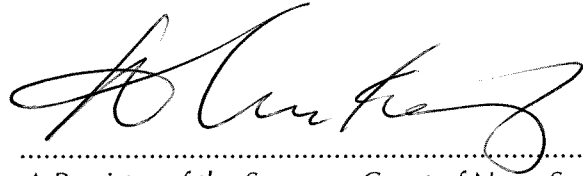




This is **Exhibit "A"** referred to in the  
Affidavit of Gavin D.F. MacDonald sworn  
before me this     day of October, A.D. 2008



.....  
A Barrister of the Supreme Court of Nova Scotia

R. B. MacKeigan

**IN THE SUPREME COURT OF NOVA SCOTIA**

**IN THE MATTER OF:**                    The *Companies' Creditors Arrangement Act*, R.S.C. 1985,  
c. C-36 as amended.

-and-

**IN THE MATTER OF:**                    A Plan of Compromise or Arrangement of the Applicant,  
Canadian Sailing Expeditions Inc.

**AFFIDAVIT**

I, Douglas Prothero of Halifax, Nova Scotia, make oath and say as follows:

1. I am a Director and the President of Canadian Sailing Expeditions Inc. (the "Company"), a limited company incorporated under the laws of the Province of Nova Scotia, and have personal knowledge of the matters deposed to herein unless such knowledge is otherwise stated to be by way of information and belief.
2. On June 27, 2008, Justice Gerald R. P. Moir issued an order ("Initial Order") granting the Company relief pursuant to The *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA").
3. Since the date of the Initial Order, the Company has been assisting BDO Dunwoody Goodman Rosen Inc, in its capacity as court appointed Monitor of the Company (the "Monitor"), in carrying out its functions under the present terms of the Initial Order.
4. The Company has prepared weekly cash flow statements (the "Cash Flow Statements") for the Monitor, the most recent of which was for the period ending October 10, 2008, which has been provided to the Monitor and will be incorporated in the Monitor's fifth report, to be filed with the Court.
5. The Monitor advises and I do verily believe that it has circulated the Cash Flow Statements and a copy of its fifth report to counsel to Growthworks Atlantic Venture Funds Limited ("Growthworks"), Caterpillar Financial Services Limited ("Caterpillar"), Nova Scotia Business Incorporated, and a representative of National Marine and Fire Services Inc.
6. The Cash Flow Statements show that the Company is successfully managing its cash flow. Actual revenue has been consistent with or higher than planned. As previously described in my affidavit of August 28, 2008, the Caledonia has been wet-docked in Lunenburg with a skeletal crew doing maintenance and recertification for the next year's sailing. As a result, there has been no revenue since the end of September, but Caledonia revenue since the Initial Order has exceeded the plan by more than \$40,000.00. Expenses

since Caledonia has been wet-docked have been substantially less than planned and to date expenses have been approximately \$203,000.00 less than planned. Furthermore, this extra revenue and lower than anticipated expenses have allowed the Company to draw less debtor in possession (“DIP”) financing than originally anticipated and the Company now projects that it has sufficient cash reserves through use of the DIP funds to maintain its minimal operations until late October 2008. We understand that the Monitor’s next report to be filed with Court will contain additional analysis of the Cash Flow Statements.

7. As directed by the Court, the Company has prepared a first draft Plan of Arrangement. This draft was circulated to the Monitor, the Monitor’s counsel, Growthworks (through its counsel), Caterpillar (through its counsel), Nova Scotia Business Incorporated (through its counsel), Atlantic Canada Opportunities Agency and to National Marine and Fire Services Inc. on October 14, 2008. We anticipate that the Plan may be revised based on input provided by the affected creditors. Therefore, we have not filed the Plan with the Court, but, we intend to file the Plan as soon as the affected creditors have had an opportunity to review the document and provide preliminary commentary on its acceptability. I believe that filing the Plan with the Court at a time when significant stakeholder input has not yet occurred will not advance the restructuring since it may be revised based on the comments of affected creditors.
8. Since the date of my last Affidavit filed with the Court in respect of this proceeding and sworn August 28, 2008, the following activities have occurred with the respect to the Company’s efforts to (i) sell its principal asset (the sailing ship Caledonia (“Caledonia”) and the vessel Hawk; (ii) obtain a long term charter or joint venture for the Caledonia; (iii) secure new financing or equity sufficient to allow the Company to finalize a plan of arrangement and thereby continue operating beyond the period of protection under the CCAA:
  - (a) The Caledonia remains listed for sale as described in previous affidavits. One broker has visited the vessel and spent three days inspecting it, has listed the vessel in some European publications and advises the Company that the broker has two prospective purchasers for the vessel.
  - (b) Another broker advises that it has an interested client, who is waiting for a final commitment for financing before submitting an offer to purchase the Caledonia.
  - (c) The Caledonia continues to be listed for sale with the other brokers referenced in my earlier affidavits.
  - (d) The Caledonia is listed for long time charter and the Company continues to monitor options and activities in the sector but no developments have occurred since the date of my last affidavit in respect of a potential charter.
  - (e) As noted in my earlier affidavit, an employee of the Company continues to be designated to continue contacting and following up with the brokers in respect to the sale or charter of the Caledonia and continues to monitor other potential offers and activities in these sectors.

- (f) The Hawk remains listed for sale. An offer to purchase was received but the purchaser subsequently walked away from the transaction and no additional offers have been made since August 28, 2008.
  - (g) I, on behalf of the Company, continue to meet with respective individuals and companies to provide financing or equity investment in the Company. Since the date of my last affidavit, we have continued discussion with individuals and lenders who have expressed interest in playing a role in the restructured company and are moving towards obtaining a formal commitment. We are also involved in serious negotiations about a potential joint venture for the Company.
  - (h) More specific details of the efforts described above have been provided to the Monitor.
9. The Company continues to have discussions with and provide updates to Growthworks on a regular basis at the request of Growthworks. I continue to be available to provide updates to other secured creditors as they request and as circumstances permit.
10. Related to the Company's marketing efforts, the Company was profiled in the Fall 2008 issue of Cruise and Travel Lifestyles magazine, a copy of which article is attached as Exhibit "A".
11. An extension of the Stay Termination Date set out in the Initial Order would allow the Company to accomplish the following:
- (a) Obtain bookings for the forthcoming winter season to continue the Company's growth in its target market – as previously noted by the Monitor in the Cash Flow Statements, the Company continues to make new bookings, which included over \$18,000.00 in new fare deposits during the week ending September 28, 2008;
  - (b) Allow the Company (through its brokers and agents), to continue to market the Caledonia for sale, charter, or as part of a joint venture, and to continue marketing the Hawk for sale; and
  - (c) Continue its efforts to raise capital and additional financing to permit the success of the restructuring.

12. 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 \_\_\_\_\_ )  
day of October, 2008. )  
)  
)  
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)  
)  
\_\_\_\_\_  
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     day of October, A.D. 2008

.....  
A Barrister of the Supreme Court of Nova Scotia

VOL 6 NO 3 FALL 2008

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# CRUISE AND TRAVEL LIFESTYLES

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by Allan Lynch

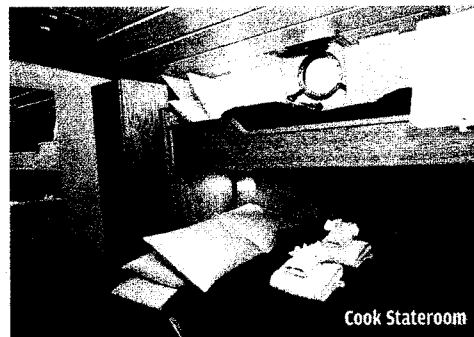
MY DRIVER WAS SPEEDING along the crowded coastal road leading away from Pointe-A-Pitre when I saw the three distinctive yellow masts I knew so well. Pointing past a score of roadside street merchants to the Canadian flag flowing in the distance, I shouted over the wind and radio, "Ici, ici!" A quick, horn-inducing U-turn, and we were headed to the cruise port.

I was so excited to finally set foot on board this 'blue-hulled beauty', I couldn't wait for him to figure out which gate to use to enter the cruise port. I paid him on the street and strode across the parking lot. I had waited five years for this day. That's how long I had tracked the progression, trials and tribulations of the *s/v Caledonia*, owned by Halifax-based Canadian Sailing Expeditions.

In 2003, just before a promotional tour of the Great Lakes, *Caledonia* suffered a devastating fire below decks that set back the restoration of the ship. But now, after years of negotiation with Transport Canada and a \$9.5 million renovation, *Caledonia* is sailing.

As I neared *Caledonia's* gangway, guests from the large cruise ship berthed at the next pier traversed the dockside craft market to snap photos and ask, "Is it a private yacht?", "Can anyone book passage?", "Where do you go?" Some were merely curious, while others were clearly thinking this was what they wanted for their next holiday.

The food is nothing short of stunning. The ship's young chefs, Joel and Tim, are full of ideas, energy and a desire to re-interpret local ingredients.



There is a romantic, poetic, elegance to sailing on a tall ship, as well as a great deal of fun. In a world where terrorism and wobbly economics have stripped much of the elegance from travel, sailing on a tall ship is a ray of sunshine directed to the adventurous soul.

*Caledonia* is the newest entry into the world of tall ship sailing. The ship is barquentine. It is 248 feet long, has 17,000 sq. ft. of sail, 31 staterooms, and 22 crew. For the nautically-challenged, like me, the ship looks like a cross between the *Bounty* and the *Bluenose*. At our first port of call, we naughtily convinced a young lad diving off the dock, that this dark-hulled ship, silhouetted by the sun, was the pirate ship *Black Pearl*. In a way we felt like modern-day pirates.

We sailed to ports so small that they were only visited by the passionate and the lost. At night we lay at anchor under star-filled skies,

guarded by silent, pitted, centuries-old cannons sticking through the stone fortifications of ancient forts built, depending on who got there first, to defend against: pirates, the English, the French, or the Spanish. Old navies were early recyclers, turning captured assets on those who built them.

*Caledonia* is not the ship for those who require the myriad amenities offered by floating resorts. It is, however, perfect for the active, semi-active or gregarious traveller. It offers an intimate adventure that eschews the concept of "making do". While there are no hairdryers, mini-bars or safes in sight, the staterooms offer greater comfort than the traditional tall ship. There are four room styles: the 250-sq. ft. Champlain suites with queen-sized beds and settees; 10 Cook staterooms (which have a double bed and a single overhead); 15 Cartier staterooms (two single berths), and two Cabot staterooms (these are quads with four single berths).

All but four of the Cartier class have ensuite baths with toilet, sink and shower. Four of 15 Cartiers are configured in a family-style with a shared bath between two rooms. All have drop-down vanities that double as a small writing desk and all have flat-screen TVs to play videos from the ship's library. The linens are reminiscent of The Westin Heavenly Bed. And the food is nothing short of stunning.

The ship's young chefs, Joel and Tim, are full of ideas, energy and a desire to re-interpret local ingredients. While they plan a menu a week in advance, it can change at the last minute because of something they found in a local market.

John, a retired prosecutor from Indianapolis, practically cried when it came to dinner choices -- would it be the seared beef tenderloin and braised shortrib with roast celery and fennel, or cornmeal crusted Mahi Mahi, with okra and corn sauté, new potato pave and chili lime aioli? He and his wife, Joan, did the couple thing and ordered one of each so they could share.

The flexibility of the menu is illustrative of the style of the cruise. So often travellers are presented with itineraries that have manic time demands. When you're travelling at the speed of wind, you gain an appreciation for slowing down.

There is a romantic, poetic elegance to sailing on a tall ship, as well as a great deal of fun... a ray of sunshine directed to the adventurous soul.

In half the ports we visited we had tour options. In others, we were given a suggested range of activities to do on our own. The ship provided bikes, sea kayaks and snorkels for guests free of charge. And while there was no pool, some guests joined crew in diving off the ship, while others went ashore to sun and swim on near-deserted beaches.

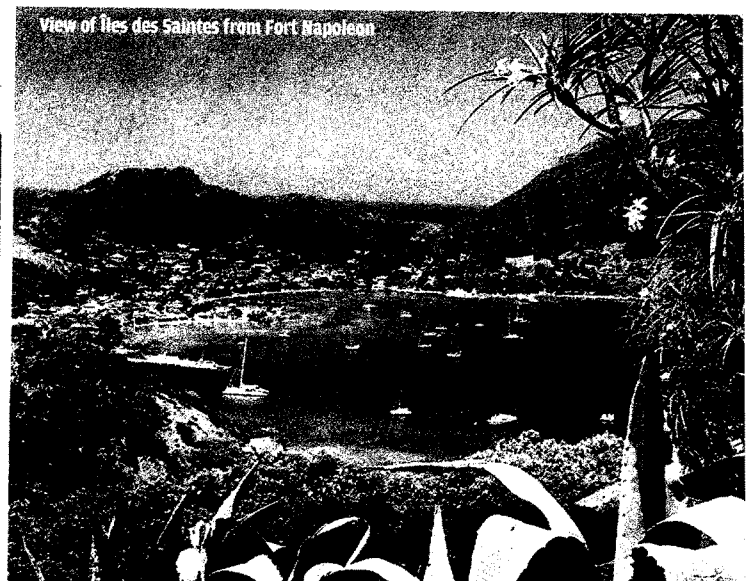
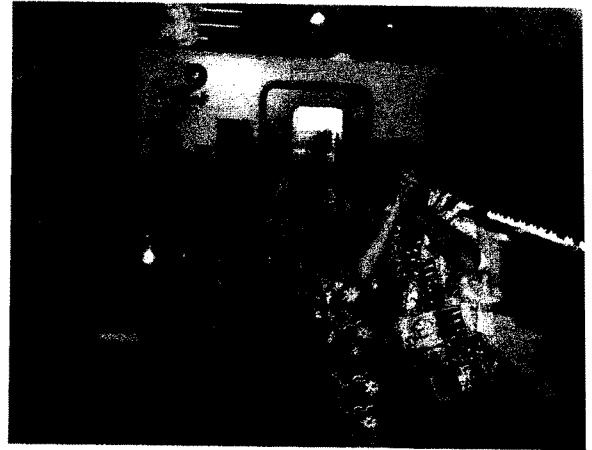
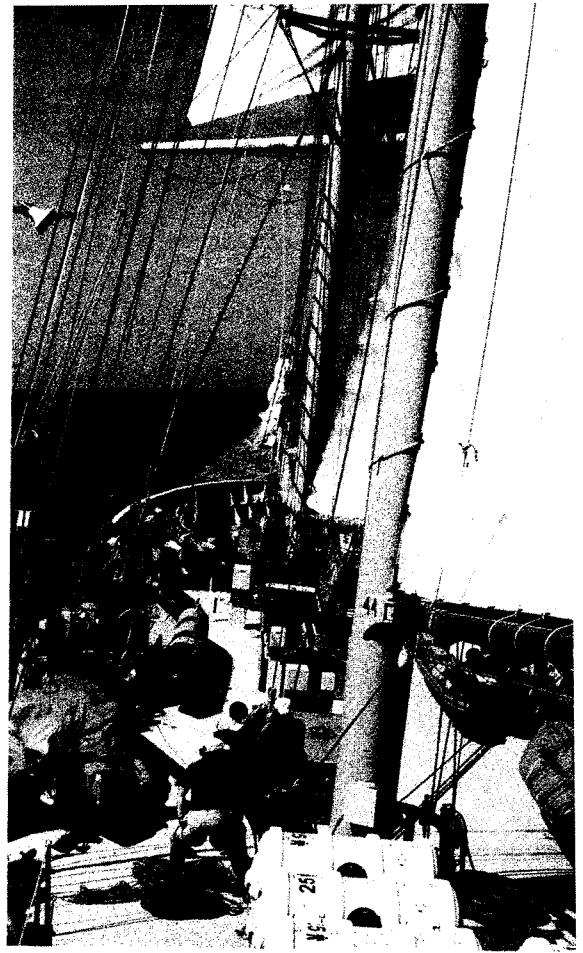
Typically, our evening began with appetizers on the aft deck, where the outside bar is located. The ship carries an extensive selection of spirits and a modest wine list of about 12 labels, available for purchase by the glass or bottle. The aft deck is also where entertainers perform and where most of the guests sun and read. Guests can also wander the fore decks and work on their abs by helping to pull ropes hoisting the sails. Below decks, in the mid-section, is a large dining room, bar and lounge, and there's a bright little library at the stern.

When I joined the ship for its inaugural cruise, our route was from Pointe-A-Pitre and we spent a week cruising around Terre Basse, Guadeloupe's main island, to Îles des Saintes, then Dominica (not to be confused with the Dominican Republic) and back to Pointe-A-Pitre via Marie Gallante.

We sailed overnight to our first port of call, Malendure Beach on Guadeloupe's west coast. Malendure's claim to fame is the Cousteau Marine Reserve, which is why the quiet beach is lined with dive shops. The non-divers in our group gathered in a bar still decorated for Christmas, sipping Carib beer while a loud, yellow-and-black bird frolicked in a dish of salt used to trim margarita glasses.

Our second port of call, Îles des Saintes, is a popular stop for day-trippers from Guadeloupe. It's very laid back. You can poke around shops and galleries without being accosted by aggressive sellers. I strolled with Ross, a leisure centre manager for the City of Edmonton, Diane, an accountant for a law firm in Grand Rapids, across the island from the Caribbean to the Atlantic coast. Others hiked the hills, hired a scooter to discover deserted beaches or climbed to the hilltop Fort Napoleon.

Our next ports of call were Portsmouth and Roseau on Dominica. If you've seen *Pirates of the Caribbean*, you've seen Dominica as much of the film



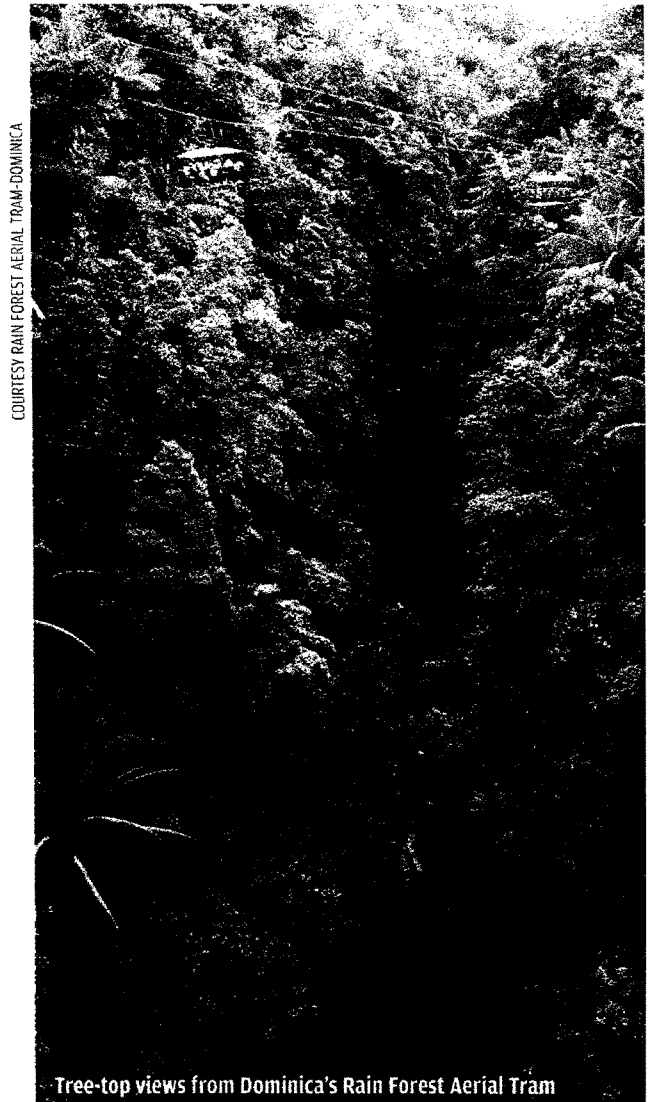
was shot here. Also, as locals were quick to point out, “Oprah loves Dominica. She has land here. No house. Not yet, but we hope. Now she stays on a yacht.”

The cool thing about this type of relaxed cruising is the type of shore options offered. For example, one of our Dominica guides was a Rastafarian entrepreneur named Cobra, who is also a tour guide, real estate agent and bar owner. While we watched 23 buses from a large cruise ship head to Emerald Falls, Cobra took us into the mountains to play in a larger, privately-owned waterfall. Along the way he pointed out lemongrass-covered hillsides, and stopped to show us breadfruit, sorrel, coffee, papaya, African tulips, orchids, oleander and silver fern.

After lunch we toured a tropical rainforest via tree-top cable cars which were so quiet we could hear individual rain drops fall on exotic leaves. On a tour to the Carib homeland we ate native foods, drank freshly pressed sugar cane juice and tubed on one of Dominica’s 365 rivers. That evening we were taken into the national park to Cobra’s Bush Bar. After a dinner of local dishes – breadfruit and the best barbecued tuna I’ve ever tasted – we were rowed back to the coast on a moon-lit river. The only sounds were the occasional ripple of our boatman’s oar in the water and the splash of birds diving for fish.

The best endorsement of the cruise came from Eve, a Toronto mother, who was so taken with the experience that near the end of the week she called her landlubber husband at home to say she was staying for a second week. The rest of us wished we had her flexibility. 🌿

To learn more about the s/v Caledonia, visit [www.cruiseandtravellifestyles.com](http://www.cruiseandtravellifestyles.com)



COURTESY RAIN FOREST AERIAL TRAM-DOMINICA

Tree-top views from Dominica's Rain Forest Aerial Tram

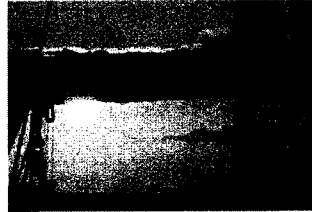
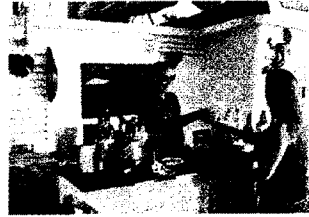
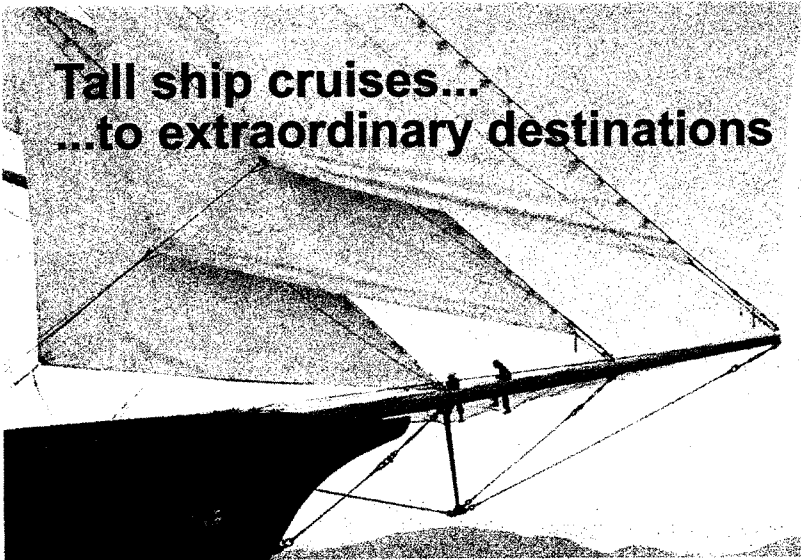
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*"I have a loving relationship with the Caledonia. The ship is spectacular, the crew are exceptional and even my husband, a non sailor, comes for the gourmet food!"*

*- Eve, Toronto*

*"It's adventure with comfort. Relaxed and fun, away from the crowds. That's why I keep going back!"*

*- Laura, Aurora*



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