

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.

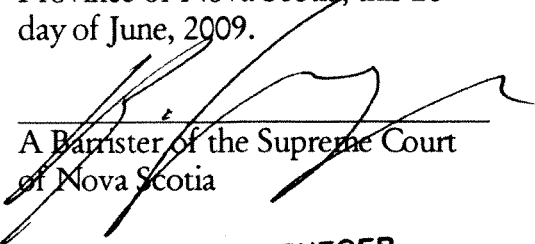
AFFIDAVIT OF GAVIN D. F. MACDONALD, SWORN JUNE 26, 2009

I, Gavin D. F. MacDonald of Halifax, Nova Scotia, make oath and give evidence as follows:

1. I am a solicitor to Canadian Sailing Expeditions Inc. (the "Company");
2. I have personal knowledge of the evidence sworn to in this affidavit except where stated to be based on information of belief.
3. I state, in this affidavit, the source of any information that is not based on my own personal experience.
4. Attached as Exhibit "A" are the weekly cash flow statements prepared by the Company for the period June 1 to June 14, 2009, being weeks 49 and 50, referenced in the affidavit of Douglas Prothero sworn June 22, 2009.
5. Attached as Exhibit "B" is a cash flow projection (the "Projection") prepared by the Company for the period through to August 31, 2009, which projection has been previously circulated to counsel to the creditors receiving notice of the Company's motions in this matter and the Monitor, which cash flow projections are premised upon the Company resuming operations in July..
6. Attached as Exhibit "C" is a sales forecast update showing the value of the cruises for the period through to August 31, 2009 already booked and those required to be booked to meet the sales numbers found within the Projection.

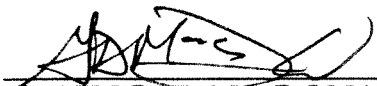
7. I am advised by Douglas Prothero and do verily believe that, absent the Company resuming operations at the projected levels of revenue, additional debtor-in-possession financing will be required on or before the fourth week of July, 2009.

SWORN TO before me at Halifax.
Province of Nova Scotia, this 26th
day of June, 2009.



A Barrister of the Supreme Court
of Nova Scotia

BIANCA C KRUEGER
A Barrister of the Supreme
Court of Nova Scotia



GAVIN D. F. MacDONALD

*This is Exhibit "A" referred to in the
Affidavit of Gavin D. F. MacDonald sworn
before me on June 26, 2009*



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A Barrister of the Supreme Court of Nova Scotia

BIANCA C KRUEGER
A Barrister of the Supreme
Court of Nova Scotia

Canadian Sailing Expeditions Inc.
Weekly Cash Receipts and Disbursements
Weeks #49 & #50

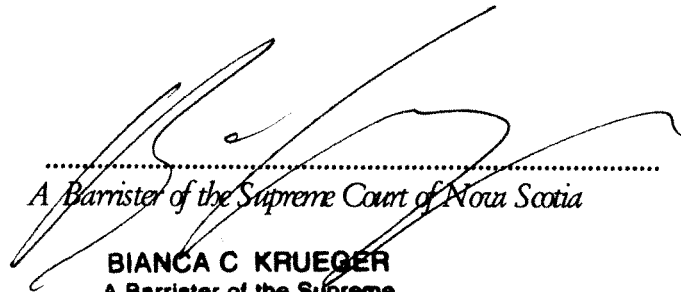
	CURRENT WEEK			ACCUMULATED POSITION		
	Weeks #49 & #50			Weeks 1 - 50		
	June 1 - 14 2008/2009			Jun 30 - June 14 2008/2009		
	Actual	Planned	Variance	Actual End	Planned End	Variance
CASH, BEGINNING OF PERIOD	140,862	(568,845)	709,707	58,767	58,767	-
CASH RECEIPTS:						
Caledonia Revenue	76	-	76	935,188	967,188	(31,997)
Charter Fees	-	-	-	798,974	911,961	(112,987)
2009 PAX Extras	76	-	76	100,660	37,079	63,581
Bar	-	-	-	11,676	6,946	4,730
Excursion (gross-see note below)	-	-	-	16,564	6,072	10,493
Merchandise	-	-	-	7,314	5,129	2,185
Tips Collected - to be disbursed	-	-	-	25,130	5,827	19,303
HST Collected	-	-	-	39,154	17,000	22,154
Accounts Receivable	-	-	-	3,652	-	3,652
Reconciling Item Prior Week #11	-	-	-	3,243	-	3,243
Joint Marketing	-	-	-	5,687	-	5,687
Other Revenue	-	-	-	7,488	-	7,488
DIP Funds	-	90,000	(90,000)	1,698,033	1,522,420	175,613
	76	90,000	(89,924)	2,717,846	2,512,452	205,394
CASH DISBURSEMENTS:						
Accounts Payable	-	-	-	-	17,000	(17,000)
Uncleared Cheques	-	-	-	57,774	57,774	-
Credit Card Bill	-	-	-	2,000	2,000	-
Accrued Current Payroll Liabilities	18,421	-	18,421	246,890	65,326	181,564
General and Office	(2,081)	4,900	(6,981)	76,131	64,143	11,991
Postage/Courier	221	-	221	4,184	1,617	2,567
Office Supplies	-	-	-	2,565	4,825	(2,260)
Computer Supplies/Repairs	36	-	36	666	276	389
General	(572)	700	(1,272)	265	7,813	(7,548)
Professional Memberships	-	-	-	-	1,246	(1,246)
Licenses/Permits	-	-	-	15,786	496	15,330
Telephone equipment	-	-	-	3,314	2,624	690
Office Phones/Long Distance	-	1,000	(1,000)	14,112	14,280	(168)
Cell	1,133	1,000	133	20,299	12,939	7,360
Security	-	-	-	96	-	96
Rent	(3,145)	2,200	(5,345)	10,887	16,996	(6,109)
Computer Equipment	246	-	246	3,957	1,090	2,868
Salaries	1,991	5,891	(3,900)	198,841	267,479	(68,638)
Combined net pay (all office wk 1)	-	-	-	19,418	9,148	10,271
Management salaries	-	3,673	(3,673)	69,818	89,174	(19,356)
CEO	-	2,875	(2,875)	38,865	52,343	(13,477)
Director Operations	-	-	-	17,781	23,993	(5,812)
Benefits	-	800	(800)	13,272	13,236	33
Sales and Marketing Salaries	-	-	-	42,667	73,881	(30,834)
US Sales & Marketing	-	-	-	21,803	29,280	(7,477)
Corporate Sales	-	-	-	4,183	16,464	(12,281)
Marketing Associate	-	-	-	8,634	15,140	(6,307)
Full Time Consumer Sales	-	-	-	2,056	-	2,056
Part-time sales	-	-	-	3,795	12,616	(8,822)
Administration Salaries	1,991	2,158	(188)	66,838	98,667	(28,719)
Accounting/Administration	293	-	293	27,699	37,803	(10,104)
Special Projects	1,389	2,156	(767)	31,760	51,130	(19,370)
Cruise Coordinator	309	-	309	7,479	6,724	755
Professional Fees	2,038	12,000	(9,962)	410,676	728,281	(317,604)
Legal	1,089	-	1,089	257,256	76,027	181,229
Consultancy	949	12,000	(11,051)	147,773	634,404	(486,631)
Accounting (D.Smith Bal/Audit)	-	-	-	5,640	17,800	(12,152)
Insurance	9,287	-	9,287	129,818	158,287	(28,469)
Hull & Machinery Caledonia	8,872	-	8,872	96,900	107,800	(10,900)
Hull & Machinery Hawk	485	-	485	6,346	6,290	56
Protection & Indemnity	-	-	-	20,134	26,600	(6,466)
COPR	-	-	-	-	7,000	(7,000)
MZI	-	-	-	1,907	3,082	(1,175)
Director's Insurance/Life/Office	-	-	-	4,524	4,525	(1)
Sales & Marketing	3,383	2,500	883	176,088	147,848	28,240
General	951	2,500	(1,549)	64,118	140,729	(76,612)
Travel	280	-	280	10,142	374	9,768
Refinancing	2,152	-	2,152	101,808	5,936	95,872
Hawk Mooring	(23,403)	-	(23,403)	20,381	12,845	7,536
Charter Cost	9,243	8,400	843	1,631,248	1,193,485	(437,763)
Variable Costs	-	-	-	293,888	213,348	80,540
Catering	-	-	-	106,835	74,399	32,436
Alcohol	-	-	-	5,905	8,218	(2,313)
Supplies	-	-	-	10,177	13,828	(3,650)
Merchandise	-	-	-	7,534	1,230	6,304
Commissions	-	-	-	20,594	81,599	(61,005)
Excursions/PAX Extras/Tips	-	-	-	63,832	2,416	61,417
Onboard Entertainment	-	-	-	-	5,500	(5,500)
Petty Cash to Ship	-	-	-	78,663	26,000	52,663
Fixed Costs	9,243	8,400	843	737,888	980,336	(242,448)
Crew Charter	8,801	6,500	2,301	395,689	550,940	(155,251)
Combined Net Pays	8,801	6,500	2,301	395,689	550,940	(155,251)
Crew Provisions	-	800	(800)	11,783	36,333	(24,551)

Canadian Sailing Expeditions Inc.
Weekly Cash Receipts and Disbursements
Weeks #49 & #50

	CURRENT WEEK			ACCUMULATED POSITION		
	Weeks #49 & #50			Weeks 1 - 50		
	June 1 - 14			Jan 30 - June 14		
	2008/2009			2008/2009		
<i>Crew Changes</i>			-	46,210	29,985	16,226
<i>Pilot Fees</i>			-	5,809	5,500	309
<i>Fuel</i>			-	172,882	234,105	(61,214)
<i>Docking</i>	-	1,188	(1,188)	68,886	53,348	12,458
<i>Docking</i>		900	(900)	60,576	38,885	21,691
<i>Power</i>			-	3,534	5,000	(1,466)
<i>Garbage</i>		200	(200)	1,885	9,463	(7,768)
<i>Marine Operations</i>	2,801	-	2,801	88,377	65,688	19,689
<i>Management</i>			-	3,833	17,250	(13,417)
<i>Travel</i>			-	1,835	11,875	(10,040)
<i>Repositioning</i>	442		442	33,881	41,000	(7,139)
<i>Director Marine Operations</i>			-	11,826	21,868	(10,212)
<i>Lifboat Lease</i>	1,957		1,957	23,699	22,261	1,398
<i>Caledonia POS System</i>	401		401	4,837	5,855	(1,018)
<i>Petty Cash to Ship</i>			-	5,685	-	5,685
<i>Repair and Maintenance</i>	679	1,088	(321)	62,888	152,888	(89,900)
<i>Repairs Electrical</i>			-	2,197	6,905	(4,708)
<i>Repairs Plumbing</i>			-	239	5,100	(4,861)
<i>Repairs Rigging</i>			-	2,573	8,292	(5,718)
<i>Repairs Mechanical</i>			-	8,057	9,588	(1,531)
<i>Repairs Paint</i>			-	788	7,180	(6,475)
<i>Repairs Drydock</i>			-	-	-	-
<i>Repairs Wetdock</i>			-	-	50,000	(50,000)
<i>Anchor Repair</i>			-	75	-	75
<i>Communications</i>			-	1,881	3,100	(1,419)
<i>Repairs General</i>	679	1,000	(321)	47,323	62,646	(15,323)
<i>Financing Related</i>	106	-	106	98,188	153,888	(58,494)
<i>Bank Charges</i>	106		106	4,024	4,124	(99)
<i>DIP Interest</i>			-	85,778	143,360	(57,581)
<i>Cash Management Charges</i>			-	5,386	6,200	(814)
<i>Line of Credit Interest</i>			-	-	-	-
TO TRUST ACCOUNT/USD ACCOUNT			-	1,713	-	1,713
<i>HST Paid on Expenses</i>	885		885	102,831	17,582	85,250
	22,978	34,881	(11,883)	2,488,383	3,084,678	(426,322)
CASH, END OF PERIOD	117,661	(513,476)	631,458	117,980	(513,476)	631,437

US\$ Account Reconciled Balance	24,781
CAD Account Reconciled Balance	88,072
SHIP Account Reconciled Balance	937
US\$ Exchange Difference (cumulative)	4,170
TOTAL BALANCES - BANKS	117,961

*This is Exhibit "B" referred to in the
Affidavit of Gavin D. F. MacDonald sworn
before me on June 26, 2009*



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A Barrister of the Supreme Court of Nova Scotia

BIANCA C KRUEGER
A Barrister of the Supreme
Court of Nova Scotia

Canadian Sailing Expeditions Inc.
Monthly Cash Receipts and Disbursements

Rev Date: 18-Jun-09

	Week 51 Forecasted June 13 - 19	Week 52 Forecasted June 20 - 26	Forecasted June 2009	Week 53 Forecasted Jun 27 - Jul 3	Week 54 Forecasted Jul 4 - 10	Week 55 Forecasted Jul 11 - 17	Week 56 Forecasted Jul 18 - 24	Week 57 Forecasted Jul 25 - 31
CASH, BEGINNING OF PERIOD	117,961	78,361	117,961	123,878	97,634	75,953	80,653	40,457
CASH, END OF PERIOD	78,361	123,878	78,361	97,634	75,953	80,653	40,457	6,789
CASH RECEIPTS:								
DIP Funds		90,152	90,152					
Cruise Revenue			-			20,000	35,000	18,000
Revenue - PAX Extras			-			1,100	1,925	900
HST			-					
TOTAL CASH RECEIPTS:	-	90,152	90,152	-	-	21,100	36,925	18,900
CASH DISBURSEMENTS:								
Accounts Payable	26,000		26,000					
ADMINISTRATION								
General and Office	8,400	850	7,100	2,530	1,850	1,550	350	850
Telephone equipment		300	300					300
Office Phones/Long Distance			-			1,200		
Cell			-		1,200			
General Office	350	350	700	350	350	350	350	350
Rent	6,100		6,100	2,200				
Office Salaries	-	7,531	7,531	-	8,531	-	7,531	-
CEO		2,875	2,875					2,875
Special Projects		2,156	2,156		2,156		2,156	
Administration		1,500	1,500		1,500		1,500	
Benefits		1,000	1,000				1,000	
Accrued Current Payroll Liabilities			-					
Professional fees	4,000	4,000	8,000	4,000	4,000	4,000	4,000	4,000
Legals			-					
Consultancy	4,000	4,000	8,000	4,000	4,000	4,000	4,000	4,000
Accounting (Audit)			-					
Insurance	-	-	-	13,000	-	-	-	-
Hull & Machinery Caledonia			-	9,360				
Protection & Indemnity			-					
WQIS			-					
Director's Insurance			-	4,500				
Sales & Marketing Operating Expenses	1,250	1,250	2,500	1,250	1,250	1,250	1,250	1,250
General	1,250	1,250	2,500	1,250	1,250	1,250	1,250	1,250
Travel			-					
Refinancing Costs			-					
Financing Related	50	18,054	18,154	50	50	50	550	18,064
Bank Charges	50	50	100	50	50	50	50	50
DIP Interest Payments		18,004	18,004					18,004
Cash Management Charges			-				500	
SHIP OPERATIONS								
Crew	800	4,500	5,300	500	7,250	500	25,065	21,065
Combined Net Pays		4,500	4,500		6,000		22,565	22,565
Crew Provisions	800		800	500	500	500	500	500
Crew Changes			-		750		2,000	
Marine Operations	500	800	1,100	3,134	500	500	33,375	550
Management			-					
Director Marine Operations			-				2,875	
Travel			-					
Repositioning (Fuel)			-					
Fuel			-				30,000	
Repairs General	500	500	1,000	500	500	500	500	500
Container Storage		100	100					50
Caledonia POS System Lease			-	400				
Petty Cash to Ship			-					
Lifesaving Equipment Lease			-	2,234				
Caledonia Variable Op Expenses	-	-	-	350	-	500	2,900	2,900
Catering			-				1,915	1,915
Alcohol			-				217	217
Supplies			-			500	267	267
Guest Supplies			-				146	146
Commissions			-				355	355
Onboard Entertainment			-					
Communications			-	350				
Docking	550	6,050	6,600	550	550	8,050	2,100	2,100
Docking	450	450	900	450	450	450	2,000	2,000
Power			-					
Agent Fees		7,500	7,500			7,500		
Garbage	100	100	200	100	100	100	100	100
HST			-					
TOTAL CASH DISBURSEMENTS	39,600	44,635	84,235	26,244	21,681	16,400	77,121	52,568
CASH, END OF PERIOD	78,361	123,878	78,361	97,634	75,953	80,653	40,457	6,789

Canadian Sailing Expeditions Inc.
Monthly Cash Receipts and Disbursement

Rev Date: 18-Jun-09

	Forecasted July 2009	Week 58 Forecasted Aug 1 - 7	Week 59 Forecasted Aug 8 - 14	Week 60 Forecasted Aug 15 - 21	Week 61 Forecasted Aug 22 - 28	Week 62 Forecasted Aug 29-Sep 4	Forecasted August 2009
CASH, BEGINNING OF PERIOD	123,878	6,789	3,599	8,159	16,313	23,848	6,789
CASH, END OF PERIOD	6,789	3,599	8,159	16,313	23,848	14,027	14,027
CASH RECEIPTS:							
DIP Funds	-	-	-	-	-	-	-
Cruise Revenue	73,000	45,000	45,000	45,000	50,000	30,000	215,000
Revenue - PAX Extras	3,925	2,475	2,475	2,475	2,750	1,650	11,825
HST	-	-	-	-	-	-	-
TOTAL CASH RECEIPTS:	76,925	47,475	47,475	47,475	52,750	31,650	226,825
CASH DISBURSEMENTS:							
Accounts Payable	-	-	-	-	-	-	-
ADMINISTRATION							
General and Office	8,000	2,500	1,350	1,500	350	650	6,650
Telephone equipment	300	-	-	-	-	300	300
Office Phones/Long Distance	1,200	-	-	1,200	-	-	1,200
Cell	1,200	-	1,200	-	-	-	1,200
General Office	1,750	350	350	350	350	350	1,750
Rent	2,200	2,200	-	-	-	-	2,200
Office Salaries	14,000	6,531	-	6,531	1,000	6,531	20,593
CEO	5,750	2,875	-	2,875	-	2,875	8,625
Special Projects	4,312	2,156	-	2,156	-	2,156	6,468
Administration	3,000	1,500	-	1,500	-	1,500	4,500
Benefits	1,000	-	-	-	1,000	-	1,000
Accrued Current Payroll Liabilities	-	-	-	-	-	-	-
Professional fees	20,000	4,000	4,000	6,000	6,000	6,000	26,000
Legals	-	-	-	-	-	-	-
Consultancy	20,000	4,000	4,000	6,000	6,000	6,000	26,000
Accounting (Audit)	-	-	-	-	-	-	-
Insurance	13,360	9,360	-	-	-	-	9,360
Hull & Machinery Caledonia	9,360	9,360	-	-	-	-	9,360
Protection & Indemnity	-	-	-	-	-	-	-
WQIS	-	-	-	-	-	-	-
Director's Insurance	4,500	-	-	-	-	-	4,500
Sales & Marketing Operating Expenses	6,250	1,250	1,250	1,250	1,250	1,250	6,250
General	6,250	1,250	1,250	1,250	1,250	1,250	6,250
Travel	-	-	-	-	-	-	-
Refinancing Costs	-	-	-	-	-	-	-
Financing Related	18,754	50	50	50	550	50	750
Bank Charges	250	50	50	50	50	50	250
DIP Interest Payments	18,004	-	-	-	-	-	-
Cash Management Charges	500	-	-	-	500	-	500
SHIP OPERATIONS							
Crew	56,360	15,565	15,565	15,565	15,565	15,565	80,825
Combined Net Pays	51,130	15,065	15,065	15,065	15,065	15,065	75,325
Crew Provisions	2,500	500	500	500	500	500	2,500
Crew Changes	2,750	-	-	-	-	3,000	3,000
Marine Operations	38,668	6,800	15,500	3,375	15,500	3,425	43,809
Management	-	-	-	-	-	-	-
Director Marine Operations	2,875	2,875	-	2,875	-	2,875	8,625
Travel	-	-	-	-	-	-	-
Repositioning (Fuel)	-	-	-	-	-	-	-
Fuel	30,000	-	15,000	-	15,000	-	30,000
Repairs General	2,500	500	500	500	500	500	2,500
Container Storage	50	-	-	-	-	50	50
Caledonia POS System Lease	400	400	-	-	-	-	400
Petty Cash to Ship	-	-	-	-	-	-	-
Lifesaving Equipment Lease	2,234	2,234	-	-	-	-	2,234
Caledonia Variable Op Expenses	6,650	3,250	2,000	2,000	2,000	2,000	14,849
Catering	3,830	1,915	1,915	1,915	1,915	1,915	9,576
Alcohol	434	217	217	217	217	217	1,085
Supplies	1,033	267	267	267	267	267	1,333
Guest Supplies	292	146	146	146	146	146	730
Commissions	710	355	355	355	355	355	1,776
Onboard Entertainment	-	-	-	-	-	-	-
Communications	350	350	-	-	-	-	350
Docking	13,350	2,100	2,100	2,100	2,100	2,100	10,500
Docking	5,350	2,000	2,000	2,000	2,000	2,000	10,000
Power	-	-	-	-	-	-	-
Agent Fees	7,500	-	-	-	-	-	-
Garbage	500	100	100	100	100	100	500
HST	-	-	-	-	-	-	-
TOTAL CASH DISBURSEMENTS	194,014	50,665	42,915	39,321	45,215	41,471	219,586
CASH, END OF PERIOD	6,789	3,599	8,159	16,313	23,848	14,027	14,027

*This is Exhibit "C" referred to in the
Affidavit of Gavin D. F. MacDonald sworn
before me on June 26, 2009*



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A Barrister of the Supreme Court of Nova Scotia

BIANCA C KRUEGER
A Barrister of the Supreme
Court of Nova Scotia

Sales and Cashflow Summary - June 24 09

	<i>Forecasted Sales</i>	<i>Sales to Date</i>	<i>Balance to Budget</i>
July 15 to 31	73000	60695	12305
August 1 to Sept 4	215000	87100	127900
Total Sales to Meet Projection	288000	147795	140205