


on hand as of June 12. This larger than planned draw was due to the timing of the draw coinciding with the end of the second week.

8. The Company has been actively pursuing a sale of its principal asset (the sailing ship Caledonia (the "Vessel")) and as of July 4, 2008, had listed the Vessel with 9 brokers for sale at a purchase price of €8.5 million Euro at a range of commissions between 7 and 10 percent. These brokers service a number of markets in North America, Europe, and the Asia-Pacific areas.
9. In addition to listing the Vessel for sale, the Company has offered the Vessel for long term charter as a standby vessel, inshore accommodation vessel and chase vessel; the Company has also submitted a bid for the Vessel's use in connection with a film production, both as of July 4, 2008.
10. The Company has received requests for information from the listing brokers but has not yet received any offers for purchase or charter of the Vessel.
11. In addition to the foregoing activities related to a potential sale or charter of the Vessel, the Company has been actively seeking new sources of equity and additional financing to allow it to finalize a plan of arrangement to place before its creditors and permit it to continue operating beyond its protection under the CCAA. The Company has had preliminary discussions with one potential source of equity and debt financing and discussions are ongoing with parties, including some of the Senior Secured Creditors.
12. As described above, the Company has been engaged in the process of restructuring its business and operations in order to formulate a plan of arrangement that will balance the interest of all of the Company's stakeholders. It is my belief that, throughout this process, the Company has acted in good faith and due diligence, and is my intention to cause the Company to continue to so act.
13. An extension of the Stay Termination Date set out in the Initial Order would allow the Company to accomplish the following:
 - (a) Continue to generate revenue through sales from operations and obtain bookings for the fall and winter seasons thereby continuing the Company's penetration of its target market;
 - (b) Continue its efforts to raise capital and debt to permit the success of the restructuring; and
 - (c) Allow the Company (through its brokers and agents) to continue the market of the Vessel for either sale or charter.
14. I believe that if the Stay Termination Date is not extended, some of the creditors of the Company will commence proceedings against the Company through the enforcement of security, which would be prejudicial to the interests of the Company and would significantly impair the Company's ability to complete a successful restructuring.

SWORN TO before me at Halifax.
Province of Nova Scotia, this 18th
day of July, 2008.



Gavin D.F. MacDonald
A Barrister of the Supreme Court
of Nova Scotia



DOUGLAS PROTHERO

This is Exhibit "A" referred to in
the Affidavit of Douglas Prothero,
sworn before me this 18th day of
July, 2008.

A handwritten signature in black ink, appearing to read 'G.D.M.', is written over a horizontal line.

Gavin D.F. MacDonald
A Barrister of the Supreme
Court of Nova Scotia

Canadian Sailing Expeditions Inc.
Weekly Cash Receipts and Disbursements
Week #1

	CURRENT WEEK			ACCUMULATED POSITION		
	Actual	Planned Week 1 Jun 30-Jul 6 2008	Variance	Actual End	Planned End Week 1 Jun 30-Jul 6 2008	Variance
CASH, BEGINNING OF PERIOD (see note)	58,767	58,767	-	58,767	58,767	-
CASH RECEIPTS:						
Caledonia Revenue	-	-	-	-	-	-
Charter Fees Booked	-	-	-	-	-	-
Charter Fees Forecasted	-	-	-	-	-	-
Bar	-	-	-	-	-	-
Excursion Commission	-	-	-	-	-	-
Merchandise	-	-	-	-	-	-
DIP Funds	110,000	110,000	-	110,000	110,000	-
	110,000	110,000	-	110,000	110,000	-
CASH DISBURSEMENTS:						
Accounts Payable	-	-	-	-	-	-
Uncleared Cheques	56,341	64,944	(8,603)	56,341	64,944	(8,603)
Credit Card Bill	2,000	-	2,000	2,000	-	2,000
Accrued Current Payroll Liabilities	-	-	-	-	-	-
General and Office	-	1,979	(1,979)	-	1,979	(1,979)
Postage/Courier	-	80	(80)	-	80	(80)
Office Supplies	-	-	-	-	-	-
Computer Supplies/Repairs	-	-	-	-	-	-
General	-	100	(100)	-	100	(100)
Professional Memberships	-	-	-	-	-	-
Licenses/Permits	-	-	-	-	-	-
Telephone equipment	-	-	-	-	-	-
Office Phones/Long Distance	-	-	-	-	-	-
Cell	-	-	-	-	-	-
Security	-	-	-	-	-	-
Rent	-	1,799	(1,799)	-	1,799	(1,799)
Computer Equipment	-	-	-	-	-	-
Salaries	12,069	15,252	(3,183)	12,069	15,252	(3,183)
Combined net pay (all office wk 1)	9,148	12,034	(2,886)	9,148	12,034	(2,886)
Management salaries	-	-	-	-	-	-
CEO	-	-	-	-	-	-
Director Operations	-	-	-	-	-	-
Director Marine Operations	-	-	-	-	-	-
Benefits	-	-	-	-	-	-
Sales and Marketing Salaries	2,921	3,219	(297)	2,921	3,219	(297)
US Sales & Marketing	2,921	3,219	(297)	2,921	3,219	(297)
Corporate Sales	-	-	-	-	-	-
Marketing Associate	-	-	-	-	-	-
Full Time Consumer Sales	-	-	-	-	-	-
Full Time Consumer Sales	-	-	-	-	-	-
Part-time sales	-	-	-	-	-	-
Administration Salaries	-	-	-	-	-	-
Controller	-	-	-	-	-	-
Special Projects	-	-	-	-	-	-
Cruise Coordinator	-	-	-	-	-	-
Professional fees	-	-	-	-	-	-
Legals	-	-	-	-	-	-
Consultancy	-	-	-	-	-	-
Accounting (D.Smith Bai/Audit)	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Hull & Machinery Caledonia	-	-	-	-	-	-
Hull & Machinery Hawk	-	-	-	-	-	-
Protection & Indemnity	-	-	-	-	-	-
Loss of Use	-	-	-	-	-	-
Outstanding Builder's Risk	-	-	-	-	-	-
COFR	-	-	-	-	-	-
MII	-	-	-	-	-	-
Director's Insurance/Life/Office	-	-	-	-	-	-
Sales & Marketing Operating Expenses	-	6,000	(6,000)	-	6,000	(6,000)
Caledonia POS System	-	390	(390)	-	390	(390)
Hawk Mooring	-	600	(600)	-	600	(600)
Charter Cost	49,810	46,207	3,603	49,810	46,207	3,603
Variable Costs	5,321	-	5,321	5,321	-	5,321
Catering	-	-	-	-	-	-
Alcohol	-	-	-	-	-	-
Supplies	321	-	321	321	-	321
Merchandise	-	-	-	-	-	-
Commissions	-	-	-	-	-	-
Petty Cash to Ship (see note below)	5,000	-	5,000	5,000	-	5,000
Fixed Costs	44,489	46,207	(1,718)	44,489	44,570	(81)
Crew Charter	44,489	44,570	(81)	44,489	44,570	(81)
Combined Net Pays (week1)	44,489	44,570	(81)	44,489	44,570	(81)
Master	-	-	-	-	-	-
First Mate	-	-	-	-	-	-

Canadian Sailing Expeditions Inc.
Weekly Cash Receipts and Disbursements
Week #1

	CURRENT WEEK			ACCUMULATED POSITION		
	Actual	Planned	Variance	Actual End	Planned End	Variance
	Week 1			Week 1		
	Jun 30-Jul 6			Jun 30-Jul 6		
	2008			2008		
Bosun	-	-	-	-	-	-
Bosun Mate	-	-	-	-	-	-
Chief Engineer	-	-	-	-	-	-
Second Engineer	-	-	-	-	-	-
Chef	-	-	-	-	-	-
Sous Chef	-	-	-	-	-	-
Steward	-	-	-	-	-	-
Steward	-	-	-	-	-	-
Steward	-	-	-	-	-	-
Steward	-	-	-	-	-	-
Steward	-	-	-	-	-	-
Apprentice	-	-	-	-	-	-
Apprentice	-	-	-	-	-	-
Apprentice	-	-	-	-	-	-
Apprentice	-	-	-	-	-	-
Apprentice	-	-	-	-	-	-
Crew Provisions	-	971	(971)	-	971	(971)
Crew Changes	-	667	(667)	-	667	(667)
Pilot Fees	-	-	-	-	-	-
Repositioning	-	-	-	-	-	-
Leases entered into for Caledonia	-	2,234	(2,234)	-	2,234	(2,234)
Fuel	-	13,747	(13,747)	-	13,747	(13,747)
Docking	-	917	(917)	-	917	(917)
Docking	-	667	(667)	-	667	(667)
Garbage	-	250	(250)	-	250	(250)
Repair and Maintenance	75	3,080	(3,005)	-	-	-
Repairs Electrical	-	425	(425)	-	425	(425)
Repairs Plumbing	-	255	(255)	-	255	(255)
Repairs Rigging	-	425	(425)	-	425	(425)
Repairs Mechanical	-	510	(510)	-	510	(510)
Repairs Paint	-	340	(340)	-	340	(340)
Repairs Drydock	-	-	-	-	-	-
Repairs Wetdock	-	-	-	-	-	-
Anchor Repair	75	75	-	75	-	75
Repairs General	-	1,125	(1,125)	-	1,125	(1,125)
Financing Related	807	500	307	-	-	-
Bank Charges	807	100	707	807	100	707
NSBI Loan Guarantee Payment	-	-	-	-	-	-
Cash Management Charges	-	400	(400)	-	400	(400)
Line of Credit Interest	-	-	-	-	-	-
HST Paid on Expenses	1,214	-	1,214	1,214	-	1,214
	122,317	155,851	(33,534)	122,317	155,851	(33,534)
CASH, END OF PERIOD	46,449	12,916	33,534	46,449	12,916	33,534

Note: Due to our Visa cards being cancelled we sent \$5000 petty cash to the ship (via Michelle Clark bank account). This is for expenses for cruise beginning July 7th
 Note: The starting beginning balance has been changed to reflect further reconciliation and current balances

This is Exhibit "B" referred to in
the Affidavit of Douglas Prothero,
sworn before me this 18th day of
July, 2008.

A handwritten signature in black ink, appearing to read 'G.D.F. MacDonald', is written over a horizontal line.

Gavin D.F. MacDonald
A Barrister of the Supreme
Court of Nova Scotia

Canadian Sailing Expeditions Inc.
Weekly Cash Receipts and Disbursements
Week #2

	CURRENT WEEK			ACCUMULATED POSITION		
	Actual	Planned	Variance	Actual End	Planned End	Variance
	Week 1			Week 1-2		
	Jul 6 - Jul 12			Jun 30-Jul 12		
	2008			2008		
CASH, BEGINNING OF PERIOD	46,449	12,916	33,533	58,767	58,767	-
CASH RECEIPTS:						
Caledonia Revenue	21,449	21,384	66	21,449	21,384	66
<i>Charter Fees</i>	18,915	19,716	(801)	18,915	19,716	(801)
<i>Bar</i>	686	648	41	686	646	41
<i>Excursion (gross-see note below)</i>	1,082	484	598	1,082	484	598
<i>Merchandies</i>	766	538	228	766	538	228
Tips Collected - to be disbursed	2,537		2,537	2,537		2,537
HST Collected	2,886		2,886	2,886		2,886
DIP Funds	100,000	40,000	60,000	210,000	150,000	60,000
	126,873	61,384	65,489	236,873	171,384	65,489
CASH DISBURSEMENTS:						
Accounts Payable						
Uncleared Cheques	1,433		1,433	57,774	64,944	(7,171)
Credit Card Bill		5,000	(5,000)	2,000	5,000	(3,000)
Accrued Current Payroll Liabilities						
General and Office	223	800	(577)	223	2,779	(2,556)
<i>Postage/Courier</i>		160	(160)		240	(240)
<i>Office Supplies</i>	223	80	143	223	80	143
<i>Computer Supplies/Repairs</i>		34	(34)		34	(34)
<i>General</i>		100	(100)		200	(200)
<i>Professional Memberships</i>		61	(61)		61	(61)
<i>Licenses/Permits</i>		33	(33)		33	(33)
<i>Telephone equipment</i>						
<i>Office Phones/Long Distance</i>						
<i>Cell</i>						
<i>Security</i>						
<i>Rent</i>					1,799	(1,799)
<i>Computer Equipment</i>		332	(332)		332	(332)
Salaries (see note)	12,595	19,848	(7,252)	24,664	35,100	(10,436)
<i>Combined net pay (all office wk 1)</i>				9,148	12,034	(2,886)
Management salaries	4,210	7,786	(3,576)	4,210	7,786	(3,576)
<i>CEO</i>	1,734	3,115	(1,381)	1,734	3,115	(1,381)
<i>Director Operations</i>	1,734	3,115	(1,381)	1,734	3,115	(1,381)
<i>Director Marine Operations</i>	743	1,557	(814)	743	1,557	(814)
<i>Benefits</i>						
Sales and Marketing Salaries	6,462	9,306	(2,844)	9,383	12,525	(3,141)
<i>US Sales & Marketing</i>	2,911	3,219	(308)	5,832	6,438	(605)
<i>Corporate Sales</i>	1,267	2,156	(889)	1,267	2,156	(889)
<i>Marketing Associate</i>	1,375	2,396	(1,020)	1,375	2,396	(1,020)
<i>Full Time Consumer Sales</i>	908		908	908		908
<i>Full Time Consumer Sales</i>		1,535	(1,535)		1,535	(1,535)
<i>Part-time sales</i>						
Administration Salaries	1,923	2,755	(832)	1,923	2,755	(832)
<i>Controller</i>						
<i>Special Projects</i>	1,374	2,156	(783)	1,374	2,156	(783)
<i>Cruise Coordinator</i>	549	599	(50)	549	599	(50)
Professional fees	12,505	7,500	5,005	12,505	7,500	5,005
<i>Legals</i>	4,646		4,646	4,646		4,646
<i>Consultancy</i>	7,859	7,500	359	7,859	7,500	359
<i>Accounting (D.Smith Bal/Audit)</i>						
Insurance						
<i>Hull & Machinery Caledonia</i>						
<i>Hull & Machinery Hawk</i>						
<i>Protection & Indemnity</i>						
<i>Loss of Use</i>						
<i>Outstanding Builder's Risk</i>						
<i>COFR</i>						
<i>MII</i>						
<i>Director's Insurance/Life/Office</i>						
Sales & Marketing	1,458	6,000	(4,542)	1,458	12,000	(10,542)
<i>General</i>	730	6,000	(5,270)	730	12,000	(11,270)
<i>Refinancing</i>	728		728	728		728
Caledonia POS System					390	(390)
Hawk Mooring					600	(600)
Charter Cost	8,771	4,847	3,925	58,581	51,054	7,527
Variable Costs	5,917	3,209	2,708	11,238	3,209	8,029
<i>Catering</i>	3,917	2,142	1,775	3,917	2,142	1,775
<i>Alcohol</i>		286	(286)		286	(286)
<i>Supplies</i>		314	(314)	321	314	7
<i>Merchandies</i>		468	(468)		468	(468)
<i>Commissions</i>						
<i>Petty Cash to Ship (see note below)</i>	2,000		2,000	7,000		7,000
Fixed Costs	2,854	1,637	1,217	47,343	47,845	(482)
Crew Charter	100		100	44,589	44,570	19

Canadian Sailing Expeditions Inc.
Weekly Cash Receipts and Disbursements
Week #2

	CURRENT WEEK			ACCUMULATED POSITION		
	Actual	Planned	Variance	Actual End	Planned End	Variance
	Week 1 Jul 6 - Jul 12 2008			Week 1-2 Jun 30-Jul 12 2008		
Combined Net Pays (week1)	100		100	44,589	44,570	19
Master			-	-	-	-
First Mate			-	-	-	-
Bosun			-	-	-	-
Bosun Mate			-	-	-	-
Chief Engineer			-	-	-	-
Second Engineer			-	-	-	-
Chef			-	-	-	-
Sous Chef			-	-	-	-
Steward			-	-	-	-
Steward			-	-	-	-
Steward			-	-	-	-
Steward			-	-	-	-
Steward			-	-	-	-
Apprentice			-	-	-	-
Apprentice			-	-	-	-
Apprentice			-	-	-	-
Apprentice			-	-	-	-
Apprentice			-	-	-	-
Crew Provisions	1,941	971	971	1,941	1,941	-
Crew Changes	813	667	146	813	1,333	(520)
Pilot Fees			-	-	-	-
Repositioning			-	-	-	-
Leases entered into for Caledonia			-	-	2,234	(2,234)
Fuel	12,067	10,249	1,818	12,067	23,996	(11,929)
Docking		917	(917)		1,833	(1,833)
Docking		667	(667)		1,333	(1,333)
Garbage		250	(250)		500	(500)
Repair and Maintenance	380	2,582	(2,202)	455	5,662	(5,207)
Repairs Electrical		425	(425)		850	(850)
Repairs Plumbing		255	(255)		510	(510)
Repairs Rigging		425	(425)		850	(850)
Repairs Mechanical		510	(510)		1,020	(1,020)
Repairs Paint		340	(340)		680	(680)
Repairs Drydock			-		-	-
Repairs Wetdock			-		-	-
Anchor Repair			-	75	-	75
Repairs General	380	627	(247)	380	1,752	(1,372)
Financing Related	56	500	(444)	863	1,000	(137)
Bank Charges	56	100	(44)	863	200	663
NSBI Loan Guarantee Payment			-			-
Cash Management Charges		400	(400)		800	(800)
Line of Credit Interest			-		-	-
HST Paid on Expenses	3,349		3,349	4,563		4,563
	52,837	58,242	(5,405)	175,154	214,092	(38,938)
CASH, END OF PERIOD	120,485	16,058	104,427	120,485	16,058	104,427

US\$ Account Reconciled Balance	1,890
QAD Account Reconciled Balance	118,608
OH Operating Account Rec. Balance	
TOTAL BALANCES - BANKS	120,488

Note: Due to our Visa cards being cancelled we sent \$5000 petty cash to the ship (via Michelle Clark bank account). This is for expenses for cruise beginning July 7th
 Note: Salaries showing below forecast due to cash not being paid out for payroll expenses - it will show over in the next period when paid.
 Note: Excursion revenue shown as gross figure but forecasted figure was based on a net commission - a further breakdown of those costs are in progress as much of it is paid for by the petty cash given to the ship.