



CANADIAN MEDICAL DISCOVERIES FUND INC.

# NEW MANAGEMENT BREATHES NEW LIFE INTO CMDF

## New Investment Advisor

On October 6, 2006, Canadian Medical Discoveries Fund (CMDF) announced the appointment of Jove Investment Management Inc. ("Jove") as the new Investment Advisor to the Canadian Medical Discoveries Fund.

The new management team has been extremely active in the strategic restructuring of the portfolio to minimize exposure to early stage investments and refocus the portfolio on later stage businesses. With the objective of reducing investment risk and accelerating positive performance, the portfolio has been refined from over 60 investments earlier in 2006 to approximately 35 investments at the end of the year.

## Portfolio Realignment

The management team has been harvesting CMDF investments and creating portfolio liquidity in order to:

- Align the majority of the portfolio with the revised investment objective
- Free up funds for follow-on investments in promising companies focused on the testing, production and commercialization stages of development
- Provide liquidity and a significant cash position, enabling the investment management team to take advantage of a changing life science marketplace

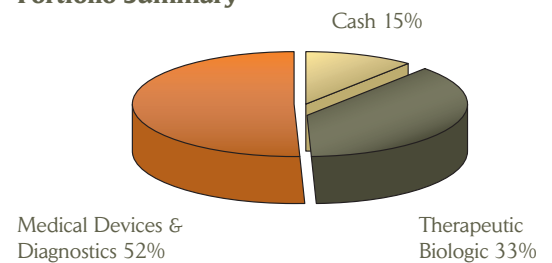
**The Manager believes that the revamped CMDF portfolio and new investment strategy strongly position the Fund to generate positive returns in the coming months and years.**

## Investment Activity Summary

- 2006 Divestitures: \$42.5 million
- 2006 Follow-on Investments: \$19 million
- Q1-Q2 2007 Planned Transactions: \$60+ million

| Portfolio Summary   | Actual - June 30/06 | Target - June 30/07 |
|---------------------|---------------------|---------------------|
| Number of Companies | 45                  | 30                  |
| Cash (% NAV)        | 15%                 | 40%                 |
| Private             | 61%                 | 30%                 |
| Public              | 24%                 | 30%                 |
| Early Stage         | 39%                 | 15%                 |
| Late Stage          | 47%                 | 45%                 |

## Portfolio Summary



**CMDF:** 35% tax credits  
(15% federal and 20% provincial)

**AUM:** \$200 million; 35 investments

**Fund Code:** IPX 202

**Commission:** 6% plus 50 bps trailer  
(effective Jan. 01/07 advisors will receive trailers on existing CMDF assets)

## Account & Processing Inquiries:

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Important information about the funds is contained in their prospectuses. Please obtain a prospectus from a dealer and read it carefully before investing. These investments may not be suitable for all investors. Some conditions apply. Commissions, trailing commissions, management fees and expenses all may be associated with these investments. These funds are not guaranteed, their values change frequently and past performance may not be repeated. Tax credits on amounts invested include 15% federal and 20% provincial on the first \$5,000 invested. The 35% tax credit is only available to residents of Ontario. Residents of all other provinces (other than Saskatchewan) only receive the 15% federal tax credit. Shares must be held for eight years to keep the tax credits.