

October 31, 2008

HAND DELIVERED

The Honourable Justice A. David MacAdam  
The Law Courts  
1815 Upper Water Street  
Halifax, NS B3J 1S7

My Lord:

RE: Canadian Sailing Expeditions Inc. – Companies' Creditors Arrangement Act  
S.H. No. 297999

Further to our submissions of October 29, 2008, please find enclosed the following:

1. Sworn Affidavit of Douglas Prothero in substantially the form attached to the Affidavit of Gavin MacDonald sworn October 29 – please note Your Lordship that the only significant changes to the Affidavit have been (a) a correction to make former paragraph 12(d) in to a new paragraph 13; and (b) a correction to Exhibit "A", the Cash Flow Projections, of which one page (dealing with projections for the month of February, 2009) was omitted from the unsigned Affidavit previously filed;
2. Supplemental Affidavit of Douglas Prothero attaching the current version of the Plan of Arrangement on which we continue to receive comments from the creditors of the Company;
3. Three copies of revised draft Orders for Your Lordship's consideration dealing with the three aspects of Monday's application:
  - (a) an order granting preliminary approval of the Plan prepared by the Company for the purpose of presenting that Plan to the Company's creditors at a date to be determined;

Robert G. MacKeigan, Q.C.

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- (b) an extension of the Stay Termination Date to and including January 30, 2009 and providing direction to the Monitor to change certain reporting procedures currently being observed; and
- (c) an order providing for debtor-in-possession financing that it stands upon the provisions detailed in the draft Order forwarded to the Court on October 29 in substantially the same form as the Orders previously approved by the Court on July 4 and August 13.

Copies of this correspondence together with all enclosures are being copied to those parties receiving notice of the November 3 application by electronic mail.

Respectfully submitted,

Robert G. MacKeigan

RGM/GDFM/gj

Encls.

cc: John Stringer  
Sandra Attersley  
Michael Pugsley  
Richard Muller