

EXHIBIT 7

Sales and Cashflow Summary - January 06 09

	<i>Forecasted Sales</i>	<i>Sales to Date</i>	<i>Balance to Budget</i>
February (2 weeks)	109075.2	102548	6527.2
March (5 weeks)	340860	178187	162673
April (4 weeks)	272688	137463	135225
	722623.2	418198	304425.2 Total

Year to Date Comparison on Sales

	2008	2009
Sales to January	71381	418198
Sales Jan to May	79618	

PLAN OF COMPROMISE OR ARRANGEMENT

CANADIAN SAILING EXPEDITIONS INC.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Plan (including the Schedules hereto), unless otherwise stated or the context otherwise requires:

"Affected Claim" means a Claim other than an Unaffected Claim;

"Agreement" means the asset purchase agreement between the Applicant and Navigator pursuant to which Navigator is to purchase all of the assets of the Applicant for an amount sufficient to fund the Plan;

"Applicant" means Canadian Sailing Expeditions Inc., a company incorporated pursuant to the laws of the Province of Nova Scotia;

"Business Day" means any day, other than a Saturday or Sunday, on which Canadian chartered banks are open for business in Halifax, Nova Scotia;

"CCAA" means the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended from time to time;

"Claim" means any right or claim of any Person, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever against the Applicant or any present or former director or officer of the Applicant, and, in the case of any such present or former director or officer, any indebtedness, liability or obligation of any kind whatsoever actually and reasonably incurred by the director or officer as a result of his or her position or involvement with the Applicant, and, without limiting the foregoing, whether arising from employment, contract, the commission of a tort (intentional or not intentional), any breach of duty (legal, statutory, fiduciary or otherwise), or any Taxes, or any right of ownership or title to property, or to a trust or deemed trust, howsoever created, and whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise and whether or not such right is executory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise;

(i) which indebtedness, liability or obligation is based in whole or in part on facts existing on or prior to the Filing Date or would have been claims provable in bankruptcy had the Applicant become bankrupt on the Filing Date; or

(ii) which indebtedness, liability or obligation arises after, or is based upon facts arising after, the Filing Date, including without limitation, that which arises from or is caused by the repudiation or termination of any contract, lease or agreement by the Applicant or order of this Court.

"Claims Bar Date" means September 11, 2008 as set by the Claims Bar Order;

"Claims Bar Order" means the Order of the Court issued August 13, 2008 setting forth a process to *inter alia* value and bar Claims against the Applicant;

"Class" means any group of Claims designated as a class in Article 3 hereof;

"Court" means the Supreme Court of Nova Scotia;

"Creditor" means any Person holding an Affected Claim;

"DIP Lender" means Growthworks in its capacity as lender of debtor in possession financing to the Applicant;

"Disallowed Creditor" means a Creditor who has received a Disallowance (as such term is defined in section 8.1) and the amount of whose Affected Claim for purposes of distribution has not been determined in accordance with section 8.2 prior to the Implementation Date;

"Final Order" means an order of the Court sanctioning this Plan under the CCAA;

"Filing Date" means June 27, 2008;

"Growthworks" means Growthworks Atlantic Venture Fund Limited;

"Implementation Date" means the day on which all conditions for Sanction of the Plan and for Implementation set forth in Article 5 are either satisfied or waived in the manner permitted hereunder;

"Initial Order" means the order of the Court made on the Filing Date, pursuant to which the Applicant made its initial application under the CCAA and was, *inter alia*, provided protection pursuant to the CCAA, as the same may be amended, supplemented, replaced or restated from time to time;

"Lease Lenders" means any Person who is a lessor of equipment for which the Applicant is a lessee;

"Monitor" means BDO Dunwoody Goodman Rosen Inc., in its capacity as court-appointed monitor of the Applicant pursuant to the Initial Order;

"Navigator" means Navigator Voyages Inc., the purchaser of the assets of the Applicant pursuant to the Agreement;

"Person" means any individual, corporation, partnership, co-ownership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;

"Plan" means this Plan of Compromise and Arrangement as amended, supplemented, restated or replaced from time to time;

"Proceeds" has the meaning set forth in Section 2.1 hereof;

"Shareholders" means any Person who owns any common shares of any class, there being only common shares issued by the Applicant;

"Shares" means the common shares in the capital of the Applicant as constituted on the Implementation Date immediately prior to implementation of the Plan;

"Statutory Creditors" means the Canada Revenue Agency;

"Statutory Secured Claims" means the Claims of any Statutory Creditor that are secured by a deemed trust or interest in the Applicant's property or assets arising by operation of statutory law, including (without limitation) the *Income Tax Act* and *Excise Tax Act*.

"Taxes" means taxes, including all income, capital, corporate, gross receipts, goods and services, sales, use, value-added, *ad valorem*, transfer, non-resident, property, real or personal property, business, franchise, license and excise taxes and duties, together with any interest, penalties, fines, additional taxes and additions to tax imposed with respect to the foregoing;

"Unaffected Claim" means a Claim identified in section 2.3;

"Unsecured Claim" means (i) any Affected Claim where the Applicant has not granted a mortgage, charge or other security interest in real or personal property of the Applicant to secure such Claim, including (but not limited to) Claims of Shareholders; and (ii) an Affected Claim secured by a charge, construction lien, possessory lien, writ of execution, right of distraint or other lien or encumbrance arising by operation of law (statutory or otherwise) except for Statutory Secured Claims;

"Unsecured Creditor" means any Creditor who has an Unsecured Claim; and

"Valued Claim for Voting" shall mean, in respect of an Affected Claim, the amount of such Affected Claim set out in the proof of claim accepted or deemed to be accepted by the Monitor or otherwise determined pursuant to the procedure set out in the Claims Bar Order.

1.2 Article References

In this Plan, a reference to an Article, section, clause or paragraph shall, unless otherwise stated, refer to an Article, section, clause or paragraph of this Plan.

1.3 Number, etc.

In this Plan, where the context requires, a word importing the singular number shall include the plural and vice versa; and a word or words importing any gender shall include all genders.

1.4 Interpretation not Affected by Headings

The division of this Plan into Articles, sections, clauses and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan.

1.5 Date for any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.6 Time

All times expressed herein are local time in Halifax, Nova Scotia unless otherwise stipulated herein.

1.7 Currency

Unless otherwise stated herein, all references to currency in this Plan are to lawful money of Canada.

1.8 Successors and Assigns

This Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal and personal representatives, successors and assigns of any Person named or referred to in this Plan.

1.9 Governing Law

This Plan shall be governed by and interpreted or construed in accordance with the laws of the Province of Nova Scotia.

ARTICLE 2 PURPOSE AND EFFECT OF PLAN

2.1 Purpose

Subsequent to the Applicant offering for sale its principal asset, the sailing vessel Caledonia, the Applicant has received an offer for the sale of all of its assets, which offer is detailed in the Agreement and which the Applicant intends to accept. The Applicant will provide a copy of the Agreement to any Creditor who requests a copy. The proceeds from the sale of the assets pursuant to the Agreement and any monies received by the Applicant from its operations (the "Proceeds") will be used to fund the Plan. The Proceeds are currently estimated to be \$9,320,000 Canadian in total and a detailed accounting of which will be provided at the meeting described in Section 5.1 hereof.

2.2 Persons Affected

On the Implementation Date, the Affected Claims will be compromised in accordance with the terms hereof and the Plan shall become effective and shall be binding upon the Applicant, the Creditors to the extent of their Affected Claims, the Shareholders, and the holders of options or rights to purchase Shares.

2.3 Persons and Claims Not Affected

This Plan does not affect Claims held by the following Persons:

- (a) Employees and Officers - Claims of existing employees and officers of the Applicant for wages earned, vacation pay and severance owing for the period ending on the Implementation Date except for the Claims of such Persons arising in their capacity as Shareholders;
- (b) Post Filing Claims - Claims of Persons arising on account of any new obligations incurred by, or goods, services or materials supplied to, an Applicant after the date of the Initial Order;
- (c) New Advances - Claims of Persons, including Creditors and Navigator, if any, who advance new funds to the Applicant after the date of the Initial Order, but only in respect of such new advances whether by way of loan, continuation of existing letters of credit or otherwise;

- (d) Professional Advisors - All persons whose Claims are included in the Administrative Charge (as defined in the Initial Order), including the Monitor, the counsel to the Monitor, and counsel to the Applicant; and
- (e) DIP Lender - Claims by the DIP Lender secured by any orders of the Court.

ARTICLE 3 CLASSIFICATION OF CLAIMS

3.1 Classification of Claims

For purposes of considering and voting on the Plan, the Affected Claims shall be grouped in the following Classes and each Creditor in a designated Class shall, to the extent of its Valued Claim for Voting, be entitled to vote on the Plan as part of that Class:

Class 1 - Unsecured Claims shall be designated as Class 1;

Class 2 - Claims of Caterpillar Financial Services Limited ("Caterpillar") shall be designated as Class 2;

Class 3 - Claims of Growthworks other than claims as the DIP Lender shall be designated as Class 3;

Class 4 - Claims of the Lease Lenders shall be designated as Class 4; and

Class 5 - Statutory Secured Claims of Statutory Creditors shall be designated as Class 5.

ARTICLE 4 ARRANGEMENT

4.1 Limitation of Remedies

For purposes of this Plan, a holder of an Affected Claim in a Class listed in Article 3 shall receive the treatment provided in this Article 4 on account of such Affected Claim and shall have no further rights or remedies as against the Applicant in respect of such Affected Claim except as specifically provided in this Article 4.

4.2 Payment of Proceeds

No later than 30 days after the Implementation Date, the Applicant shall cause the following payments to be made from the Proceeds:

- (a) First, the DIP Lender on the basis of 100 cents on the dollar of the amounts outstanding to it;
- (b) Second, payment of all Unaffected Claims on the basis of 100 cents on the dollar of their Claims;
- (c) Third, all amounts owing in respect of Statutory Secured Claims shall be paid 100 cents on the dollar to the Statutory Creditors but all other claims of Statutory Creditors shall be treated as Unsecured Claims;
- (d) Fourth, the sum of \$5,870,000 shall be paid to Caterpillar in full and final satisfaction of its Claims;
- (e) Fifth, the sum of \$1,800,000 shall be paid to Growthworks in full and final satisfaction of its Claims;
- (f) Sixth, Claims of the Lease Lenders shall be addressed by Navigator assuming those leases identified in the Agreement and the return of all other leased equipment to the relevant Lease Lender - any deficiency claim of Lease Lender shall be treated as an Unsecured Claim and such Lease Lender shall be treated as an Unsecured Creditor in respect of such Unsecured Claim; and
- (g) Seventh, the amount of \$250,000 shall be apportioned for the payment of Claims of Unsecured Creditors pro rata in proportion to the Valued Claim for Voting of each such Unsecured Creditor.

4.3 Nova Scotia Business Inc.

The payment to Caterpillar pursuant to section 4.2(iv) shall fully and finally satisfy the Claims of Caterpillar and any claims Caterpillar may have against Nova Scotia Business Inc. ("NSBI") and any other guarantors of the Claims of Caterpillar. For greater certainty, the guarantee of NSBI to Caterpillar shall be discharged and released as of the Implementation Date. On the Implementation Date, NSBI shall fully release and discharge Caterpillar from any unpaid guarantee fees owing as of the Implementation Date, and shall fully release and discharge any and all guarantees made by any Person in favour of NSBI in respect of the Applicant, the Claims of Caterpillar or any amount in respect of our related to the foregoing.

4.4 Extinguishment of Claims

On the Implementation Date and after the completion of all of the events outlined in this Article 4, all Affected Claims as of the Implementation Date, including, without limitation, all accruals, indebtedness, liabilities or obligations in respect of such Affected Claims, against the Applicant will be extinguished and the Applicant will be released from all claims, liabilities and obligations with respect thereto. For greater certainty and as provided under section 6 of the Claims Bar Order, the Claim of any Person who has not complied with the

process mandated by the Claims Bar Order shall have its Claim forever extinguished and is barred from participating in this plan or making or enforcing the Claim against the Applicant, Monitor or any other Person.

ARTICLE 5 IMPLEMENTATION

5.1 Voting on the Plan

- (a) A meeting for each Class of Affected Claims in respect of which Creditors are entitled to vote shall be held February 17, 2009 or any date to which such a meeting is adjourned by the Monitor.
- (b) Each Creditor having an Affected Claim in a Class shall be entitled to attend and to vote at the meeting for such Class. In order for this Plan to be accepted by a Class, it must be approved by a majority in number of the Creditors in such Class who are present and voting either in person or by proxy at the meeting and such Creditors must represent two-thirds of the Valued Claims for Voting of such Class.
- (c) The Monitor shall preside as the Chair of each meeting and shall, subject to the Initial Order or any other order of the Court, decide on matters relating to procedure at the meeting. A quorum at each meeting of a Class shall be one Creditor in that Class. If the requisite quorum is not present at any meeting or any meeting is postponed by the vote of a majority of Creditors present at such meeting in person or by proxy and entitled to vote at such meeting, then the meeting shall be adjourned by the Chair to a date not less than 10 days thereafter and to such time and place as may be appointed by the Chair, who shall determine what notice shall be provided to the Creditors.
- (d) In the event that one or more Classes, with the exception of Class 2 and Class 3, do not approve this Plan and, in the reasonable opinion of the Applicant, this Plan may be implemented substantially in accordance with its terms without any material adverse effect upon the Classes who have approved this Plan, the Applicant may deem all Affected Claims in any such Class that has not so approved this Plan to be Unaffected Claims and may apply to the Court for a Final Order which sanctions this Plan only insofar as it affects the Classes which have approved this Plan or, in the alternative, the Applicant may amend this Plan in accordance with Article 7.
- (e) A meeting for the Shareholders shall be held within 2 Business Days of the meeting of Creditors described in section 5.1(a). At such meeting the Shareholders shall consider and vote upon a resolution to approve the Plan. The results of such vote shall be presented to the Court for its consideration in connection with the Final Order but approval of the Plan by the Shareholders, or any class thereof, shall not be a condition to the Applicant

seeking sanction of this Plan or to the granting of the Final Order. Alternatively, the Shareholder may execute a resolution in writing approving the Plan instead of calling a meeting of Shareholders.

- (f) Each Shareholder shall be entitled to notice of and the right to attend the meeting of Shareholders and to vote with respect to the resolution to approve the Plan.
- (g) A representative of the Applicant shall preside as the Chair of the meeting of the Shareholders and shall, subject to the memorandum and articles of association of the Applicant, the Initial Order and any other order of the Court, decide on matters relating to procedure at the meeting.

5.2 Conditions to Implementation

The implementation of this Plan will be conditional upon the fulfilment or satisfaction of the following conditions either by completion or by completion and delivery in escrow pending the Implementation Date, and thereupon the Plan will be binding upon the Applicant, Shareholders, all holders of options or rights to purchase Shares, and all Creditors:

- (a) the Applicant shall have taken all necessary corporate actions and proceedings to approve this Plan and to enable the Applicant to execute, deliver and perform its obligations under this Plan and the Agreement;
- (b) the requisite majorities of Creditors in number and value, as required by the CCAA, this Plan and any orders of the Court, shall have approved the Plan;
- (c) the completion of the Agreement and the closing of the transaction contemplated thereby pursuant to the terms and conditions thereof; and
- (d) the Final Order shall have been granted on terms contemplated by this Plan and otherwise satisfactory to the Applicant, and any relevant appeal period shall have expired without an appeal having been taken or any appeal so taken shall have been finally determined by the appropriate appellate tribunal confirming the Final Order without amendment.

ARTICLE 6 AMENDMENT TO THE PLAN

6.1 Amendments

- (a) The Applicant reserves the right, at any time prior to a meeting, to amend this Plan, provided that the Applicant shall inform all Creditors and all Shareholders voting at such meeting of the details of any amendment prior to the vote being taken at the meeting and provided further that the amendment

does not adversely affect any Class of Creditors or the Shareholders that have already voted.

- (b) The Applicant may propose an amendment to this Plan at a meeting of Creditors or Shareholders or at any time prior to both such meetings and it shall not be necessary to adjourn either meeting unless the Creditors or Shareholders present, in person or by proxy, by a majority vote, determine that the Creditors, Shareholders or any of them are adversely affected by the amendment proposed.
- (c) After the last meeting and prior to the Implementation Date, changes may be made to the provisions of Article 4 of this Plan with the approval of any Class of Creditors particularly affected by the change in question and, if the Final Order has been granted, the Court.
- (d) Subsequent to any meeting and whether or not the Final Order has been granted, the Applicant may, with the approval of the Court and upon notice as prescribed by the Initial Order, make any technical or *de minimis* amendment to this Plan that is not materially prejudicial to any Class of Creditors or the Shareholders.

ARTICLE 7 MISCELLANEOUS

7.1 Notices

Any notice or communication to be made or given hereunder shall be in writing and shall reference this Plan and may, subject as hereinafter provided, be made or given by personal delivery, by prepaid mail or by telecopier addressed to the respective parties as follows:

- (a) if to the Applicant:

Canadian Sailing Expeditions Inc.
P.O. Box 2613
Halifax NS B3J 3N5

Attention: Douglas Prothero, President
Facsimile: 902-429-1475
Email: doug@canadiansailingexpeditions.com

with a copy to the Monitor at:

BDO Dunwoody Goodman Rosen Inc.,
in its capacity as Monitor
1718 Argyle Street, Suite 620

Halifax, NS B3J 3N6

Attention: Paul G. Goodman
Facsimile: 902-425-3777
Email: pgoodman@bdo.ca

and with a copy to the Applicant's counsel at :

Cox & Palmer
1959 Upper Water St., Suite 1100
Halifax NS B3J 3N2

Attention: Robert G. MacKeigan
Facsimile: 902-421-3130
Email: robbie@coxandpalmer.com

and with a copy to the Monitor's counsel at :

Wickwire Holm
1801 Hollis Street, Suite 2100
PO Box 1054
Halifax NS B3J 2X6

Attention: Carl Holm
Facsimile: 902-429-8215
Email: cholm@wickwireholm.com

- (b) if to a Creditor: to the last address of such Creditor as shown in the records of the Applicant or as may be specified in the proofs of Claims filed by a Creditor pursuant to the Initial Order or this Plan;

or to such other address as the Applicant may from time to time notify the Creditors, or as any Creditor may from time to time notify the Applicant in accordance with this section 10.1. All notices and communications shall be deemed to have been received, in the case of notice by telecopier or by delivery received prior to 5:00 p.m. on a Business Day, when received or, if received after 5:00 p.m. on a Business Day or at any time on a day other than a Business Day, on the next following Business Day and, in the case of notice mailed as aforesaid, on the 3rd Business Day following the date on which such notice or other communication is mailed. In the event of any strike, lockout or any other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery or by telecopier and any notice or any other communication given or made by prepaid mail within the five Business Day period immediately preceding the commencement of such interruption shall be deemed not to have been given or made. The unintentional failure by the Applicant to give a notice

contemplated hereunder to any particular Creditor shall not invalidate this Plan or any action taken by any Person pursuant to this Plan.

7.2 Participation in Different Capacities

Creditors may be affected by this Plan in more than one capacity and belong to more than one Class. Each Creditor shall be entitled to participate hereunder in each such capacity and Class. Any action taken by a Creditor in any one capacity or Class shall not affect the Creditor in any other capacity or Class unless the Creditor agrees in writing.

7.3 Release

On the Implementation Date and after the completion of all steps outlined in this Plan, each Creditor and each Shareholder will be deemed in its capacity as such to have forever released each of the Applicant and its directors, officers, employees, legal counsel, auditors and advisers from any and all demands, suits, claims, debts, sums of money, accounts, damages, expenses, liens, actions and causes of action it had, may have had, or may have been entitled to assert, whether known or unknown, matured or unmatured, against the Applicant or its respective directors, officers, employees, legal counsel, auditors or advisers based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date arising from, relating to or in connection with any Affected Claim, any of the Shares or the options or rights to purchase Shares, the business and affairs of the Applicant, the Plan, or the proceedings under the CCAA, as the case may be.

7.4 Paramountcy

From and after the Implementation Date, any conflict between this Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, by-laws of the Applicant, lease or other covenant or agreement, written or oral, and any and all amendments or supplements thereto, existing between a Creditor, a Shareholder or a holder of options or rights to purchase Shares and the Applicant or between one or more of such parties and the Applicant as at the Implementation Date (other than those entered into or effective as of the Implementation Date as part of this Plan) will be deemed to be governed by the terms, conditions and provisions of this Plan, which shall take precedence and priority.

7.5 Waiver of Defaults

Subject to sections 4.3 and 4.5, from and after the Implementation Date, each Creditor, Shareholder or holder of options or rights to purchase Shares will be deemed to have waived any and all defaults by the Applicant of every covenant, warranty, representation, term, condition, provision or obligation, expressed or implied, in every contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for

sale, lease or other covenant or agreement, written or oral, and any and all amendments or supplements thereto, existing between such party or parties and the Applicant which have occurred and are continuing as at the Implementation Date.

7.6 Ratification and Further Assurances

Each Creditor, Shareholder and holder of options or rights to purchase Shares will be deemed in its capacity as such to have ratified and confirmed, as of the Implementation Date, all of the transactions contemplated in this Plan. Each Creditor will execute and deliver or otherwise provide such further documents, instruments or information required by the Applicant as may be reasonably necessary or desirable to give effect to this Plan and the transactions contemplated by this Plan.

DATED this 16th day of January, 2009.

THIS ASSET PURCHASE AGREEMENT is made as of the ___ day of January, 2009.

BETWEEN:

CANADIAN SAILING EXPEDITIONS INC.

(hereinafter called "Vendor")

OF THE FIRST PART

- and -

NAVIGATOR VOYAGES INC.

(hereinafter called the "Purchaser")

OF THE SECOND PART

WHEREAS the Vendor was granted protection from its creditors pursuant to the *Companies Creditors Arrangement Act* ("CCAA") by way of an initial order of the Nova Scotia Supreme Court issued June 27, 2008 (the "Initial Order"); and

WHEREAS the Vendor has agreed to sell to the Purchaser and the Purchaser has agreed to purchase all of the assets herein described;

THEREFORE in consideration of the premises and the mutual covenants and agreements herein contained, the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 **Definitions.** In this Agreement, unless the context otherwise requires, the following terms shall have the following meanings:

"Assets" means all of the property and assets of the Vendor, including (without limitation) the sailing vessel *Caledonia*, cash and other assets held in trust for customers of the Vendor, and all assets used in connection with or otherwise relating to the business of providing sailing cruises presently carried on by the Vendor (other than the Excluded Assets), whether real or personal, tangible or intangible, of every kind and description and wheresoever situate, as a going concern but specifically excluding:

- (a) all non-trust cash on hand or in banks or other depositories; and
- (b) all income tax instalments paid by the Vendor and the right to receive any refund of income taxes paid by the Vendor.;

“Closing Date” means the March 31, 2009, or such other date for the closing of the transactions contemplated by this Agreement as determined in accordance with the provisions hereof, or by mutual agreement of the parties;

“Court” means the Supreme Court of Nova Scotia;

“Equipment Leases” means the leases described in Schedule “A” attached hereto;
and

“Time of Closing” means 9:30 a.m. Atlantic time on the Closing Date.

ARTICLE 2 SALE OF ASSETS

2.1 Agreement of Vendor and Purchaser. The Vendor agrees to sell and the Purchaser agrees to purchase the Assets in accordance with and subject to the terms and conditions of this Agreement.

ARTICLE 3 TERMS OF PURCHASE

3.1 Purchase Price. The purchase price of the Assets (the “Purchase Price”) shall be that amount of Canadian dollars sufficient to fund section 4.2 of the Vendor’s plan of compromise and arrangement between the Vendor and its creditors prepared pursuant to the Initial Order and CCAA.

3.2 Taxes. The Purchase Price does not include federal goods and services taxes (“GST”), harmonized federal and provincial tax exigible under the *Excise Tax Act* (“HST”) and all other federal and provincial sales taxes and all other taxes, duties or other like charges properly payable upon and in connection with the purchase, conveyance and transfer of the Assets by the Vendor to the Purchaser. The parties undertake to take such steps, and execute and file such documents as may be reasonably necessary to minimize or eliminate the payment of GST or HST by the Purchaser on the sale of the Assets.

3.3 Registration Fees. Except as provided in Section 3.2, all registration fees, sales, use and transfer taxes and similar payments which may become payable as a result of the completion of this transaction shall be paid by the parties in accordance with applicable law, and specifically each party shall pay directly to the appropriate taxing authority all sales, use and other taxes payable by it in respect of the purchase and sale of the Assets. If a party is required to pay any sales or other taxes or penalties in respect of the purchase and sale of the Assets due to the failure of the other party to discharge its obligation under this section, the paying party shall be indemnified by the other party.

3.4 No Assumption of Liabilities. Subject to the Section 3.5 hereof, the Purchaser shall not assume nor be responsible for any of the debts, obligations or liabilities of the Vendor whatsoever relating to the Assets and the Vendor hereby indemnifies and agrees to save harmless the Purchaser from and against any liability, claim or expense suffered or incurred by the Purchaser and arising out of or relating to such debts, obligations or liabilities excepting only liabilities which arise or accrue during and pertaining to the period commencing after the Closing Date.

3.5 Assumed Leases. The parties shall make all commercially reasonable efforts for the Purchaser to assume the Equipment Leases as of the Closing Date without further consideration.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Vendor's Representatives, Warranties and Covenants. The Vendor covenants and agrees with and represents and warrants to the Purchaser (and the Vendor acknowledges and confirms that the Purchaser is relying on such covenants, agreements, representations and warranties in connection with entering this Agreement and in connection with the purchase by the Purchaser of the Assets) that as of the date of this Agreement and as of the Closing Date as follows:

- (a) The Vendor is and will be a corporation duly incorporated and organized and validly subsisting in good standing under the laws of the Province or jurisdiction of its incorporation.
- (b) The Assets are owned and will continue to be owned by the Vendor until the closing as the beneficial owner thereof with a good and marketable title thereto, and as of the Closing Date shall be free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances or other claims whatsoever.
- (c) No person, firm or corporation has or will have any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming an agreement, for the purchase from the Vendor of any of the Assets.
- (d) Subject to the approval of the Court and the shareholders of the Vendor, no consent or approval is required to complete the sale and transfer of the Assets to the Purchaser
- (e) Except for the Equipment Leases, the Vendor is not now and will not be a party to any lease or agreement in the nature of a lease, whether as a lessor or a lessee, with respect to the Assets.

- (f) The Vendor shall take or cause to be taken all necessary or desirable actions, steps and corporate proceedings to approve or authorize validly and effectively the transfer of the Assets to the Purchaser and all other arrangements and documents contemplated hereby and shall cause all necessary meetings or directors and shareholders of the Vendor to be held for such purpose.
- (g) The Vendor is not now and will not be on the Closing Date a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).
- (h) Except for the proceedings subsequent to the Initial Order, there are not now any actions, suits, or proceedings pending or threatened against or affecting the Vendor or the Assets by any person, firm, corporation, governmental board or administrative agency or otherwise, and there will not be at the time of closing any such actions, suits or proceedings except as disclosed in writing to the Purchaser by the Vendor prior to the closing.
- (i) The Vendor shall maintain all current insurance policies covering the Assets.
- (j) The Vendor has not withheld and will not withhold from the Purchaser any facts relating to the Assets which would be material to an intended purchaser thereof.

ARTICLE 5 CONDITIONS OF CLOSING

5.1 Purchaser's Closing Conditions. The obligations of the Purchaser under this Agreement are subject to the following conditions:

- (a) all of the representations and warranties of the Vendor under this Agreement being true and correct as of and as if given on the Closing Date;
- (b) the Purchaser receiving, in form satisfactory to it, all consents and approvals necessary or desirable for the transfer of the Assets to the Purchaser;
- (c) the Vendor resuming operations on or before February 15, 2009 in order to preserve the scheduled bookings and goodwill of the cruise business;
- (d) the Purchase Price not exceeding \$9,050,000 Canadian;
- (e) the Purchaser receiving a term sheet in form and content satisfactory to the Purchaser, acting reasonably, for financing of the Purchase Price such financing to be deemed to be arranged unless the Vendor or its counsel is notified to the contrary, in writing, on or before Friday, February 27, 2009 and in the event such notice is received then either party may terminate this Agreement without further liability;

- (f) the Purchaser receiving all necessary permits and authorizations necessary for its to operate the Assets in the manner previously done by the Vendor in a form reasonably satisfactory to the Purchaser;
- (g) no legal proceeding shall be pending or threatened that could reasonably restrict, prohibit or enjoin the transfer of the Assets to the Purchaser;
- (h) issuance by the Court of an order (the "Court Approval"), and any appeal period shall have expired without an appeal having been taken or any appeal so taken shall have been finally determined by the appropriate tribunal confirming the Court Approval without amendment, in form reasonably satisfactory to the Purchaser:
 - (i) ratifying, approving and confirming all of the transactions contemplated by this Agreement, including (without limitation) the sale of the Assets to the Purchaser, and the content and form of this Agreement;
 - (ii) declaring that, upon payment of the Purchase Price, the Purchaser shall have good, valid and marketable title to the Assets free and clear of all encumbrances, that this Agreement is binding on any receiver or trustee in bankruptcy which may be appointed in respect of the Vendor or any of its assets; that this Agreement shall not be void or voidable nor deemed to be a preference, fraudulent conveyance or other reviewable transaction pursuant to the *Bankruptcy and Insolvency Act* or any other applicable federal or provincial law or regulation; and
- (i) no material change shall have occurred in the condition of the Assets from the date of this Agreement to the Closing Date.

If such conditions are not satisfied at or prior to the Time of Closing, the Purchaser may terminate this Agreement by notice to the Vendor and without any liability to the Vendor and without any further obligations.

5.2 Vendor's Closing Condition. The obligations of the Vendor under this Agreement are subject to the condition that the Court Approval shall have been obtained on or before the Closing Date. If such condition is not satisfied at or before the Time of Closing, the Vendor may terminate this Agreement by notice to the Purchaser and without any liability whatsoever to the Purchaser and without any further obligations under this Agreement.

ARTICLE 6 CLOSING ARRANGEMENTS

6.1 Vendor's Covenants at Closing. At the Time of Closing on the Closing Date, the Vendor will:

- (a) deliver to the Purchaser such bills of sale, assurances, transfers, assignments and consents, and any other documents as may reasonably be necessary or required in the opinion of the Purchaser or its counsel, in registerable form, where applicable, to transfer effectively to the Purchaser good and marketable title to the Assets free and clear of all mortgages, pledges, liens, charges, claims, demands, security interests or encumbrances of any nature or kind except as herein provided;
- (b) execute such elections pursuant to the *Excise Tax* Act as necessary to minimize or eliminate the payment of GST or HST on the sale of the Assets; and
- (c) deliver to the Purchaser possession of the Assets.

6.2 Further Assurances. Subsequent to the Closing Date, at the request and expense of the Purchaser, the Vendor will execute and deliver such additional conveyances, assignments, transfers and other assurances as may, in the opinion of Purchaser's Counsel, be required to carry out the intent of this Agreement and to transfer the Assets to the Purchaser.

6.3 Purchaser's Covenants at Closing. The Purchaser hereby covenants that, at the Time of Closing, the Purchaser will:

- (a) pay the Purchase Price in cash or by certified cheque or wire transfer;
- (b) execute such elections pursuant to the *Excise Tax* Act as necessary to minimize or eliminate the payment of GST or HST on the sale of the Assets; and
- (c) offer employment to all of the employees directly employed in connection with the Vendor's cruise business as of the Closing Date upon substantially the same terms and conditions as to remuneration that such employees enjoyed immediately prior to the Closing Date provided that the Purchaser is not obligated to hire any personnel unless such persons are actively reporting to work or on approved absence due to vacation, maternity leave, short term disability, lay off with recall rights, unless otherwise required by law.

6.4 Employees. The Vendor shall be responsible for all compensation payable to the employees of the Vendor up to and including the opening for business on the Closing Date, including, without limitation, all wages, salaries, bonuses, sick pay, statutory holiday pay, withholding taxes, employment insurance premiums, and other benefits owing at law or pursuant to any employment contract between the Vendor and such employee.

6.5 Place of Closing. The closing of the transactions contemplated by this Agreement shall take place at the Time of Closing on the Closing Date at such place as may be agreed to by the parties.

ARTICLE 7 RISK OF LOSS

7.1 Damage or Destruction of Assets. Until completion of the closing of the transactions contemplated by this Agreement the Assets shall be held by the Vendor at its risk. If, at or prior to the Time of Closing, all or any substantial part of the Assets are destroyed or damaged by fire or any other casualty or are expropriated or otherwise seized by governmental or other lawful authority, the Vendor shall immediately advise the Purchaser thereof in writing and the Purchaser shall have the option, exercisable by notice in writing:

- (a) to complete the transaction contemplated herein without reduction of the Purchase Price, in which event all proceeds of insurance relating to the Assets or compensation for appropriation, expropriation or seizure of the Assets shall be payable to the Purchaser and all right and claim of the Vendor to any such amounts not paid by the Closing Date shall, at the Time of Closing, be assigned to the Purchaser and the Vendor shall, at the Time of Closing, pay an amount to the Purchaser equal to the amount of any deductible or deductibles under the insurance policy or policies relating to the Assets which cover the destruction or damage in question; or
- (b) to refuse to complete the transaction contemplated herein by notice to the Vendor, and in such event the parties shall be released from all obligations hereunder.

ARTICLE 8 SURVIVAL OF REPRESENTATIONS AND WARRANTIES

8.1 Period for Survival of Representations and Warranties. The representations, warranties and covenants contained in this Agreement, in any schedule hereto, in any document to be executed and delivered pursuant to this Agreement and in any documents executed and delivered in connection with the completion of the transaction contemplated herein shall survive the closing and, notwithstanding such closing and notwithstanding any investigations made by or on behalf of the parties, shall continue in full force and effect for a period of two (2) years from the Closing Date.

ARTICLE 9 INDEMNITY

9.1 Indemnification by Vendor. The Vendor covenants and agrees to indemnify and save harmless the Purchaser from and against any and all costs, expenses, losses, damages or liabilities (including, without limitation, reasonable solicitor's fees and accounting fees, interest and any penalties) ("Claims") arising or accruing after the Closing Date incurred or sustained by the Purchaser on account of:

- (a) any and all debts, liabilities, and obligations of the Vendor;

- (b) any misrepresentation or breach of any representation, warranty, covenant or agreement of the Vendor contained in this Agreement or in any schedule or other document delivered pursuant hereto; or
- (c) any claim, suit, cause of action (including, without limitation, federal, provincial and local tax claims or assessments and/or reassessments of any nature whatsoever), investigation or proceeding of any kind whatsoever, whether instituted or commenced prior to or after the Closing Date, and which relates to or arises from, the ownership or use of the Assets on or before the Closing Date.

9.2 Indemnification by Purchaser. The Purchaser covenants and agrees to indemnify and save harmless the Vendor from and against any and all Claims arising or accruing after the Closing Date (i) incurred or sustained by the Vendor on account of any misrepresentation or breach of any representation, warranty, covenant, or agreement of the Purchaser contained in this Agreement or in any schedule or other document delivered pursuant hereto; or (ii) incurred or sustained by the Vendor on account of any claim, suit, cause of action (including, without limitation, federal, provincial and local tax claims or assessments and/or reassessments of any nature whatsoever and including any retail sales taxes payable in connection with the transactions hereunder), investigation or proceeding of any kind whatsoever, and which relates to or arises from, the ownership or use of the Assets after the Closing Date.

9.3 Indemnification Procedure. Any party claiming indemnification pursuant to this Agreement shall give the other party prompt notice in writing of the particulars of any claim asserted by any third party and shall not permit the settlement of or compromise of any such claim without the written consent of the other party (which consent shall not be unreasonably withheld). The indemnifying party shall promptly pay such claim or shall, at its own cost and expense, defend expeditiously the party against whom such claim is made from all actions or proceedings. The party against whom the claim is made shall make available to the indemnifying party all files, books, records and documents, information and data in its possession and control relevant to such actions or proceedings for the purposes of such defence and shall co-operate without expense to itself in all reasonable respects and assist in the defence of such actions or proceedings.

9.4 Remedies Cumulative. The rights and benefits provided in this Article are supplemental to any other rights, actions or causes of action which may arise pursuant to any other section of this Agreement.

ARTICLE 10 OTHER PROVISIONS

10.1 Notices. All notices, requests, demands or other communications by the terms hereof required or permitted to be given by one party to the other party shall be given in writing by personal delivery or by registered mail, postage prepaid, addressed to such other party or delivered to such other party as follows:

(a) to the Vendor at:

Canadian Sailing Expeditions Inc.
P.O. Box 2613
Halifax NS B3J 3N5

Attention: Douglas Prothero, President
Facsimile: 902-429-1475
Email: doug@canadiansailingexpeditions.com

with a copy to the monitor appointed pursuant to the Initial Order at:

BDO Dunwoody Goodman Rosen Inc.,
in its capacity as Monitor
1718 Argyle Street, Suite 620
Halifax, NS B3J 3N6

Attention: Paul G. Goodman
Facsimile: 902-425-3777
Email: pgoodman@bdo.ca

with a copy to the Vendor's counsel at :

Cox & Palmer
1959 Upper Water St., Suite 1100
Halifax NS B3J 3N2

Attention: Robert G. MacKeigan
Facsimile: 902-421-3130
Email: robbic@coxandpalmer.com

and with a copy to the monitor's counsel at :

Wickwire Holm
1801 Hollis Street, Suite 2100
PO Box 1054
Halifax NS B3J 2X6

Attention: Carl Holm
Facsimile: 902-429-8215
Email: cholm@wickwireholm.com

(b) to the Purchaser at:

407 N Victoria Park Road
Ft Lauderdale 33301
U.S.A.

or at such other address as may be given by one party to the other in writing from time to time and such notices, requests, demands or other communications shall be deemed to have been received when delivered, or, if mailed, forty-eight (48) hours after 12:01 a.m. on the day following the day of the mailing thereof; provided that if any such notice, request, demand or other communication shall have been mailed and if regular mail service shall be interrupted by strikes or other disruptions, such notices, requests, demands or other communications shall be deemed to have been received forty-eight (48) hours after 12:01 a.m. on the day following the resumption of normal mail service.

10.2 Governing Law. This Agreement shall be governed by the laws of Canada to the extent they apply and by the laws of the Province of Nova Scotia.

10.3 Currency. Except as otherwise stated herein, dollar amounts referred to in this Agreement shall be in Canadian funds.

10.4 Public Announcements. No public announcements, press releases or other disclosures with respect to this Agreement or the within transactions will be made without the joint written approval of the Vendor and the Purchaser.

10.5 Gender. All words and personal pronouns relating thereto shall be read and construed as the number and gender of the party or parties referred to in each case require.

10.6 Headings. The division of this Agreement into articles, sections, subsections and schedules and the provision of headings are for convenience of reference only and shall not affect the interpretation or construction of this Agreement.

10.7 Broker's Fees. It is understood and agreed that no broker, agent or other intermediary acted for any party in connection with the transaction contemplated herein and each party agrees to indemnify and save harmless the other party from and against any claims whatsoever for any commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted in connection with the transaction.

10.8 Expenses. Save and except as otherwise provided herein, each party shall be responsible for its own legal and audit fees and other charges incurred in connection with the purchase and sale of the Assets, the completion of the transaction contemplated herein and any post-closing matters in connection with the transaction.

10.9 Time. Time shall be of the essence of this Agreement and of every part hereof and no extension or variation of this Agreement shall operate as a waiver of this provision.

10.10 Entire Agreement. This Agreement shall constitute the entire agreement between the parties with respect to all of the matters herein and this Agreement shall not be amended except by a memorandum in writing signed by all of the parties and any amendment hereof shall be null and void and shall not be binding upon any party which has not given its written consent to the amendment.

10.11 Enurement. This Agreement shall enure to the benefit of and be binding upon the parties and their successors and assigns.

IN WITNESS WHEREOF the parties have executed this Agreement the day and year first above written.

CANADIAN SAILING EXPEDITIONS INC.

Per: _____

NAVIGATOR VOYAGES INC.

Per: _____

Schedule A

Equipment Leases to be Assumed

1. Lease to Bodkin Capital of lifeboats for the Caledonia commencing November, 2007 for a four (4) year term; and
2. Lease to Bodkin Capital of point of sale equipment installed on the Caledonia commencing November, 2007 for a three (3) year term.

**CCAA OF
CANADIAN SAILING EXPEDITIONS INC.
DETAILS OF CCAA PROFESSIONAL FEES REVISED TO JANUARY 19, 2009**

Supplier	Period	Total Invoices Including Disbursements and HST	Payments	Balance Unpaid
BDO Dunwoody Goodman Rosen Inc. (Monitor)				
- First account	June 27/08 – July 6/08	\$ 8,880.19	\$ 8,880.19	0
- Second account	July 7/08 – July 13/08	3,338.02	3,338.02	0
- Third account	July 14/08 – July 20/08	6,785.09	6,785.09	0
- Fourth account	July 21/08 – July 27/08	5,386.15	5,386.15	0
- Fifth account	July 25/08 – Aug 3/08	2,252.66	2,252.66	0
- Sixth account	Aug 5 – Aug 8/08	6,580.10	6,580.10	0
- Seventh account	Aug 6/08 – Aug 15/08	5,332.47	5,332.47	0
- Eighth account	Aug 16/08 – Aug 24/08	4,979.55	4,979.55	0
- Ninth account	Aug 25/08 – Aug 31/08	7,049.51	7,049.51	0
- Tenth account	Sept 1/08 – Sept 7/08	9,111.71	9,111.71	0
- Eleventh account	Sept 8/08 – Sept 14/08	5,304.79	5,304.79	0
- Twelfth account	Sept 15/08 – Sept 28/08	3,801.89	3,801.89	0
- Thirteenth account	Sept 29/08 – Oct 6/08	5,405.24	5,405.24	0
- Fourteenth account	Oct 7/08 – Oct 10/08	5,970.36	5,970.36	0
- Fifteenth account	Oct 11/08 – Oct 19/08	3,471.47	3,471.47	0
- Sixteenth account	Oct 20/08 – Oct 26/08	2,302.94	2,302.94	0
- Seventeenth account	Oct 27/08 – Nov 2/08	4,491.30	4,491.30	0
- Eighteenth account	Nov 3/08 – Nov 9/08	3,591.14	3,591.14	0
- Nineteenth account	Nov 10/08 – Nov 23/08	1,261.08	1,261.08	0
- Twentieth account	Nov 24/08 – Nov 30/08	1,710.14	1,710.14	0
- Twenty-first account	Dec 1/08 – Dec 7/08	1,806.87	1,806.87	0
- Twenty-second account	Dec 8/08 – Dec 15/08	1,864.50	1,864.50	0
- Twenty-third account	Dec 16/08 – Dec 23/08	3,436.33	3,436.33	0
- Twenty-fourth account	Dec 24/08 – Jan 12/09	3,087.95	3,087.95	0
- Twenty-fifth account	Jan 13/09 – Jan 18/09	6,306.98	0	6,306.98
Subtotal (Notes 1 & 2)		113,508.43	107,201.45	6,306.98

<u>Supplier</u>	<u>Period</u>	<u>Total Invoices Including Disbursements and HST</u>	<u>Payments</u>	<u>Balance Unpaid</u>
Wickwire Holm (Counsel to the Monitor)				
- First account	June 26/08 – July 4/08	5,249.15	5,249.15	0
- Second account	July 9/08 – July 20/08	4,073.65	4,073.65	0
- Third account	July 21/08 – July 24/08	3,183.21	3,183.21	0
- Fourth account	July 28/08 – July 31/08	1,104.75	1,104.75	0
- Fifth account	Aug 5/08 – Aug 14/08	3,343.69	3,343.69	0
- Sixth account	Aug 18/08 – Sept 7/08	2,202.65	2,202.65	0
- Seventh account	Sept 8/08 – Sept 12/08	870.10	870.10	0
- Eighth account	Sept 25/08 – Sept 25/08	316.40	316.40	0
- Ninth account	Sept 29/08 – Oct 1/08	514.72	514.72	0
- Tenth account	Oct 3/08 – Oct 17/08	2,887.15	2,887.15	0
- Eleventh account	Oct 20/08 – Oct 24/08	514.15	514.15	0
- Twelfth account	Oct 27/08 – Oct 31/08	3,512.04	3,512.04	0
- Thirteenth account	Nov 3/08 – Nov 19/08	1,272.38	1,272.38	0
- Fourteenth account	Nov 27/08 – Dec 16/08	553.70	553.70	0
Subtotal (Note 1)		<u>29,597.74</u>	<u>29,597.74</u>	<u>0</u>

<u>Supplier</u>	<u>Period</u>	<u>Total Invoices Including Disbursements and HST</u>	<u>Payments</u>	<u>Balance Unpaid</u>
Cox & Palmer (Counsel to CSE)				
- First account	June 27/08 – July 4/08	18,021.45	18,021.45	0
- Second account	July 7/08 – July 11/08	4,183.82	4,183.82	0
- Third account	July 2/08 – July 17/08	8,027.78	8,027.78	0
- Fourth account	July 18/08 – July 25/08	9,296.00	9,296.00	0
- Fifth account	July 28/08 – Aug 1/08	975.19	975.19	0
- Sixth account	Aug 3/08 – Aug 8/08	7,073.12	7,073.12	0
- Seventh account	Aug 11/08 – Aug 15/08	7,499.58	7,499.58	0
- Eighth account	Aug 19/08 – Aug 22/08	3,421.62	3,421.62	0
- Ninth account	Aug 25/08 – Aug 28/08	3,522.36	3,522.36	0
- Tenth account	Sept 2/08 – Sept 5/08	3,452.72	3,452.72	0
- Eleventh account	Sept 8/08 – Sept 14/08	184.76	184.76	0
- Twelfth account	Sept 15/08 – Sept 17/08	125.43	125.43	0
- Thirteenth account	Sept 22/08 – Sept 24/08	320.36	320.36	0
- Fourteenth account	Sept 29/08 – Oct 2/08	1,029.71	1,029.71	0
- Fifteenth account	Oct 6/08 – Oct 10/08	3,811.54	3,811.54	0
- Sixteenth account	Oct 13/08 – Oct 17/08	6,651.45	6,651.45	0
- Seventeenth account	Oct 20/08 – Oct 24/08	3,837.08	3,837.08	0
- Eighteenth account	Oct 26/08 – Oct 31/08	11,518.72	11,518.72	0
- Nineteenth account	Nov 2/08 – Nov 7/08	4,095.73	4,095.73	0
	Nov 10/08 – Nov 11/08	617.59	617.59	0
- Twentieth account	Nov 19/08 – Dec 12/08	6,352.86	6,352.86	0
- Twenty-first account	Dec 15/08 – Dec 17/08	2,342.77	0	2,342.77
- Twenty-second account	Dec 22/08 – Jan 9/09	5,564.12	0	5,564.12
Subtotal (Notes 1 & 2)		<u>111,925.76</u>	<u>104,018.87</u>	<u>7,906.89</u>
Grand Totals		<u>\$ 255,031.93</u>	<u>\$ 240,818.06</u>	<u>\$ 14,213.87</u>

NOTE 1: The above amounts include time charges, disbursements, and HST.

NOTE 2: Due to timing differences in the receipt of payment for the professional fees by CSE in relation to the preparation of the present report, certain accounts reflected above as unpaid may, in fact, now be paid.