishing.

6.0 FINANCIAL SECTION

6.1 Financial Overview for 2016

Consolidated profit is forecast for 2016 at $60 million which is made up of CHHC's income of $65 million, less costs to operate CDEV, as shown in detail on Schedule 4. The 2016 Plan profit was $63 million. Dividends paid to the Government (please see Schedules 2 or 3 below) are forecast in 2016 at $52 million, compared to Plan of $59 million.

As shown in Schedule 4, professional fees are forecast at $4.7 million which is below plan of $6.2 million, due to reduced project activity. Salaries are forecast at $3.4 million, approximately equal to plan.

Included in this plan are five-year pro-forma financial projections as follows (December year-end) (On the following Schedules, numbers may not add due to rounding):

Schedule 1 - Consolidated Statements of Financial Position
Schedule 2 - Consolidated Statements of Cash Flows
Schedule 3 - Consolidated Statements of Changes in Shareholder's Equity
Schedule 4 - Consolidated Statements of Comprehensive Income

Key assumptions for the above schedules are outlined below in Section 6.3.

6.2 Quarterly Financial Reporting

We issue Quarterly Financial Statements which are posted in both English and French on our website (www.cdev.gc.ca) within 60 days of a quarter end.

6.3 Key Assumptions in Financial Projections

This Corporate Plan is based on the following assumptions:

Canada Development Investment Corporation (non-consolidated)

1) Operating Costs - Financial projections assume management and the Board continue to closely manage costs. Forecast administration costs (Salary, Benefits and Other) are approximately $2.5 million annually throughout the planning period which is approximately the same as the 2016 forecast. Professional fees for 2017 and the planning period are estimated at $6 million per year. Any advisory or success-based fees are expected to be recovered through the sales processes in the period they are incurred but this is not included in the attached financial projections due to the inability to predict the amount or timing of any transaction.

2) Dividends paid to the Government

2016	$59 million
2017	65
2018	69
2019	66
2020	52
2021	54

3) Foreign Exchange Rate – For 2017: C$ 1.31 CAD to US $1.00; 2018 $1.27, 2019 $1.23, 2020 $1.20, 2021: $1.17 is used for CDEV and all of its subsidiaries.

Canada Hibernia Holding Corporation

4) Operating Revenues and Costs – CHHC's revenues and costs are discussed in detail in Appendix B.

5) Dividends paid – CHHC will pay dividends to its parent as discussed above.

Canada Eldor Inc.

6) Operating Expenses - CEI's operating expenses are projected at $0.2 million in 2017 to 2021. These are primarily management fees charged by CDEV plus director fees.

7) Site Restoration (Beaverlodge) - CEI has accrued anticipated costs of approximately $13 million for the decommissioning of the Beaverlodge site which is anticipated to be completed by 2023 but may be extended depending on plans developed with Cameco. Most of the costs will be incurred in the next four years including payments made when properties are transferred to Institutional Control.

8) Retiree Benefits – Annual benefits and administration payments are estimated at $0.2 million which are provided for in the defined benefit obligation liability.

9) Litigation - No payments are assumed for the lawsuit which CEI is defending other than for minimal legal advisor costs.

10) CRF - Interest is accrued on CEI’s funds on deposit in the CRF at a rate equal to 90% of the Government’s 90-day Treasury Bill rate. We will withdraw $5 million from the CRF in late 2016 to pay for site restoration costs.

Canada GEN Investment Corporation

11) GEN will have minimal operating expenses.

6.4 Capital Budget

Neither we, nor our wholly owned subsidiaries CHHC, CEI or GEN, require any capital funding for the 2017 fiscal year. Any capital outlays by CHHC are funded from operating cash flow. The capital expenditures by CHHC are discussed in the CHHC Corporate Plan and the amounts are noted in Schedule 2 line item: “Purchase of property and equipment”. CDEV, GEN and CEI are not involved in capital intensive businesses.

Schedule 1 - Proforma Consolidated Statements of Financial Position

$ millions (Dec 31)

	2015 Actual	2016 Plan	2016 Forecast	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan
Assets								
Currents assets:								
Cash and cash equivalents	244.79	199.67	210.48	205.61	209.08	206.55	205.15	203.89
Accounts receivable	20.28	36.09	43.51	14.66	6.23	6.23	6.23	6.23
Income taxes recoverable	7.92	4.05	-	-	-	-	-	-
Inventory	5.25	0.70	5.25	5.25	5.25	5.25	5.25	5.25
Prepaid expenses	0.26	0.28	0.25	0.25	0.25	0.25	0.25	0.25
Cash on deposit in CRF	3.58	1.38	2.74	1.85	1.40	1.51	1.12	1.43
	282.08	**242.17**	**262.23**	**227.62**	**222.21**	**219.79**	**218.00**	**217.05**
Non current assets:								
Cash on deposit in CRF (CEI)	18.05	15.39	13.98	14.94	10.47	10.42	10.87	10.61
Abandonment and risk fund (CHHC)	97.83	103.35	110.27	122.87	135.67	148.54	161.49	174.51
Property & equipment	224.11	250.04	254.95	250.52	237.21	219.70	210.78	200.25
Cash and equivalents held in escrow	4.60	11.92	16.28	16.28	16.28	16.28	16.28	16.28
Investments	-	-	-	-	-	-	-	-
Deferred tax asset	11.38	5.92	12.66	12.49	12.42	14.41	16.56	19.07
	355.97	**386.62**	**408.14**	**417.10**	**412.05**	**409.35**	**415.98**	**420.72**
	638.05	**628.79**	**670.37**	**644.72**	**634.26**	**629.14**	**633.98**	**637.77**
Liabilities and Shareholder's Equity								
Current liabilities								
Accounts payable and accrued liabilities	35.57	21.88	21.90	15.59	15.59	15.59	15.58	15.58
Income tax payable	-	-	13.76	0.40	3.16	5.98	6.81	7.64
Current portion defined benefit obligation	0.18	0.19	0.18	0.16	0.16	0.16	0.16	0.16
Current portion of site restoration	3.38	1.19	2.56	1.69	1.24	1.35	0.96	1.27
	39.13	**23.26**	**38.40**	**17.84**	**20.15**	**23.08**	**23.51**	**24.65**
Long term liabilities								
Provision for decommissioning obligation	130.91	132.81	158.56	159.11	159.79	160.35	160.32	160.28
Provision for site restoration	13.09	12.26	10.64	9.04	7.90	6.65	5.79	4.62
Defined benefit obligation	1.77	1.61	1.66	1.56	1.45	1.33	1.22	1.10
	145.77	**146.68**	**170.86**	**169.71**	**169.14**	**168.33**	**167.33**	**166.00**
Shareholder's Equity								
Share capital	-	-	-	-	-	-	-	-
Contributed surplus	603.29	603.30	603.29	603.29	603.29	603.29	603.29	603.29
Accumulated deficit	(150.14)	(144.45)	(142.18)	(146.12)	(158.32)	(165.56)	(160.15)	(156.17)
Accumulated other comprehensive income	-	-	-	-	-	-	-	-
	453.15	**458.85**	**461.11**	**457.17**	**444.97**	**437.73**	**443.14**	**447.12**
	638.05	**628.79**	**670.37**	**644.72**	**634.26**	**629.14**	**633.98**	**637.77**

Note - see Appendix B for CHHC detailed Financial Statement

Schedule 2 - Proforma Consolidated Statements of Cashflow

$ millions (Dec 31)

	2015 Actual	2016 Plan	2016 Forecast	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan
Cash provided by (used in):								
Operating activities:								
Profit for the year	**2,246.30**	**63.31**	**59.95**	**61.06**	**56.80**	**58.76**	**57.41**	**57.98**
Adjustments for								
Depletion and depreciation	28.70	34.32	50.44	41.64	36.40	36.50	35.21	32.98
Income tax expense	20.79	28.65	27.89	28.87	27.00	27.82	27.86	27.52
Defined benefits paid in excess of expenses	(0.10)	(0.13)	(0.11)	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)
Interest income from CRF	(0.60)	(0.60)	(0.12)	(0.08)	(0.08)	(0.06)	(0.06)	(0.06)
Unwind of discount on decomissioning obligations	2.34	2.50	2.20	2.31	2.43	2.55	2.68	2.81
Net foreign exchange gain (loss)	(33.45)	-	-	-	-	-	-	-
Gain on derecognition of investment in common shares	(2,130.99)	-	-	-	-	-	-	-
Change in provision for site restoration	(0.93)	(2.73)	(3.26)	(2.46)	(1.59)	(1.14)	(1.25)	(0.86)
Provisions settled	(2.70)	(0.72)	(0.07)	(1.76)	(1.75)	(1.99)	(2.71)	(2.85)
Income taxes paid	(14.01)	(24.31)	(7.49)	(42.06)	(24.17)	(26.99)	(29.18)	(29.20)
	115.34	100.29	129.42	87.40	94.93	95.33	89.84	88.20
Change in non-cash working capital	6.57	0.99	(18.82)	22.54	8.43	-	-	-
	121.91	**101.28**	**110.60**	**109.94**	**103.36**	**95.33**	**89.84**	**88.20**
Financing activities:								
Dividends paid	(2,607.88)	(59.00)	(52.00)	(65.00)	(69.00)	(66.00)	(52.00)	(54.00)
Dividends paid from contributed surplus -Common	(1,123.24)	-	-	-	-	-	-	-
	(3,731.12)	**(59.00)**	**(51.99)**	**(65.00)**	**(69.00)**	**(66.00)**	**(52.00)**	**(54.00)**
Investing:								
Proceeds on sale of investments in common shares	3,287.67	-	-	-	-	-	-	-
Purchase of property and equipment	(62.50)	(49.66)	(55.76)	(37.21)	(23.09)	(18.99)	(26.29)	(22.45)
Withdrawal from CRF	-	5.00	5.00	-	5.00	-	-	-
Decrease in cash and cash equivalents held in escrow	1.36	(5.95)	(11.68)	-	-	-	-	-
Cash and cash equivalents held in abandonment & risk fund	-	(5.00)	(12.44)	(12.60)	(12.80)	(12.87)	(12.95)	(13.02)
Change in non-cash working capital	18.05	-	(18.05)	-	-	-	-	-
	3,244.58	**(55.61)**	**(92.93)**	**(49.81)**	**(30.89)**	**(31.86)**	**(39.24)**	**(35.47)**
Increase (decrease) in cash & cash equivalents	(364.63)	(13.33)	(34.32)	(4.87)	3.47	(2.53)	(1.40)	(1.27)
Cash and cash equivalents, beginning of year	609.42	213.00	244.79	210.48	205.61	209.08	206.55	205.15
Cash and cash equivalents, end of year	**244.79**	**199.67**	**210.48**	**205.61**	**209.08**	**206.55**	**205.15**	**203.89**

Schedule 3 - Proforma Consolidated Statements of Changes in Shareholder's Equity

$ millions (Dec 31)

	2015 Actual	2016 Plan	2016 Forecast	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan
Share Capital								
Balance, beginning and end of year	-	-	-	-	-	-	-	-
Contributed Surplus								
Balance, beginning of year	**1,726.52**	**603.30**	**603.29**	**603.29**	**603.29**	**603.29**	**603.29**	**603.29**
Dividends	(1,123.23)	-	-	-	-	-	-	-
Balance, end of year	**603.29**	**603.30**	**603.29**	**603.29**	**603.29**	**603.29**	**603.29**	**603.29**
Accumulated deficit								
Balance, beginning of year	(255.54)	(148.76)	(150.13)	(142.18)	(146.12)	(158.32)	(165.56)	(160.15)
Profit	2,246.30	63.31	59.95	61.06	56.80	58.76	57.41	57.98
Dividends	(2,140.89)	(59.00)	(52.00)	(65.00)	(69.00)	(66.00)	(52.00)	(54.00)
Balance, end of year	**(150.13)**	**(144.45)**	**(142.18)**	**(146.12)**	**(158.32)**	**(165.56)**	**(160.15)**	**(156.17)**
Accumulated other comprehensive income								
Balance, beginning of year	1,848.14	-	-	-	-	-	-	-
Realized gain on sale of GM shares	(2,130.99)	-	-	-	-	-	-	-
Net change in fair value of financial assets	282.85	-	-	-	-	-	-	-
Balance, end of year	**(0.00)**	-	-	-	-	-	-	-
Total Shareholder's equity	**453.15**	**458.85**	**461.11**	**457.17**	**444.97**	**437.73**	**443.14**	**447.12**

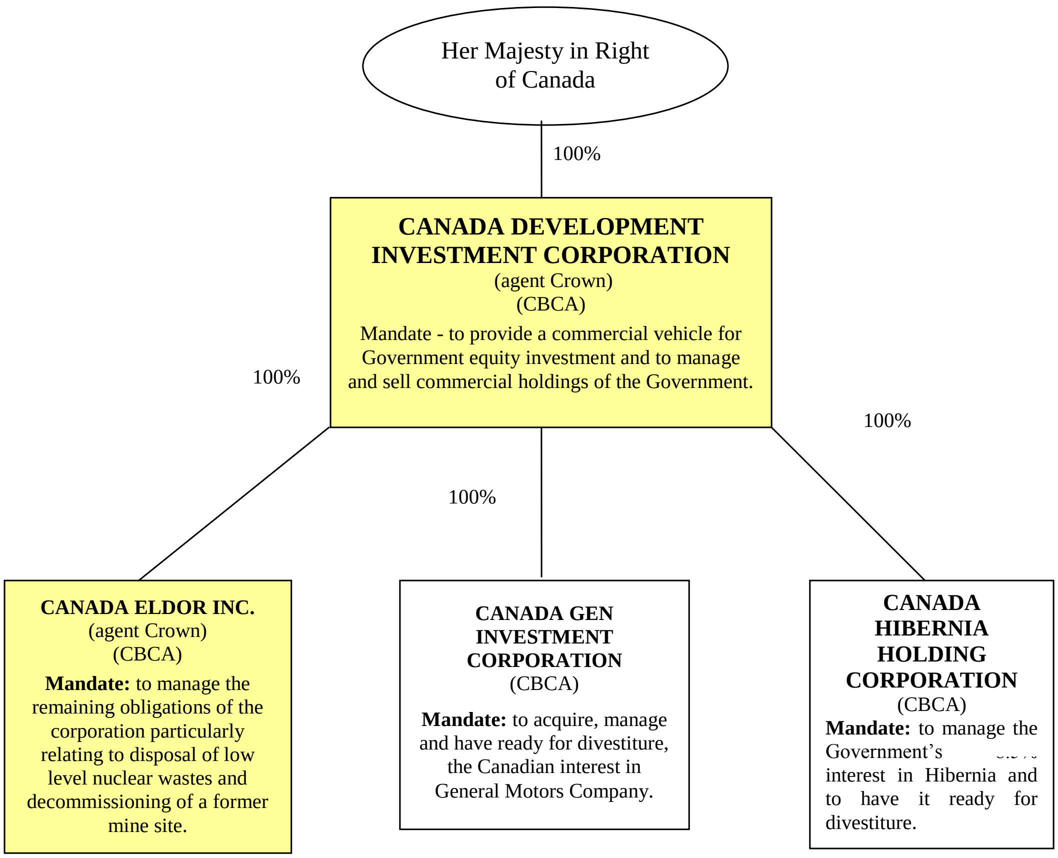
Schedule 4 - Proforma Consolidated Statements of Comprehensive Income

$ millions (Dec 31)

	2015 Actual	2016 Plan	2016 Forecast	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan
Revenue								
Net crude oil revenue	127.76	164.21	174.97	170.77	160.60	163.25	158.67	156.88
Dividends	28.10	-	-	-	-	-	-	-
Gain on sale of investment	2,130.99	-	-	-	-	-	-	-
Interest income	2.57	1.97	2.77	2.93	2.71	2.76	2.84	2.92
	2,289.42	166.18	177.74	173.70	163.31	166.01	161.51	159.80
Expenses								
Depletion and depreciation	28.70	34.32	50.44	41.64	36.40	36.50	35.21	32.98
Production and operating expenses	24.85	26.63	27.11	27.73	28.88	28.22	26.48	26.57
Professional fees	3.25	6.15	4.65	7.55	7.29	7.63	7.26	7.24
Foreign exchange loss (gain)	(40.32)	-	0.97	-	-	-	-	-
Salaries and benefits	3.39	3.30	3.36	3.33	3.25	3.26	3.32	3.39
Change in estimates of provision for site restoration	(1.15)	-	-	-	-	-	-	-
Other expenses	1.00	1.00	1.03	1.06	1.10	1.12	1.15	1.16
Defined benefit expense	0.06	0.07	0.05	0.05	0.05	0.05	0.05	0.05
	19.78	71.47	87.60	81.36	76.98	76.78	73.47	71.38
Finance costs								
Unwind of discount on decommissioning obligations	2.34	2.50	2.20	2.31	2.43	2.55	2.68	2.81
Unwind of discount on provision for site restoration	0.21	0.25	0.10	0.10	0.10	0.10	0.10	0.10
	2.56	2.75	2.30	2.41	2.53	2.65	2.78	2.91
Profit before income taxes	**2,267.09**	**91.96**	**87.84**	**89.93**	**83.80**	**86.58**	**85.27**	**85.50**
Income taxes								
Current	18.19	24.31	29.17	28.70	26.93	29.81	30.01	30.03
Deferred	2.60	4.34	(1.28)	0.17	0.07	(1.99)	(2.15)	(2.51)
	20.79	28.65	27.89	28.87	27.00	27.82	27.86	27.52
Profit	**2,246.30**	**63.31**	**59.95**	**61.06**	**56.80**	**58.76**	**57.41**	**57.98**
Other comprehensive income (loss)								
Change in fair value of available-for-sale financial assets	282.85	-	-	-	-	-	-	-
Realized gain on available-for-sale financial assets transferred to profit or loss	(2,130.99)	-	-	-	-	-	-	-
	(1,848.14)	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Comprehensive income	**398.16**	**63.31**	**59.95**	**61.06**	**56.80**	**58.76**	**57.41**	**57.98**

Appendix A

CANADA DEVELOPMENT INVESTMENT CORPORATION



Appendix A (cont.)

Board of Directors

Michael P. Mackasey, MBA [2] [3]
Chair
Canada Development Investment Corporation
Vice Chairman
Macquarie Capital Markets Canada
Mississauga, Ontario

Mary Ritchie, FCPA FCA [1]
CEO
Richford Holdings Ltd.
Edmonton, Alberta

Ted Howell, CPA CA, MBA [1] [3]
Director
St. John's, Newfoundland and Labrador

Sandra Rosch, MBA [2] [3]
President
Stonecrest Capital Inc.
Toronto, Ontario

Jennifer Reynolds, MBA [1]
President and CEO
Women in Capital Markets
Toronto, Ontario

Nicholas Wemyss, PGeo [2] [3]
Director
Victoria, British Columbia

Committees of the Board
(1) Audit Committee
(2) Nominating and Governance Committee
(3) Human Resources and Compensation Committee

Officers

Michael Carter
Executive Vice-President

Andrew Stafl, CPA CA, MBA
Vice-President, Finance

Zoltan Ambrus, CFA, LL.B, MBA
Vice-President

Noreen Flaherty, BA, LLB
Corporate Secretary

Appendix B

CHHC

CANADA HIBERNIA HOLDING CORPORATION

A wholly owned subsidiary of

Canada Development Investment Corporation

2017 CORPORATE PLAN SUMMARY

(2017 – 2021)

December, 2016

Table of Contents

1.0 Hibernia Project - Summary

Canada Hibernia Holding Corporation (CHHC), a wholly-owned subsidiary of Canada Development Investment Corporation (CDEV), was formed in March 1993 for the purpose of holding, managing, administering and operating the Government of Canada's then 8.5% working interest in the Hibernia offshore oil project, located 315 km east of St. John's, Newfoundland and Labrador.

Hibernia continues to be a very successful venture. By the end of 2016, CHHC forecasts to have paid cumulative dividends of $2 billion[1], $233 million in federal Net Profits Interest (NPI) and $652 million in federal income tax. Dividend payments commenced after CHHC had returned $431 million in appropriations to the Government of Canada for CHHC's share of the project's capital costs.

For 2016, CHHC is forecasting dividends of $56 million which is very close to the Plan amount of $59 million. Lower oil prices were offset by higher production volumes and lower royalty and NPI expenses. Although cash outlays were higher than Plan for capital expenditures, escrow fund contributions and abandonment fund contributions (in aggregate a $31 million variance), CHHC entered the year with $30 million of excess cash compared to Plan in anticipation of these needs. A $12 million capital adjustment related to the Hibernia Southern Extension (HSE) Unit First Interim Reset was recognized as a capital expenditure (on an accrued basis) in fiscal 2015 but was not paid until 2016.

For 2017, dividends are forecasted at $74 million which is greater than 2016 due largely to reduced capital expenditures, no planned escrow account contributions and higher forecasted oil prices.

CHHC's primary goal is to manage the shareholder's ownership in the Hibernia project assuring that the shareholder's interest is protected, its value is maximized and all decision-making is conducted in a commercially prudent manner.

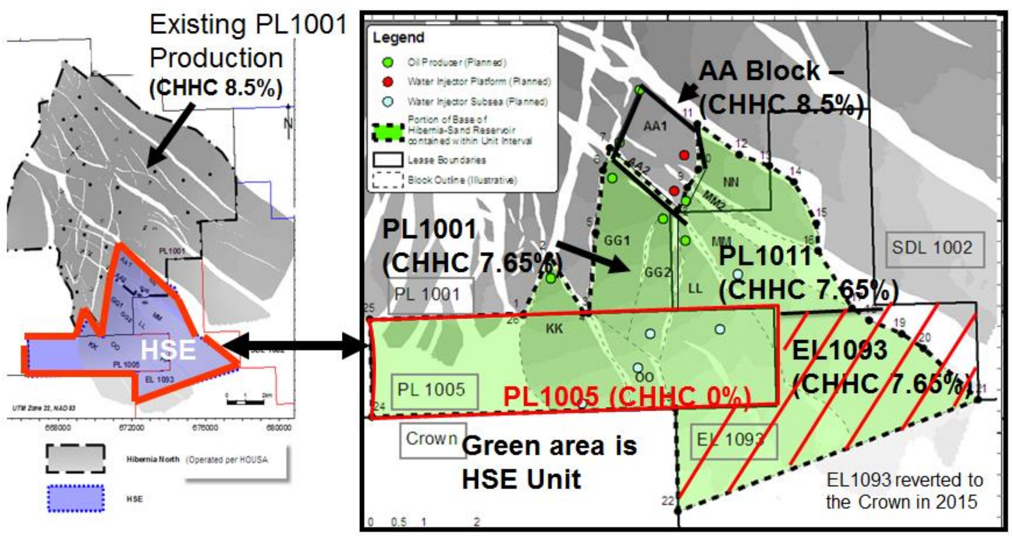
CHHC pursues this goal by active participation in all Hibernia committees which oversee the strategic direction of the project, by providing input on operational matters including safety and environmental protection, by managing the revenue stream, by ensuring adherence to all government regulations and contractual obligations, through diligent involvement in transporting and marketing activities for CHHC's share of oil production, and by setting aside funds to provide for the eventual abandonment of Hibernia.

CHHC is a single asset company deriving its cash flow solely from its Hibernia production operating assets and activities which include its share of Hibernia oil production, Hibernia facility use and processing fees, and operating contracts for local tanker transport and reserved capacity at the NTL oil transshipment terminal.

[1] All financial data is in Canadian dollars unless otherwise noted.

While CHHC's initial share of funding was obtained through appropriations from the Government of Canada, funding since 1998 has come from the sale of CHHC's portion of crude oil produced at Hibernia plus some small (by comparison) facility use, processing fees and interest on accounts. CHHC is responsible for having sufficient cash and deposits available to fund its capital and operating costs, royalties, NPI, income taxes, administrative costs and future abandonment costs without requiring additional government appropriations. CHHC is also responsible for paying federal and provincial income taxes, royalties and the NPI on the same basis as private sector companies.

CHHC has an 8.5% working interest in the portion of the Hibernia field PL1001 production license area originally approved for development and shown in the gray color on the diagram on the left below within the dashed lines. CHHC also has an 8.5% working interest in the AA block shown in gray in the right hand diagram below. The other Owners in these PL1001 areas (Main Field) are: ExxonMobil (33.125%), Chevron (26.875%), Suncor (20.0%), Murphy (6.5%) and Statoil (5.0%). The Main Field owners are also the owners of Hibernia Management and Development Company Ltd. (HMDC) and the offshore platform and facilities in proportion to their Main Field ownership.



Note 1: The "Main Field" is the "Existing PL1001 Production (CHHC 8.5%) area shown in gray on the left diagram above plus the "AA Block (CHHC 8.5%)" portion of the HSE area shown in gray on the diagram on the right.

Note 2: The "HSE Unit" area at the Hibernia sands level is shown in the above right-hand diagram in the green color.

The unitization[2] of a portion of PL1001, PL1011 (originally EL1093) and PL1005 resulted in the formation of the Hibernia Southern Extension Unit (HSE Unit). The HSE Unit lands for the Hibernia sands formation and CHHC's working interest for each lease are shown by the green area on the above right-hand diagram.

[2] A common oilfield practice where owners reach a contractual agreement to share production, costs and investments on lands and assets with different ownership to enable co-coordinated development of a common reservoir(s) or pool(s)

CHHC's initial HSE Unit WI was 5.08482% and was subsequently adjusted to 5.7265% on December 1, 2015 as a result of an interim redetermination as provided for in the Unit Agreement. According to the terms of the Unit Agreement, the Second Interim Reset is expected to be effective in Q4 2016 or Q1 2017. CHHC expects that its Unit working interest will not change materially from its existing 5.7265%. The Unit Agreement prescribes additional redeterminations before the Final Redetermination, according to defined criteria.

The HSE Unit came about as a result of development drilling that demonstrated that the oil-water contact was much lower than first anticipated and extended the field limits into the PL1005 lease which has different ownership than the rest of the field.

On February 16, 2010, Nalcor[3] acquired a 10% equity interest in defined Unit lands with proportionate contributions from all the Hibernia Owners.

The project is operated by the Hibernia Management and Development Company (HMDC) on behalf of the owners, with the management, administrative and technical staff provided under contract from ExxonMobil Corporation. The HSE Unit is operated in a similar manner. While the day-to-day operations of the field are managed by ExxonMobil, all Owners play an active role in decision-making.

All activities undertaken to date and contemplated in the Corporate Plan remain within the mandate of CHHC.

2.0 Review of 2016 Operations

Forecast results for 2016 are based on eight months of actual and four months of forecast results. Accordingly, actual full year results may differ from this forecast. Notably, the actual timing of crude oil deliveries (sales) can have a substantial effect on the actual year-end numbers.

For 2016, CHHC is forecasting dividends of $56 million which is very close to the Plan amount of $59 million. Lower oil prices were offset by higher production volumes and lower royalty and NPI expenses. Although cash outlays were higher than Plan for capital expenditures, escrow fund contributions and abandonment fund contributions (in aggregate a $31 million variance), CHHC entered the year with $30 million of excess cash compared to Plan in anticipation of these needs. A $12 million capital adjustment related to the HSE Unit First Interim Reset was recognized as a capital expenditure (on an accrued basis) in fiscal 2015 but was not paid until 2016.

For 2016, CHHC is forecasting gross crude oil revenue of $220 million, net crude oil revenue of $175 million, and net income of $65 million (see Schedule II). CHHC's WI production in 2016 is forecast to be 9,400 bopd or 12% above the Plan amount of 8,400 bopd, due to higher production than Plan in both the HSE Unit and the Main Field.

The oil price for 2016 is expected to average CAD $57 per barrel (bbl), vs. the planned amount of CAD $73 per bbl.

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[3] Nalcor is the provincial energy company of the Province of Newfoundland and Labrador

During 2016, CHHC forecasts to have paid to the Province an average effective royalty rate (expressed as total royalties as a percentage of total crude oil sales) of 16% (compared to 21% in the Plan), derived from: a 30% net royalty rate for the vast majority of the Hibernia Main Field, a 42.5% net royalty rate for the AA blocks portion of the Main Field, a sliding scale net royalty rate of 37.5% on the PL1001 portion of the HSE Unit and a 5% gross royalty rate on the PL1011 portion of the HSE Unit. Royalties are calculated and paid net of allowable cost deductions resulting in the lower effective rates. In addition, CHHC pays a maximum 10% NPI to Canada on PL1001 production. The stated NPI rate is 10% of oil sales less eligible cost deductions, and the rate reduces in low oil price environments according to an oil indexing factor. The result is a forecasted effective NPI rate (expressed as total NPI as a percentage of total oil sales) of 4% (compared to 6% in the Plan).

On a combined basis, 2016 forecast operating and transportation costs totaling $29 million are consistent with Plan. Operating costs of $23 million are forecast to be 8% higher than Plan offset by transportation costs of $6 million which are forecast to be 14% lower than Plan.

CHHC's share of capital spending for 2016 is forecast to be $56 million, which is $6 million higher than Plan due to the drilling of additional HSE Unit wells because of faster drilling performance than expected on the HSE Unit subsea water injection wells and the additional perforations on 2 Unit water injection wells. In 2016, the mechanical performance of the Seadrill West Aquarius MODU has been excellent and there were no major weather or ice related events as was experienced in 2014 and 2015.

Production increased faster than was expected after commencement of water injection into the WIGG1-2, the WINN1 and the WIGG2 water injection wells.

Hibernia has an excellent safety and environment performance, operates a safe workplace and continues to be in compliance with regulations. There have been no lost time incidents to September 30, 2016, although there was one lost time incident in 2013.

With respect to environmental compliance, there was an unauthorized release of 6,000 liters of hydrocarbons on December 18, 2013 from the offshore loading system. HMDC was charged with 4 counts in relation to this release. HMDC pleaded "not guilty". The matter has been set for trial to begin March 20, 2017 in Newfoundland and Labrador Provincial Court.

3.0 Objectives for 2017

CHHC's major business objectives for 2017 are to deliver operating and financial performance in accordance with the budget, continue effective implementation of HSE Unit development, to encourage the development of secondary producing zone (BNA[4]) resources, continue to play an active role in monitoring and implementation of the basin wide transportation system, and promote the profitable diversification of markets for sales of Hibernia crude.

[4] Ben Nevis - Avalon (BNA) sands are shallower in depth than the main producing Hibernia sands

4.0 Marketing and Transportation

The price that CHHC receives for its production is based on the Dated Brent benchmark which is used for crude supply to refineries with access to offshore crude imports. Brent fluctuates with global supply and demand issues, including a wide range of geopolitical factors and is priced in US dollars.

CHHC continues to jointly market its oil with Suncor. With the aging of the tankers and new fields coming on production, all Grand Banks fields (Hibernia, Terra Nova and White Rose and Hebron by 2017) owners are now sharing in a more efficient system of transportation of crude oil from the fields going forward. The new transportation system is operated by Teekay and NTL[5], in a way now that each owner nominates capacity as operationally needed, no longer requiring direct ownership or capital lease of a tanker.

5.0 Risks

The Corporate Plan has the normal variability associated with crude oil pricing, foreign exchange rates, capital expenditures, operating expenses and reservoir performance. Of these variables, the following are deemed important to CHHC for the 2017 Corporate Plan.

a) Operational and Technical Risks
b) Commodity Price Risk
c) Foreign Currency Risk
d) Regulations and Royalties Risk
e) Environmental Risks
f) Abandonment and Risk Reserve
g) Information and Data Security
h) Credit Risk

For the HSE Unit and planned BNA expansion projects, the major subsurface uncertainties are related to reservoir quality, water injection rates, sand control, reservoir faults, inter-block connectivity, and oil-water contact depth. For drilling from the platform rigs, the complexity factors are increasing for platform drilled wells because the wells are being completed at greater distances from the platform with more complex completion techniques.

CHHC has elected not to engage in hedging to protect against crude price volatility or foreign exchange hedging. The current marketing arrangement with Suncor and the sharing of revenues from multiple cargoes reduces the exposure to fluctuating prices over the year.

6.0 Financial Section

CHHC's WI production is expected to be 8,600 bopd in 2017 (gross field rate of 118,300 bopd), which is 9% (800 bopd) lower than 9,400 bopd 2016 due to a decline of the Main Field, partially offset by an increase in production from the HSE Unit. Fortunately, the Main Field declined slower than expected in last year's Plan. HSE Unit production is expected to commence significant declines in 2021.

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[5] NTL is Newfoundland Transshipment Ltd.; the transshipment terminal located at Whiffen Head, NL

When integrated with the transportation and lifting schedule, the 2017 production budget is expected to result in the sale for CHHC's account of 3.25 million barrels of oil.

Gross oil revenue for 2017 is projected to total $234 million, 6% higher than 2016 due to higher realized crude oil prices partially offset by lower sales volumes. The price assumption for 2017 is a Canadian realized price to $72 per barrel compared to $57 per barrel in 2016.

Royalties and NPI expense in 2017 are expected to increase more significantly than revenue (increase of 40%) due to a higher effective average combined royalty and NPI rate of 27% of total oil sales compared to 20% in 2016. The increase is primarily due to a significantly lower level of forecast capital expenditures in 2017. Royalties and net profits increase faster than gross revenue when prices rise from a low starting point.

Net operating cash flow is forecast to be $142 million, after project expenses (operating and transportation expenses less facility/processing fees) of $28 million, royalty payments of $49 million, NPI payments of $14 million, general and administrative costs of $3 million and income taxes of $29 million, and including interest income of $2 million.

CHHC's share of planned capital expenditures in 2017 is $37 million, 33% lower than 2016 forecast capital expenditures of $56 million. The decrease relates mainly to the completion of the HSE Unit subsea water injection well drilling program at the end of the MODU contract in Q2 2017. The $37 million of planned 2017 WI capital expenditures is composed of $34 million for drilling (60% HSE Unit) and $3 million for projects (facilities and other) (34% HSE Unit).

2017 Plan dividends of $74 million are $18 million higher than 2016 forecast dividends due to a $19 million reduction in capital expenditures, as cash flow from regular operations is expected to be relatively consistent in each year. 2017 dividends are reduced by a forecasted $12 million abandonment fund contribution (consistent with $12 million in 2016) however; CHHC is not forecasting any additional escrow fund contributions in 2017 (vs. an $11 million net contribution in 2016).

CHHC's cash flows are sensitive to fluctuations in crude oil prices, exchange rates and production volumes.

A US$5 per bbl change in oil price is estimated to result in a $6 million change in net cash flow and resulting dividends in 2017, and a 10,000 bopd change in gross Hibernia oil production is estimated to result in a $9 million change in net cash flow.

7.0 Organization

Since its inception in 1993, CHHC has been staffed by a modest number of experienced energy industry professionals. At the end of 2016, the staff is forecast to consist of 8 full and part-time employee positions (6.2 full-time equivalent), and 1 part-time contractor. Reservoir evaluation, legal, audit, insurance, administrative and other advisory services are also accessed when required.

8.0 Pro forma Financial Statements

CHHC prepares its financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), with effect from January 1, 2010.

Attached are Schedules I, II and III.

Canada Hibernia Holding Corporation — Schedule I

Proforma Statements of Financial Position

December 31, 2015 To 2021

Cdn$ millions

	2015 Actual	2016 Plan	2016 Forecast	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan
Assets								
Current assets:								
Cash and short term investments	139.17	100.13	103.81	100.66	100.76	100.42	100.34	100.03
Accounts receivable	20.36	36.09	43.51	14.66	6.23	6.23	6.23	6.23
Prepaid expenses	0.25	0.28	0.25	0.25	0.25	0.25	0.25	0.25
Inventory	5.25	0.70	5.25	5.25	5.25	5.25	5.25	5.25
Total current assets	**165.03**	**137.20**	**152.82**	**120.82**	**112.49**	**112.15**	**112.07**	**111.76**
Property and equipment:								
Hibernia project facilities and wells at cost	438.02	497.89	519.30	556.51	579.60	598.59	624.88	647.33
Less accumulated depletion and depreciation	(213.91)	(247.85)	(264.35)	(305.99)	(342.39)	(378.89)	(414.10)	(447.08)
Net property and equipment	**224.11**	**250.04**	**254.95**	**250.52**	**237.21**	**219.70**	**210.78**	**200.25**
Other assets:								
Deferred tax asset	11.38	5.92	12.66	12.49	12.42	14.41	16.56	19.07
Cash held in escrow	4.60	11.92	16.28	16.28	16.28	16.28	16.28	16.28
Abandonment and risk fund	97.83	103.35	110.27	122.87	135.67	148.54	161.49	174.51
Total other assets	**113.81**	**121.19**	**139.21**	**151.64**	**164.37**	**179.23**	**194.33**	**209.86**
	502.95	**508.43**	**546.98**	**522.98**	**514.07**	**511.08**	**517.18**	**521.87**
Liabilities and Shareholder's Equity								
Current liabilities:								
Accounts payable and accrued liabilities	35.96	21.89	21.91	15.60	15.60	15.60	15.60	15.60
Income taxes payable	(7.92)	(4.05)	13.76	0.40	3.16	5.98	6.81	7.64
Total current liabilities	**28.04**	**17.84**	**35.67**	**16.00**	**18.76**	**21.58**	**22.41**	**23.24**
Other liabilities:								
Deferred tax liability	-	-	-	-	-	-	-	-
Decommissioning liability	130.91	132.81	158.56	159.11	159.79	160.35	160.32	160.28
Total other liabilities	**130.91**	**132.81**	**158.56**	**159.11**	**159.79**	**160.35**	**160.32**	**160.28**
Shareholder's equity:								
Retained earnings	344.00	357.78	352.75	347.87	335.52	329.15	334.45	338.35
Total shareholder's equity	**344.00**	**357.78**	**352.75**	**347.87**	**335.52**	**329.15**	**334.45**	**338.35**
	502.95	**508.43**	**546.98**	**522.98**	**514.07**	**511.08**	**517.18**	**521.87**

Canada Hibernia Holding Corporation **Schedule II**

Proforma Statements Of Income And Retained Earnings

Years Ended December 31, 2015 To 2021

Cdn$ millions

	2015 Actual	2016 Plan	2016 Forecast	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan
Revenue								
Crude oil sales	168.10	224.94	219.59	233.97	226.19	236.60	238.59	232.41
Royalty	(31.31)	(47.23)	(36.05)	(49.14)	(49.76)	(54.42)	(62.03)	(58.10)
Net profits interest	(9.03)	(13.50)	(8.57)	(14.06)	(15.83)	(18.93)	(17.89)	(17.43)
Net crude oil sales	127.76	164.21	174.97	170.77	160.60	163.25	158.67	156.88
Interest income	1.75	1.22	1.83	2.02	1.80	1.87	1.95	2.02
Facility use and processing fee income	1.66	2.43	2.35	2.82	2.11	3.34	2.82	2.82
Total revenue	**131.17**	**167.86**	**179.15**	**175.61**	**164.51**	**168.46**	**163.44**	**161.72**
Expenses								
Field operating	20.62	21.68	23.35	24.28	25.51	26.06	24.00	24.42
Transportation	5.88	7.38	6.11	6.27	5.48	5.50	5.30	4.97
Administration	3.47	3.25	3.46	3.12	3.04	3.40	3.09	3.12
Depletion and depreciation	28.70	34.32	50.44	41.64	36.40	36.50	35.21	32.98
Accretion	2.34	2.50	2.20	2.31	2.43	2.55	2.68	2.81
Other	(4.25)	-	0.95	-	-	-	-	-
Total expenses	**56.76**	**69.13**	**86.51**	**77.62**	**72.86**	**74.01**	**70.28**	**68.30**
Net income before tax	**74.41**	**98.73**	**92.64**	**97.99**	**91.65**	**94.45**	**93.16**	**93.42**
Income taxes								
Deferred income tax	2.60	4.34	(1.28)	0.17	0.07	(1.99)	(2.15)	(2.51)
Current income tax	18.19	24.31	29.17	28.70	26.93	29.81	30.01	30.03
Total income taxes	20.79	28.65	27.89	28.87	27.00	27.82	27.86	27.52
Net income	**53.62**	**70.08**	**64.75**	**69.12**	**64.65**	**66.63**	**65.30**	**65.90**
Retained earnings:								
Beginning of year	320.38	346.70	344.00	352.75	347.87	335.52	329.15	334.45
Dividends	(30.00)	(59.00)	(56.00)	(74.00)	(77.00)	(73.00)	(60.00)	(62.00)
End of year	**344.00**	**357.78**	**352.75**	**347.87**	**335.52**	**329.15**	**334.45**	**338.35**

Canada Hibernia Holding Corporation

Schedule III

Proforma Statements Of Cash Flow

Years Ended December 31, 2015 To 2021

Cdn$ millions

	2015 Actual	2016 Plan	2016 Forecast	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan
Operating activities:								
Net income for year	53.62	70.08	64.75	69.12	64.65	66.63	65.30	65.90
Depletion and depreciation	28.70	34.32	50.44	41.64	36.40	36.50	35.21	32.98
Accretion	2.34	2.50	2.20	2.31	2.43	2.55	2.68	2.81
Interest, net	(1.75)	(1.22)	(1.83)	(2.02)	(1.80)	(1.87)	(1.95)	(2.02)
Income tax expense	20.79	28.65	27.89	28.87	27.00	27.82	27.86	27.52
Abandonment activities	(0.71)	(0.72)	(0.07)	(1.76)	(1.75)	(1.99)	(2.71)	(2.85)
Income taxes paid	(14.02)	(24.31)	(7.49)	(42.06)	(24.17)	(26.99)	(29.18)	(29.20)
Changes in non-cash working capital	7.42	0.99	(19.15)	22.54	8.43	-	-	-
	96.39	**110.29**	**116.74**	**118.64**	**111.19**	**102.65**	**97.21**	**95.14**
Investing activities:								
Hibernia project facilities and wells	(62.50)	(49.66)	(55.76)	(37.21)	(23.09)	(18.99)	(26.29)	(22.45)
Interest received	1.75	1.22	1.83	2.02	1.80	1.87	1.95	2.02
Cash held in escrow	1.37	(5.95)	(11.68)	-	-	-	-	-
Abandonment and risk fund	(0.49)	(5.48)	(12.44)	(12.60)	(12.80)	(12.87)	(12.95)	(13.02)
Changes in non-cash working capital	18.05	-	(18.05)	-	-	-	-	-
	(41.82)	**(59.87)**	**(96.10)**	**(47.79)**	**(34.09)**	**(29.99)**	**(37.29)**	**(33.45)**
Financing activities:								
Dividends paid to CDEV	(30.00)	(59.00)	(56.00)	(74.00)	(77.00)	(73.00)	(60.00)	(62.00)
	(30.00)	**(59.00)**	**(56.00)**	**(74.00)**	**(77.00)**	**(73.00)**	**(60.00)**	**(62.00)**
Change in cash	**24.57**	**(8.58)**	**(35.36)**	**(3.15)**	**0.10**	**(0.34)**	**(0.08)**	**(0.31)**
Cash, beginning of year	**114.60**	**108.71**	**139.17**	**103.81**	**100.66**	**100.76**	**100.42**	**100.34**
Cash, end of year	**139.17**	**100.13**	**103.81**	**100.66**	**100.76**	**100.42**	**100.34**	**100.03**