Canada Development Investment Corporation

La corporation de développement des investissements du Canada

CANADA DEVELOPMENT INVESTMENT CORPORATION

2014 to 2018
CORPORATE PLAN SUMMARY

December 2013

Canada Development Investment Corporation La corporation de développement des investissements du Canada

CORPORATE PLAN SUMMARY
TABLE OF CONTENTS

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. 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 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 $4 billion. We currently manage Canada's interest in the Hibernia oil field, the preferred and common shares in General Motors Company ("GM") and liabilities of Canada Eldor Inc. (CEI).

We are continuing to secure financial, legal and technical analysis of such corporate holdings of the Government of Canada as are requested by the Minister of Finance. This is to assist with the Government's review of corporate assets in its endeavour to ensure the use of resources is efficient, effective and focused on priorities. We maintain the capacity to divest CDEV's existing holdings and acquire or divest any other government interests assigned to us upon the direction of the Minister of Finance. In late 2012 it was announced that CDEV will act as the government's agent in the sale of Ridley Terminals Inc. ("RTI"), a federal Crown corporation located in British Columbia. In mid-2013 it was announced that CDEV would act as the government's agent in the potential sale of the Dominion Coal Blocks ("DCB") in British Columbia.

OUR RECENT ACTIVITIES

On September 10, 2013 GEN sold 30 million shares of General Motors that it held, in one of the largest unregistered block trade of shares in the United States for proceeds of approximately US$ 1.1 billion. GEN recorded a gain of $ 680 million on the sale. GEN continues to hold approximately 110 million GM common shares and 16 million Series A preferred shares. The value of the GM common shares has increased significantly from the 2012 year end closing value of US$ 28.82 per share to US$ 35.95 at September 30, 2013.

We continued our activity in the Government's Corporate Asset Management Review (CAMR) programme. We have been most active through 2013 in our role as agent to sell RTI.

The ownership interest of CHHC in the Hibernia field continues to perform very well. In addition to ongoing operations, the major focus has been on implementing the development of the initial five reservoir blocks in the Hibernia Southern Extension Unit. A further expansion of the Unit was approved in 2013.

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. A new 10-year operating license was entered into between the Canadian Nuclear Safety Commission and Cameco which manages the Beaverlodge site for CEI.

We held our annual public meeting on July 17, 2013 in Toronto, ON, fulfilling requirements under the FAA.

WHAT WE PLAN TO DO IN THE NEXT FIVE YEARS

Now that we have initiated the next phase of the management of our GM holdings we will continue to monitor the market of GM shares to determine the appropriate method and timing of future share sales. We anticipate that GM will redeem our 16 million GM Series A preferred shares in December 2014, though GM is not obliged to do so. In the meantime we expect to continue to receive 9% dividends on the preferred shares.

CHHC was established in March 1993, for the sole purpose of holding, managing, administering and operating the 8.5% working interest in the Hibernia project. CHHC's primary goal is to manage the shareholder's ownership in the Hibernia project and other Hibernia-related developments assuring that the shareholder's interest is protected and its value is maximized. A secondary goal is to maintain the asset in a state of readiness should Canada elect to divest of the asset.

CEI through Cameco, the manager and licensee of the Beaverlodge mine site, revised its expected expenditure liability at the end of 2012 with the goal of transferring the properties to the Institutional Control programme of the government of Saskatchewan. CEI will continue to pay expenses to Cameco regarding its management of the Beaverlodge mine site and make payments for retirement benefits.

The CAMR process is continuing and we will maintain the management capability to provide services to assist the Minister of Finance in appropriate roles. 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, 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.

Through 2014 and 2015 we expect to continue our role as agent to sell RTI and potentially DCB should the government decide to proceed with a sale. For both agency roles, financial advisors and technical experts have been retained. .

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. Under the Executive-Vice President we have five full-time staff plus three contractors. CHHC has separate management based in Calgary that is experienced in the oil industry. One of our external legal counsel also acts as our corporate secretary.

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 six 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 Committee, which continues to review CDEV's governance practices in the spirit of continuous improvement and to address new requirements. In addition, the 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. 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.

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 of Finance ("the Minister"). Since 1984 we have successfully divested assets for over $4.4 billion in proceeds.

In 2009 we implemented a Governor in Council directive to establish a new subsidiary, Canada GEN Investment Corporation ("GEN") to hold and manage Canada's equity interest in GM.

We retain contractors and consultants to augment our capabilities on specific projects. In order to manage the investments in GM, Rothschild Inc. continues to be retained as advisors. We have retained Macquarie Capital Markets as financial advisor for our agency role in the sale of RTI. Other consultants are hired as required for CAMR projects.

4.0 CORPORATE PERFORMANCE

4.1 Assessment of Previous Year's Results

Our actual performance in 2013 as compared to the objectives outlined in our 2013-2017 Corporate Plan is as follows:

Our 2013 Objectives:

a) To manage our investments in CHHC;

b) To manage our investments in GM;

c) To continue to manage the portions of the Corporate Asset Management Review (CAMR) programme assigned to us;

d) To manage other issues which may arise, and to remain prepared to assume management and divestiture of any other interests of Canada assigned to us, in a commercial manner; and

e) To manage the obligations of CEI.

Our 2013 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 paid $104 million in dividends to CDEV to September 30, 2013, with a 2013 forecast of $142 million in dividends. The 2013 forecast in dividends is slightly lower than the 2013 Plan of $147 million. This is due to the net effect of higher operating cash flow, offset by higher capital expenditures and higher year-end cash balances retained.

b) We continued to manage our investment in GM preferred and common shares. This investment is managed through our subsidiary GEN. In September 2013 we sold 30 million of our 140 million shares held at the beginning of the year. The sale was by way of an unregistered block sale. Proceeds were $1.1 billion. The current market value of the remaining 110 million shares has increased from $3.2 billion at December 31, 2012 to approximately $4.0 billion at September 30, 2013. The GM common share price increased from US$ 28.82 per share on December, 2102 to US$ 35.95 on September 30, 2013. We continue to retain legal and financial advisors to allow us to manage a divestment strategy and be able to react to any potential sales opportunity. In 2013, GEN is forecast to receive US $36 million (CAD $37 million) in preferred share dividends from GM.

c) We continued our contribution to the CAMR programme. Our CAMR work includes preparing statements of work, issuing Requests for Proposals, identifying and contracting with consultants to perform the work, interacting between consultants and managers of the entity under review, monitoring the work of the consultants and reviewing the final report with the Department of Finance.

d) Through 2013 we continued our role as Agent to sell RTI working with our financial advisor Macquarie and legal, technical and other advisors.

During 2013, we initiated a second sales mandate acting as agent for the government in the potential sale of the DCB.

e) In 2013 CEI continued to review Cameco’s plan and budget for the decommissioning of the Beaverlodge mine site properties. Payments to Cameco for this work is forecast at $2.1 million for the year.

4.2 Analysis of External Business Environment

The ongoing management of our holdings will depend 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 CAMR programme or any divestment mandates.

CDEV is acting as agent to sell up to two government assets involved in the coal industry. The prices for coal have decreased during 2013. This may impact our ability to sell the assets.

The performance of CHHC is impacted by the normal variability associated with crude oil pricing, specifically the “Brent” price of crude, 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 price and foreign exchange fluctuations do not impact the sustainability of the project.

The value of the common shares of GM is affected by fluctuating stock market prices and changes in the USD/CAD exchange rate. The value of the GM preferred shares held by GEN are impacted by foreign exchange movements. The preferred shares cannot be purchased back by GM until December 2014.

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 2014 TO 2018

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 2014 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.
- Manage our holdings in GM through GEN and ensure that these assets are ready for sale.
- Manage the sales processes of RTI and potentially the DCB. These efforts are expected to continue in 2014 and 2015. To undertake these projects we have hired advisors who have expertise in the field.
- Continue our involvement in the Government’s CAMR programme as requested by the Minister of Finance.
- 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.
- Remain available and prepared to address the needs of the Government for any future endeavour that is suitable given our capabilities and expertise.

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

5.1 Canada Hibernia Holding Corporation

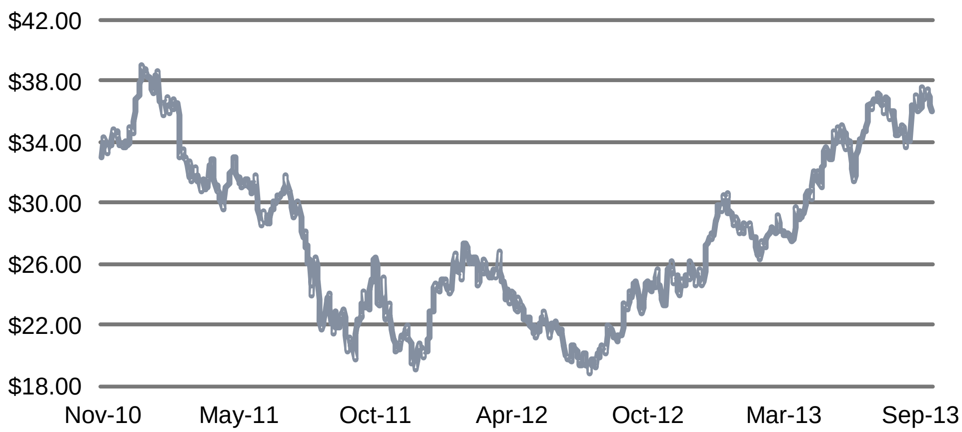
Please see the attached Appendix B for detailed information on the objectives and strategies of CHHC. CDEV assists CHHC, as necessary, regarding activities that might be required to ensure that the investment in the Hibernia project is ready when a divestiture decision is made. At a high level, we note that CHHC 2014 sales volume of 3.35 million barrels is expected to be lower than 2012 (4.16 million) and 2013 forecast (4.49 million) due to lower platform production and the fact that 2013 was an extrordinarily high production year.

5.2 Canada GEN Investment Corporation

GEN holds approximately 8% of the outstanding common shares of GM and US $427 million of GM Cumulative Series A Preferred Shares. GEN's management and Board of Directors oversee the management of this investment. We retain expert advisors to assist us in analysing the investment, evaluating relevant market conditions, and to address any other issues required to maintain our ability to monetize this investment.

GEN will act to dispose of the GM holding in a manner aimed at achieving value over the long term and considering the Government's policy pronouncements. Orders in Council are in place to allow for disposition of all of these holdings.

GM share price since IPO



GEN receives US $9 million in preferred dividends each quarter. We expect that the GM Preferred Shares will be purchased by GM in December 2014 at the liquidation preference value of US $25 per share for total proceeds of approximately US $400 million. In accordance with instructions from the Minister of Finance CDEV pays one third of any GEN-related distributions to the Government of Ontario after retaining funds for GEN's operations.

The market price for GM common shares has performed well in 2013 from a low of approximately US $26/share to a high of approximately US $37/share. We continue to monitor the price and trading activity as well as the operating performance of GM and the future prospects of the company with the assistance of our financial advisor to identify appropriate opportunities to sell.

Given the uncertainty of timing of GM share sales, for the purposes of the proforma financial statements in the planning period, GEN has not forecast any GM common share sales.

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.

In 2013, Cameco, which undertakes restoration work on behalf of CEI, and is the licensee of the Beaverlodge properties, made representations to the Canada Nuclear Safety Commission ("CNSC"). As part of its presentation, Cameco proposed certain remedial actions. The objective of these remedial actions is to prepare the properties for hand over to the Institutional Control ("IC") programme of the Province of Saskatchewan. The license for the Beaverlodge properties was renewed by the CNSC for a ten year period ending May 2023.

Under IC the Province of Saskatchewan assumes management and monitoring of sites in exchange for a payment once the sites have been deemed to meet certain standards and are stable. Eventually the whole Beaverlodge site is planned to be transferred to the Province. Several of the peripheral sites were transferred to IC in 2009.

Cameco updates its work plan annually with cost estimates for the balance of this project. As at September 30, 2013 costs are estimated at $18 million and the project is scheduled to be completed in 2022.

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. As of September 30, 2013, there were 218 former employees in this plan which is administered through

Cameco. The retirement benefit obligations are $2.3 million at September 30, 2013. An actuarial valuation was performed as at December 31, 2011.

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. For several years there has been no activity on this matter and the outcome remains undeterminable at this time.

5.4 The Corporate Asset Management Review and Agency Divestiture Mandates

We continue to undertake responsibility for those components of CAMR assigned to us by the Department of Finance. We remain staffed to undertake these roles and we also hire contractors with specific skills and experience to augment our capabilities.

For the current or any future mandate to act as agent in the sale of a corporate asset of the Government, 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. We anticipate that our costs for hiring such advisors for agency roles will be reimbursed. The timing for any sale is not known but it has been forecast for financial statement projection purposes only.

5.5 Risks and risk mitigation

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

GEN has no known liabilities at this time however selling shareholders have potential liability to purchasers under some circumstances.

GEN's holdings of 110 million GM common shares are exposed to market pricing risk, foreign exchange risk and other risks associated with a global manufacturer and distributor of vehicles. For each US $1/share change in price, the resulting value of our investment changes the CAD equivalent of US$110 million. Similarly a C$0.01 change in the CAD/USD exchange rate affects the value of our GM holdings by $41 million at September 2013 price levels. Given the swings in the share price of GM common shares in the first nine months of 2013 from a high of approximately US$ 37 to a low of US$ 26 this risk in value is material.

Changes in share value are reflected in Other Comprehensive Income as detailed in our Consolidated Statement of Comprehensive Income. Our divestment strategy and analysis incorporates the risk associated with market and foreign exchange risks. The changes in CAD/USD exchange rate do not materially impact our cash flow at GEN since a significant portion of GEN's expenditures are in USD. GEN pays dividends in USD to further reduce any foreign exchange exposure.

The global auto industry continues to be impacted by several factors including, among others: strong competition, over capacity in certain markets, significant capital investments to design and manufacture vehicles that the market demands, consumer confidence and the global economic environment and more specifically the economy in the U.S. and Europe. 2013 has experienced a significant improvement in the market for light vehicles in the U.S. where annualized light vehicle sales rates have increased in 2013 from approximately 15.2 million in early 2013 to over 16 million in August.

CEI is subject to considerable liabilities, as discussed above, due to its undertakings to Cameco as part of the 1988 Purchase and Sale agreement. Liabilities for the Beaverlodge mine site are currently estimated at $18 million. CEI has approximately $4 million in cash and short-term investments and $23 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 known liabilities at present. Since the level and type of activity under sales agency roles or other undertakings requested by the Minister are hard to predict, we maintain a working capital level of $20 million at CDEV to provide for possible costs given that CDEV cannot receive appropriations from the Government.

The CAMR programme is funded by cash resources of CDEV. Given the cash available from CHHC dividends, the costs associated with this programme do not materially increase the risks to CDEV. Agency roles however can be more costly. Although it is expected that CDEV may be reimbursed for such costs through the sales process, this is not guaranteed.

6.0 FINANCIAL SECTION

6.1 Financial Overview for 2013

Consolidated profit is forecast for 2013 at $897 million which includes GEN income of $725 million, CHHC income of $181 million less costs to operate CDEV as shown on Schedule 4. Dividends paid are forecast for 2013 at $1,303 million including $1.1 billion in proceeds from the GM common share sales and the balance from GM preferred dividend income and CHHC dividends, net of cash retained to fund CDEV operations.

GEN pays dividends to CDEV after GEN meets its obligations and CDEV then pays a dividend, one third of which is to the Government of Ontario as directed.

CDEV operating expenses for 2013 are forecast at $8.8 million including divestiture, asset review and agency costs. This is above plan due to agency costs incurred.

CEI forecasts 2013 operating expenses of $0.3 million, similar to plan.

GEN forecasts 2013 operating expenses of $1 million, similar to plan.

Included in this plan are five-year proforma financial projections as follows (December year-end):

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 Expense - Financial projections assume management and the Board continue to closely manage costs. Forecast administration costs (Salary, Benefits and Other) are approximately $ 2.1 million annually throughout the planning period which is the same as the 2013 forecast. Divestiture costs and asset review costs are expected to decline in the planning period. Certain agency role costs are expected to be recovered in the planning period.

2) Dividends Paid to Government

2014	$ 582 million
2015	87
2016	111
2017	102
2018	84

Forecast dividends in 2015 are lower than the 2014 dividends due to reduced production and sales by CHHC and the dividend of proceeds of the GM preferred shares expected to be repurchased by GM in 2014. GEN's dividend income is projected to be US$36 million (CAD $37 million) in 2014. Dividends in 2018 are lower due to expected reduced oil production and sales.

3) Foreign Exchange Rate – For the plan period, 2014 to 2018, an exchange rate of US$1.00 equals C$1.03 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 $0.3 million in 2014 to 2018.

7) Site Restoration (Beaverlodge) - CEI has accrued anticipated costs of approximately $18 million for the decommissioning of the Beaverlodge site which is anticipated to be completed by 2022 but may be extended depending on plans developed with Cameco.

8) Retiree Benefits – Annual benefits and administration payments are estimated at $0.3 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.

Canada GEN Investment Corporation

11) GM Common Shares – The traded share price near the end of September 2013 of US$ 36 per share has been assumed to remain constant through the plan period as no reliable method of predicting the future share price is available. GEN is not predicting any share sales for the purposes of the financial projections but the timing of sales will be dependent on the market.

12) Operating Expenses – GEN's operating expenses, primarily consisting of legal and financial advisory costs, are projected at $1 million annually throughout the planning period but can vary depending on any GM common share sale activity.

13) Dividend Income and retention of funds – GEN expects to receive dividends of US$36 million (C$37 million) in 2014. GEN will retain adequate funds at the end of 2014 to fund the operations of GEN through 2015 and beyond.

14) GM Preferred shares – Preferred shares are expected to be repurchased by GM at the end of 2014 at par value of US$ 25 per share or US$403 million.

6.4 Capital Budget

Neither we, nor our wholly owned subsidiaries CHHC, CEI or GEN, require any capital funding for the 2014 fiscal year. Any capital outlays by CHHC are funded from operating cash flow. CDEV, GEN and CEI are not involved in capital intensive businesses.

Schedule 1 - Proforma Consolidated Statements of Financial Position

$ millions (Dec 31)

	2012 Actual	2013 Plan	2013 Forecast	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan
Assets								
Currents assets:								
Cash and cash equivalents	97.33	85.22	106.50	86.62	85.06	84.74	83.05	82.84
Accounts receivable	62.08	3.39	55.80	21.38	21.38	21.38	21.38	21.38
Other	7.09	7.12	7.49	7.95	6.00	6.00	6.10	5.67
	166.50	**95.73**	**169.79**	**115.95**	**112.44**	**112.12**	**110.53**	**109.89**
Non current assets:								
Cash on deposit in CRF (CEI)	23.36	20.45	23.16	18.93	18.07	16.23	14.28	12.84
Abandonment and risk fund	95.71	96.51	96.58	97.40	98.23	99.06	99.90	100.75
Property & equipment	163.07	170.31	155.94	193.04	227.30	239.65	252.60	279.30
Cash and equivalents held in Escrow	5.97	5.97	5.97	11.92	11.92	11.92	11.92	11.92
Investments	4,435.65	3,770.03	4,516.94	4,081.94	4,081.94	4,081.94	4,081.94	4,081.94
Deferred tax asset	4.38	0.91	8.44	4.14	0.60	-	-	-
	4,728.14	**4,064.18**	**4,807.03**	**4,407.37**	**4,438.06**	**4,448.80**	**4,460.64**	**4,486.75**
	4,894.64	**4,159.91**	**4,976.82**	**4,523.32**	**4,550.50**	**4,560.92**	**4,571.17**	**4,596.64**
Liabilities and Shareholder's Equity								
Current liabilities	**54.82**	**24.52**	**38.07**	**27.97**	**26.02**	**26.02**	**26.12**	**25.69**
Long term liabilities	**115.11**	**94.41**	**95.38**	**92.59**	**90.58**	**93.39**	**96.20**	**102.19**
Shareholder's Equity								
Share capital	-	-	-	-	-	-	-	-
Contributed surplus	3,216.29	3,216.29	2,757.14	2,342.14	2,342.14	2,342.14	2,342.14	2,342.14
Accumulated deficit	(364.24)	(393.35)	(310.87)	(336.48)	(305.34)	(297.73)	(290.39)	(270.48)
Accumulated other comprehensive income	1,872.66	1,218.04	2,397.10	2,397.10	2,397.10	2,397.10	2,397.10	2,397.10
	4,724.71	**4,040.98**	**4,843.37**	**4,402.76**	**4,433.90**	**4,441.51**	**4,448.85**	**4,468.76**
	4,894.64	**4,159.91**	**4,976.82**	**4,523.32**	**4,550.50**	**4,560.92**	**4,571.17**	**4,596.64**

Note - see Appendix B for CHHC detailed Financial Statement

Schedule 2 - Proforma Consolidated Statements of Cashflow

$ millions (Dec 31)

	2012 Actual	2013 Plan	2013 Forecast	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan
Cash provided by (used in):								
Operating activities:								
Profit for the year	184.56	158.95	897.01	141.69	118.14	118.61	109.34	103.91
Adjustments for								
Non-cash deductions - CHHC	15.91	38.52	41.07	40.37	35.40	37.60	36.79	36.66
Other non cash deductions	(1.19)	-	4.10	-	-	-	-	-
Change in fair value held-for-trading assets	7.00	6.00	(16.00)	20.00	-	-	-	-
Interest income from CRF - CEI	(0.22)	(0.22)	(0.22)	(0.23)	(0.19)	(0.17)	(0.15)	(0.14)
Gain on sale of investment	-	-	(679.60)	-	-	-	-	-
Change in other provisions - CEI	(7.59)	(2.19)	(2.10)	(2.86)	(3.34)	(1.41)	(1.43)	(1.55)
Decommissioning activities incurred	(2.16)	(1.56)	(1.18)	(2.04)	(3.32)	(2.00)	(2.00)	(2.00)
	196.31	199.50	243.08	196.93	146.69	152.63	142.55	136.88
Change in non-cash working capital	(7.30)	20.92	(10.91)	23.86	-	-	-	-
	189.01	**220.42**	**232.17**	**220.79**	**146.69**	**152.63**	**142.55**	**136.88**
Financing activities:								
Dividends paid	(145.86)	(177.30)	(843.64)	(167.30)	(87.00)	(111.00)	(102.00)	(84.00)
Dividends paid from contributed surplus	-	-	(459.15)	(415.00)	-	-	-	-
Lease obligation payments	(1.49)	(1.86)	(1.55)	-	-	-	-	-
	(147.35)	**(179.16)**	**(1,304.34)**	**(582.30)**	**(87.00)**	**(111.00)**	**(102.00)**	**(84.00)**
Investing:								
Proceeds on sale of investments	-	-	1,134.24	415.00	-	-	-	-
Purchase of property and equipment - CHHC	(33.51)	(44.52)	(52.03)	(70.60)	(63.42)	(43.12)	(43.40)	(54.24)
Withdrawal from CRF	14.00	4.00	-	4.00	3.00	2.00	2.00	2.00
Cash and cash equivalents held in escrow	(0.41)	-	-	(5.95)	-	-	-	-
Abandonment and risk fund	2.58	(0.81)	(0.87)	(0.82)	(0.83)	(0.83)	(0.84)	(0.85)
	(17.34)	**(41.33)**	**1,081.34**	**341.63**	**(61.25)**	**(41.95)**	**(42.24)**	**(53.09)**
Increase (decrease) in cash & cash equivalents	24.33	(0.07)	9.17	(19.88)	(1.56)	(0.32)	(1.69)	(0.21)
Cash and cash equivalents, beginning of year	73.00	85.29	97.33	106.50	86.62	85.06	84.74	83.05
Cash and cash equivalents, end of year	**97.33**	**85.22**	**106.50**	**86.62**	**85.06**	**84.74**	**83.05**	**82.84**

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

$ millions (Dec 31)

	2012 Actual	2013 Plan	2013 Forecast	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan
Share Capital								
Balance, beginning and end of year	-	-	-	-	-	-	-	-
Contributed Surplus								
Balance, beginning of year	**3,216.29**	**3,216.29**	**3,216.29**	**2,757.14**	**2,342.14**	**2,342.14**	**2,342.14**	**2,342.14**
Dividends paid	-	-	(459.15)	(415.00)	-	-	-	-
Balance, end of year	**3,216.29**	**3,216.29**	**2,757.14**	**2,342.14**	**2,342.14**	**2,342.14**	**2,342.14**	**2,342.14**
Accumulated deficit								
Balance, beginning of year	(402.74)	(375.00)	(364.24)	(310.87)	(336.48)	(305.34)	(297.73)	(290.39)
Profit	184.56	158.95	897.01	141.69	118.14	118.61	109.34	103.91
Actuarial loss on defined benefit obligation	(0.20)	-	-	-	-	-	-	-
Dividends paid	(145.86)	(177.30)	(843.64)	(167.30)	(87.00)	(111.00)	(102.00)	(84.00)
Balance, end of year	**(364.24)**	**(393.35)**	**(310.87)**	**(336.48)**	**(305.34)**	**(297.73)**	**(290.39)**	**(270.48)**
Accumulated other comprehensive income								
Balance, beginning of year	745.22	1,285.41	1,872.66	2,397.10	2,397.10	2,397.10	2,397.10	2,397.10
Realized gain on sale of GM shares	-	-	(679.60)	-	-	-	-	-
Net change in fair value of financial assets	1,127.44	(67.37)	1,204.04	-	-	-	-	-
Balance, end of year	**1,872.66**	**1,218.04**	**2,397.10**	**2,397.10**	**2,397.10**	**2,397.10**	**2,397.10**	**2,397.10**
Total Shareholder's equity	**4,724.71**	**4,040.98**	**4,843.37**	**4,402.76**	**4,433.90**	**4,441.51**	**4,448.85**	**4,468.76**

Schedule 4 - Proforma Consolidated Statements of Comprehensive Income

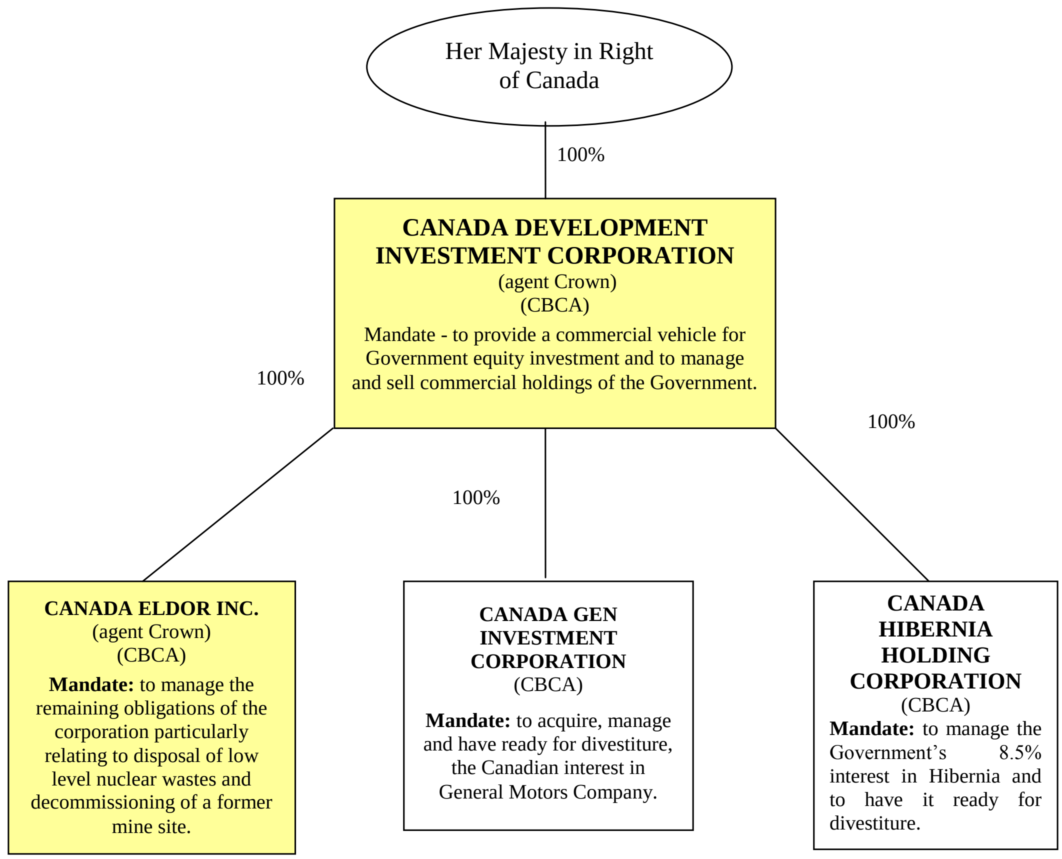
$ millions (Dec 31)

	2012 Actual	2013 Plan	2013 Forecast	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan
CDEV (non-consolidated)								
Operating income	0.35	0.32	0.35	0.34	0.34	0.34	0.34	0.34
Operating expense	8.01	6.40	8.76	0.35	1.46	3.43	3.46	3.49
Net Income	**(7.66)**	**(6.08)**	**(8.41)**	**(0.01)**	**(1.12)**	**(3.09)**	**(3.11)**	**(3.14)**
CEI								
Operating income	0.32	0.28	0.27	0.27	0.22	0.20	0.17	0.16
Operating expense	0.25	0.35	0.33	0.31	0.31	0.31	0.31	0.31
Net operating income (loss)	0.07	(0.06)	(0.06)	(0.04)	(0.09)	(0.11)	(0.14)	(0.15)
Defined benefit expense	(0.09)	(0.09)	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
Site restoration costs	(8.37)	(0.32)	(0.24)	(0.22)	(0.20)	(0.18)	(0.16)	(0.14)
Net Income	**(8.39)**	**(0.47)**	**(0.38)**	**(0.34)**	**(0.37)**	**(0.37)**	**(0.38)**	**(0.37)**
GEN								
Operating income	35.99	36.23	37.12	37.31	-	-	-	-
Operating expense	1.11	0.92	1.03	0.94	0.74	0.74	0.74	0.74
Net operating income (loss)	34.88	35.31	36.09	36.37	(0.74)	(0.74)	(0.74)	(0.74)
Gain on sale of investments	-	-	679.60	-	-	-	-	-
Foreign exchange gain (loss)	0.05	-	(7.18)	-	-	-	-	-
Change in fair value of held for trading financial assets	(7.00)	(6.00)	16.00	(20.00)	-	-	-	-
Net Income	**27.93**	**29.31**	**724.51**	**16.37**	**(0.74)**	**(0.74)**	**(0.74)**	**(0.74)**
CHHC								
Operating income	299.76	263.61	327.44	240.65	227.54	232.31	218.99	208.33
Operating expense	59.82	67.64	74.77	65.56	59.83	60.20	60.64	57.69
Income taxes	67.26	59.78	71.38	49.42	47.34	49.30	44.78	42.48
Net income (1)	**172.68**	**136.19**	**181.29**	**125.67**	**120.37**	**122.81**	**113.57**	**108.16**
Profit (Consolidated)	**184.56**	**158.95**	**897.01**	**141.69**	**118.14**	**118.61**	**109.34**	**103.91**
Other Comprehensive Income (Loss)								
Net Actuarial Gain	(0.20)	-	-	-	-	-	-	-
Realized gain on sale of GM shares	-	-	(679.60)	-	-	-	-	-
Unrealized change in fair value - GM	1,127.44	(67.37)	1,204.04	-	-	-	-	-
	1,127.24	**(67.37)**	**524.44**	**-**	**-**	**-**	**-**	**-**
Comprehensive Income	**1,311.80**	**91.58**	**1,421.45**	**141.69**	**118.14**	**118.61**	**109.34**	**103.91**

(1) see Appendix B

Appendix A

CANADA DEVELOPMENT INVESTMENT CORPORATION



Note - PPP Canada Inc has been proclaimed a parent Crown Corporation and although CDEV is its sole shareholder it has no further management responsibility for this company.

Appendix A (cont.)

Board of Directors

N. William C. Ross, LL.M. [(2) (3)]
Chairman
Canada Development Investment Corporation
Chairman Emeritus and Partner
WeirFoulds LLP
Toronto, Ontario

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

John James Hillyard, MBA [(2) (3)]
Director
St. John’s, Newfoundland and Labrador

Benita M. Warmbold, FCPA, FCA [(1) (2)]
Senior Vice-President and Chief Financial Officer
Canada Pension Plan Investment Board
Toronto, Ontario

Ted Howell, CA, MBA [(1) (3)]
Director
St. John’s, Newfoundland and Labrador

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

Mary Beth Montcalm, PhD [(2)]
Director
Toronto, Ontario

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
Vice-President, Finance

Zoltan Ambrus
Vice-President

Patrice Walch-Watson
Corporate Secretary

CHHC

Appendix B

CANADA HIBERNIA HOLDING CORPORATION

A wholly owned subsidiary of

Canada Development Investment Corporation

2013 CORPORATE PLAN SUMMARY

(2014 – 2018)

December, 2013

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 8.5% working interest in the Hibernia project, located 315 km east of St. John's, Newfoundland and Labrador. The Government of Canada (Canada) stepped into the project when Gulf Canada, one of the project's original four participants withdrew. CHHC only engages in business that relates to Hibernia.

Hibernia has been a very successful venture. Cash in excess of operational requirements was initially used to repay the $431 million in appropriations from Canada and, subsequently, to pay dividends to its shareholder. CHHC forecasts that it will have paid cumulative dividends of $1.8 billion to the end of 2013.

The 2013 dividend forecast of $142 million is similar to the 2013 plan of $147 million. More favorable crude oil prices, higher daily production, and a positive one time negotiated inventory drawdown were offset by increased capital expenditures, timing of revenue collections and additional cash held at year-end to provide for Q1 2014 expenditures.

For 2014, CHHC forecasts that $133 million in dividends will be paid to CDEV.

CHHC's primary goal is to manage the shareholder's 8.5% ownership in the Hibernia project and other Hibernia-related developments assuring that the shareholder's interest is protected and its value is maximized. CHHC pursues this goal through active participation in all committees which oversee the strategic direction of the operation, providing input on operational matters including safety and environmental protection, conservatively managing the revenue stream, assuring adherence to all government regulations and contractual obligations, and a diligent involvement in marketing and transporting CHHC's share of oil production. CHHC approaches all decision making in a commercially prudent manner. A secondary goal is to maintain the asset in a state of readiness should Canada elect to divest of the asset.

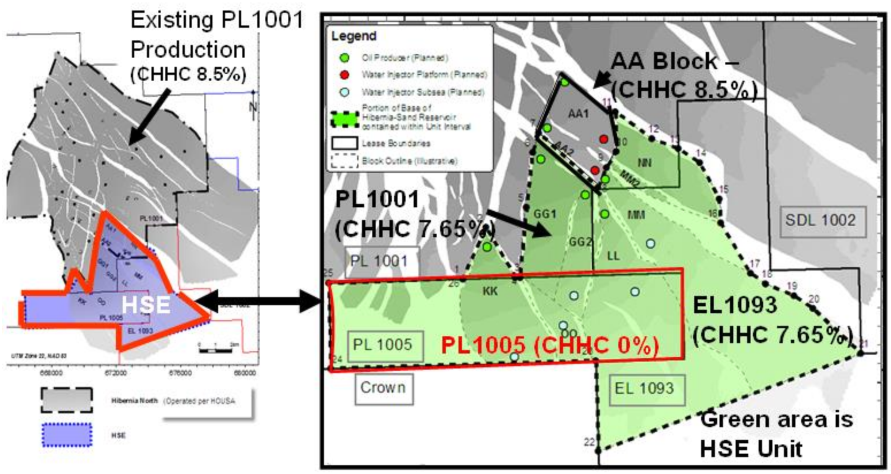
CHHC is a single asset company deriving its cash flow solely from its Hibernia production operating activities and assets which include its share of Hibernia area field production, Hibernia facility use and processing fees, its tanker asset and its reserved capacity interest at Newfoundland Transshipment Ltd (NTL).

While CHHC's initial share of funding was obtained through appropriations from Canada, funding since 1998 has come from the sale of CHHC's portion of crude oil produced at Hibernia. CHHC is responsible for having sufficient cash available to fund its capital and operating costs, royalties, Net Profits Interests (NPI), income taxes, administrative costs and future abandonment costs without further appropriations from the shareholder. CHHC is also responsible for paying federal and provincial income taxes, royalties and the NPI on the same basis as it would if CHHC was a private sector company.

The Hibernia field consists of the PL1001 production license area originally approved for development and the new Hibernia Southern Extension (HSE) area which comprises portions of PL1001 and all of PL1005 and EL1093 license areas. CHHC's interest in the existing production of PL1001 and the non-unit portions of the new HSE area in PL1001 is 8.5%. The other Owners in these PL1001 areas are: ExxonMobil (33.125%), Chevron (26.875%), Suncor (20.0%), Murphy (6.5%) and Statoil (5.0%).

In 2009, the PL1005 and EL1093 Owners agreed to pool their ownership interests with a portion of the original PL1001 lease and form the Hibernia Southern Extension Unit (HSE Unit). In February 2010, Nalcor, the Province of Newfoundland and Labrador's oil company, acquired a 10% equity interest from all the Hibernia Owners, in certain defined HSE lands, proportional to each Hibernia Owners' working interest. Accordingly, Nalcor now has an initial 10% working interest in the HSE Unit.

The following diagram shows the CHHC working interests in the existing production PL1001 lease, the HSE non-Unit PL1001 AA block area and the resulting CHHC working interest in the Unit portion of PL1001 and EL1093 (now designated as PL1011) licenses after the sale to Nalcor. CHHC's initial HSE Unit working interest is 5.08482% which will be re-determined according to the adjustment process in the Unit Agreement. The HSE Unit comprises the combination of the areas identified below as the PL1005 (CHHC 0%), EL1093 (CHHC 7.65%) and the PL1001 portion of the Unit (CHHC 7.65%) areas. The HSE Unit area is colored green below.



The project is operated by the Hibernia Management and Development Company on behalf of the Owners, with the management, administrative and technical staff being provided under contract from ExxonMobil Corporation. The HSE Unit is operated in a similar manner.

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

2.0 Review of 2013 Operations

Current year estimates are based on eight months of actual performance and four months forecast (see Schedule II for details). The actual timing of cargo deliveries can have a substantial effect on year-end fiscal results.

The 2013 dividend forecast of $142 million is similar to the 2013 plan of $147 million. More favorable crude oil prices, higher daily production, and a positive one time negotiated inventory drawdown were offset by increased capital expenditures, timing of revenue collections and additional cash held at year-end to provide for Q1 2014 expenditures.

CHHC's 2013 revenue is forecasted at $512 million compared to $422 million in the plan. Gross Hibernia production for 2013 is forecasted at 137,000 barrels of oil per day (bopd) compared to the plan of 134,400 bopd.

The oil price for 2013 is expected to average CAD $114 per barrel (bbl), 14% higher than the planned amount of CAD $100 per bbl.

Total Hibernia gross operating costs are forecast to be lower than planned primarily due to lower well work and overhead costs. The 2013 CHHC share of operating costs is expected to be $21 million. In addition, CHHC's direct general and administrative costs for 2013 are estimated to be $2.9 million.

During 2013, CHHC paid a 30% net royalty rate for Hibernia non-unit, a 42.5% net royalty rate for the AA blocks, a sliding scale net royalty rate up to 42.5% on the PL1001 portion of the HSE Unit and a 5% gross royalty rate on the PL1011 HSE Unit production to the Province. In addition, CHHC paid 10% NPI payments to Canada on PL1001 production.

Hibernia continues to ensure that processes are in place and that action is being taken to achieve the objectives of its safety, health and environment program.

Total Hibernia gross capital expenditures for 2013 are lower than budgeted due to the deferral of certain capital projects, fewer capital work overs and abandonments offset by the HSE Unit's high activity levels in drilling associated with the commencement of offshore HSE Unit water injection well drilling and the higher project costs associated with the installation of subsea equipment. CHHC's 2013 share of capital expenditures is expected to be $52 million.

In addition to the ongoing significant drilling expenditures at Hibernia, the major initiative for the Hibernia Owners in 2013 was the continuing implementation of HSE Unit development, which received project approval in 2011. Development of the HSE Unit continued throughout the year on the initial 5 reservoir blocks in the Unit. The subsea equipment, pipeline and umbilical were installed in the summer of 2013 to enable water injection for the new Unit wells. Late in 2013, the drilling of the subsea water injection wells commenced using a floating Mobile Offshore Drilling Unit (MODU). The project is on plan from a cost perspective and on time for completion as per the revised schedule.

Although the first two HSE Unit oil wells were drilled in 2011, they continue to be produced at low rates due to reservoir pressure constraints. These production constraints should be removed by year-end 2014 after their corresponding water injection wells begin operation.

This drilling of additional producer-injector well pairs in the HSE Unit will add considerable incremental production. The HSE Unit development plan involves drilling water injection wells utilizing a floating drilling rig (MODU), pipeline tie-in of these wells back to the Hibernia platform and drilling additional oil producing wells from the platform.

In 2013, the Hibernia Owners approved a second phase of development in the HSE Unit for 4 BNA sands blocks and 1 additional Hibernia sands (NN) block.

In the main part of the field (non-Unit), Hibernia Owners continue to identify opportunities to optimize ultimate recovery and production. Two specific projects are to develop additional BNA blocks and to implement a pilot for enhanced oil recovery. Project decisions could occur in 2014. Construction of the new gas lift system to improve well productivity is continuing with completion scheduled for 2014.

3.0 Objectives for 2014

CHHC's objectives and strategies focus on all Hibernia operations. CHHC works with other Hibernia Owners to preserve and enhance the Hibernia asset through projects such as implementing HSE Unit development, optimizing ultimate recovery and production, diversification of markets for Hibernia crude, discussions of a transportation agreement to align the needs of all Grand Banks producers and providing input to the operator on operational matters including safety and environmental protection.

4.0 Marketing and Transportation

The price that CHHC receives for its product is linked to the Dated Brent benchmark which is used for supply pricing for refineries with access to international waterborne crude deliveries. The price of Brent fluctuates with global supply and demand issues, geopolitical factors and is priced in U.S. dollars.

The marketing contract with Suncor was continued which includes a market pooling agreement with Suncor and other parties. CHHC continues to participate in a short-term sharing of tanker capacity among all Grand Banks producers and participates with other Hibernia and Grand Banks owners in discussions and consideration of a long term tanker chartering and NTL cost sharing agreement.

5.0 Risk

This Corporate Plan has the normal variability associated with crude pricing, capital expenditures, operating expenditures and reservoir performance. Of these variables, the following are deemed important to CHHC for the 2014 Corporate Plan:

a) Operational and technical issues and risks
b) Commodity price risk

c) Foreign currency risk
d) Regulations and royalties issues and risks
e) Environmental issues and risks
f) Abandonment and risk reserve
g) Information and Data Security

For expansion projects, the major unpredictable uncertainties are related to reservoir quality, reservoir thickness, connectivity in the reservoir between wells and oil-water contact depth.

With respect to marketing crude, CHHC does not engage in crude oil price or foreign exchange hedging. The current marketing arrangement with Suncor provides a more stable cash flow as CHHC shares in the revenue from a larger number of cargoes throughout the year, hence more pricing dates to mitigate exposure to price volatility without financial hedging.

6.0 Financial Information – 2014 Plan

CHHC has planned for an average gross Hibernia production rate of 120,000 bopd in 2014. When integrated with the transportation and lifting schedule, this should result in the sale for CHHC's account of 3.35 million barrels. Production in 2014 is forecasted to be lower, primarily due to project delays in water injection into the HSE Unit, as well as lower main field production. Sales in 2013 were also higher because of a drawdown from inventory.

The revenue for 2014 is projected at $348 million. The price assumption for 2014 is $100 per bbl compared to the current forecast average for 2013 of $114 per bbl. This is offset slightly by a US$ exchange rate of 1.03 used in the current corporate plan, compared to 1.00 last year.

CHHC's share of operating expenses for 2014 is forecasted at $26 million (field and well, insurance, transportation and administration, less facility/processing fees and less interest income). Net operating cash flow is forecast to be $166 million, after project expenses, royalty payments of $86 million, NPI payments of $25 million and income taxes of $45 million. General and administration costs in 2014 of $3.1 million reflect high activity levels associated with new developments and negotiations.

It should be noted that as production increases from the Hibernia Southern Extension Unit, CHHC's share of total field production and related costs decrease as CHHC's working interest share in the HSE Unit is 5.08482% compared to 8.5% in the non-unit area.

CHHC's share of planned capital expenditures is $71 million (up from $52 million in 2013), composed of $40 million for drilling (81% directed to HSE Unit) and $31 million for facility projects (20% directed to HSE Unit). The capital plan includes funds for drilling, gas lift equipment, HSE Unit development and BNA development in the non-unit portion of the field.

2014 dividends of $133 million are higher than cash flows available for dividends (operating cash inflows less investing cash outflows), due to collection of a 2013 cargo sale in 2014, and cash on-hand at the end of 2013 which will be available for 2014.

CHHC's cash inflows are sensitive to crude oil price, exchange rates and production volumes. Sensitivities of these items on 2014 annual cash flows, after tax, are as follows:

Item	Sensitivity	CHHC After Tax Cash Flow Change ($CAD Million)
Oil Price	US$ 1.00/barrel	$2
US$ Exchange Rate	$ 0.01	$2
Hibernia Production Volume	10,000 barrels of oil per day	$17 *

* Note: The amount shown assumes there is a cash flow change for every additional barrel produced during the year. CHHC shares crude oil shipments at the GBS in cargo increments. Therefore production increases do not always directly translate into cash flow increases within a given year. A 10,000 bopd increase in platform gross production equals 310,250 additional barrels over the year for CHHC's interest

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 2013, the staff is forecast to consist of 8 full and part-time employees and 1 part-time consultant. Reservoir evaluation, legal, audit, insurance, administrative and other advisory services are also accessed when required.

8.0 Proforma Financial Statements

In 2011, CHHC adopted International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The 2012 financial statements of CHHC were prepared in accordance with IFRS, including 2011 comparatives.

Attached are Schedules I, II and III

Canada Hibernia Holding Corporation — Schedule I
Proforma Statements of Financial Position
December 31, 2012 To 2018
CAD$ millions

	Actual 2012	Forecast 2013	Plan 2014	Plan 2015	Plan 2016	Plan 2017	Plan 2018
Assets							
Current assets:							
Cash and investments operating	68.97	82.79	60.28	60.48	60.94	60.06	60.79
Accounts receivable	61.69	55.80	21.38	21.38	21.38	21.38	21.38
Prepaid and deferred	0.29	0.29	0.29	0.29	0.29	0.29	0.29
Inventory	4.04	4.04	4.04	4.04	4.04	4.04	4.04
Total current assets	**134.99**	**142.92**	**85.99**	**86.19**	**86.65**	**85.77**	**86.50**
Plant and equipment:							
Hibernia project facilities	257.19	292.74	363.34	426.76	469.88	513.28	567.52
Crude oil tanker	13.55	13.55	13.55	13.55	13.55	13.55	13.55
Total plant and equipment at cost	270.74	306.29	376.89	440.31	483.43	526.83	581.07
Less accumulated depletion and depreciation	(107.67)	(150.35)	(183.85)	(213.01)	(243.78)	(274.23)	(301.77)
Net plant and equipment	**163.07**	**155.94**	**193.04**	**227.30**	**239.65**	**252.60**	**279.30**
Other assets:							
Deferred tax asset	4.38	8.44	4.14	0.60	-	-	-
Cash held in escrow	5.97	5.97	11.92	11.92	11.92	11.92	11.92
Abandonment and risk fund	95.71	96.58	97.40	98.23	99.06	99.90	100.75
Total other assets	**106.06**	**110.99**	**113.46**	**110.75**	**110.98**	**111.82**	**112.67**
	404.12	**409.85**	**392.49**	**424.24**	**437.28**	**450.19**	**478.47**
Liabilities and Shareholder's Equity							
Current liabilities:							
Accounts payable and accrued liabilities	47.99	28.90	23.73	23.73	23.73	23.73	23.73
Income taxes payable	1.14	3.50	0.24	0.24	0.24	0.24	0.24
Current lease obligation	1.81	2.13	-	-	-	-	-
Due to shareholder	0.38	0.38	0.38	0.38	0.38	0.38	0.38
Total current liabilities	**51.32**	**34.91**	**24.35**	**24.35**	**24.35**	**24.35**	**24.35**
Other liabilities:							
Long term lease obligation	1.94	-	-	-	-	-	-
Future income taxes	-	-	-	-	3.39	6.75	12.74
Asset retirement obligations	94.02	78.81	79.34	78.72	79.56	80.54	81.67
Total other liabilities	**95.96**	**78.81**	**79.34**	**78.72**	**82.95**	**87.29**	**94.41**
Shareholder's equity:							
Retained earnings	256.84	296.13	288.80	321.17	329.98	338.55	359.71
Total shareholder's equity	**256.84**	**296.13**	**288.80**	**321.17**	**329.98**	**338.55**	**359.71**
	404.12	**409.85**	**392.49**	**424.24**	**437.28**	**450.19**	**478.47**

Canada Hibernia Holding Corporation — Schedule II
Proforma Statements Of Operations And Retained Earnings
Years Ended December 31, 2012 To 2018
CAD$ millions

	Actual 2012	Forecast 2013	Plan 2014	Plan 2015	Plan 2016	Plan 2017	Plan 2018
Revenue							
Crude oil sales	470.60	512.07	348.20	321.44	335.77	332.19	300.43
Royalty	(131.28)	(144.71)	(86.00)	(77.14)	(88.61)	(97.30)	(79.25)
Net profits interest	(41.33)	(42.59)	(25.26)	(21.95)	(23.64)	(22.59)	(19.56)
Net crude oil sales	297.99	324.77	236.94	222.35	223.52	212.30	201.62
Interest income	1.77	1.87	1.71	1.59	1.59	1.59	1.61
Facility & processing fees	0.35	0.80	2.00	3.60	7.20	5.10	5.10
Total revenue	**300.11**	**327.44**	**240.65**	**227.54**	**232.31**	**218.99**	**208.33**
Expenses							
Field operating	16.37	20.91	22.34	18.42	16.75	17.19	17.48
Transportation	2.59	5.80	4.04	6.57	7.11	7.21	6.67
Administration	2.73	2.85	3.09	2.98	2.73	2.81	2.87
Interest - capital lease	0.12	0.08	0.02	-	-	-	-
Depreciation & depletion	37.11	42.68	33.50	29.16	30.77	30.45	27.54
Accretion	1.76	2.45	2.57	2.70	2.84	2.98	3.13
Other	(0.52)	-	-	-	-	-	-
Total expenses	**60.16**	**74.77**	**65.56**	**59.83**	**60.20**	**60.64**	**57.69**
Net income before tax	**239.95**	**252.67**	**175.09**	**167.71**	**172.11**	**158.35**	**150.64**
Income taxes							
Future income tax	(3.19)	(4.06)	4.30	3.54	3.99	3.36	5.99
Actual current income tax	70.46	75.44	45.12	43.80	45.31	41.42	36.49
Total income taxes	67.27	71.38	49.42	47.34	49.30	44.78	42.48
Net income	**172.68**	**181.29**	**125.67**	**120.37**	**122.81**	**113.57**	**108.16**
Retained earnings:							
Beginning of year	204.16	256.84	296.13	288.80	321.17	329.98	338.55
Dividends	(120.00)	(142.00)	(133.00)	(88.00)	(114.00)	(105.00)	(87.00)
End of year	**256.84**	**296.13**	**288.80**	**321.17**	**329.98**	**338.55**	**359.71**

Canada Hibernia Holding Corporation — Schedule III
Proforma Statements Of Cash Flow
Years Ended December 31, 2012 To 2018
CAD$ millions

	Actual 2012	Forecast 2013	Plan 2014	Plan 2015	Plan 2016	Plan 2017	Plan 2018
Operating activities:							
Income for year	172.68	181.29	125.67	120.37	122.81	113.57	108.16
Non-cash deductions	15.78	41.07	40.37	35.40	37.60	36.79	36.66
Changes in non-cash working capital	(4.65)	(10.91)	23.86	-	-	-	-
Abandonment activities	(2.16)	(1.18)	(2.04)	(3.32)	(2.00)	(2.00)	(2.00)
	181.65	**210.27**	**187.86**	**152.45**	**158.41**	**148.36**	**142.82**
Investing activities:							
Hibernia project facilities & wells	(33.50)	(52.03)	(70.60)	(63.42)	(43.12)	(43.40)	(54.24)
Cash held in escrow	(0.42)	-	(5.95)	-	-	-	-
Abandonment and risk fund	(0.81)	(0.87)	(0.82)	(0.83)	(0.83)	(0.84)	(0.85)
	(34.73)	**(52.90)**	**(77.37)**	**(64.25)**	**(43.95)**	**(44.24)**	**(55.09)**
Financing activities:							
Dividends paid to CDEV	(120.00)	(142.00)	(133.00)	(88.00)	(114.00)	(105.00)	(87.00)
Lease obligation payments	(1.36)	(1.55)	-	-	-	-	-
	(121.36)	**(143.55)**	**(133.00)**	**(88.00)**	**(114.00)**	**(105.00)**	**(87.00)**
Change in cash	**25.56**	**13.82**	**(22.51)**	**0.20**	**0.46**	**(0.88)**	**0.73**
Cash, beginning of year	**43.41**	**68.97**	**82.79**	**60.28**	**60.48**	**60.94**	**60.06**
Cash, end of year	**68.97**	**82.79**	**60.28**	**60.48**	**60.94**	**60.06**	**60.79**