

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, Paul G. Goodman, FCA, FCIRP, FIIC, President of BDO Dunwoody Rosen Inc., the Court-Appointed Monitor in this present matter hereby make oath and say:

1. This affidavit is filed in respect of an application to be made on behalf of Canadian Sailing Expeditions Inc. ("CSE") on Thursday, March 5, 2009, at 1:00 p.m. for an order sanctioning CSE's Plan of Compromise or Arrangement as amended to January 23, 2009 (the "Plan").
2. On January 21, 2009, this Honourable Court granted an order (the "Meeting Order") approving a Plan of Compromise or Arrangement for presentation to CSE's creditors in accordance with the terms of the Meeting Order. Attached and marked Exhibit "A" to this my affidavit is a true copy of the Meeting Order.
3. On January 27, 2009, pursuant to the provisions of paragraph 5 of the Meeting Order, the Monitor caused a notice of a creditor's meeting to be held at the offices of Cox and Palmer, in Halifax, on Tuesday, February 17, 2009, at 2:00 p.m. (the "Creditor's Meeting"); the Plan; the Monitor's Report on the Plan; the Proxy Form; Instructions to Creditors and a copy of the Meeting Order to be sent to all creditors who had filed proofs of claim pursuant to the Claims Bar Order.
4. On Friday, January 30, 2009, a Notice to Creditors of the creditor's meeting was published in the Halifax Chronicle Herald.
5. The Creditors Meeting was convened at the offices of Cox and Palmer, in Halifax, on Tuesday, February 17, 2009, at 2:00 p.m. (Halifax time).
6. Attached to this my affidavit and marked as Exhibit "B" is a true copy of the minutes of the Creditor's Meeting (the "Minutes") to which is attached as Schedule "1", the

Attendance List; Schedule "2", the Agenda for the meeting; Schedule "3", the Plan of Compromise or Arrangement presented at the meeting; and Schedule "4", the Voting Register.

7. As appears from the Minutes following resolution was duly moved and seconded:

"That it be resolved this 17th day of February, 2009 that the Plan of Compromise or Arrangement proposed by Canadian Sailing Expeditions Inc. dated the 16th day of January, 2009, as amended to the 23rd day of January, 2009, in the form annexed hereto, be approved."

8. The Plan of Compromise or Arrangement annexed to the resolution was the Plan attached as Schedule "3" to the Minutes.

9. As appears from the Minutes, the Plan was approved by:

94.7% of the Class 1 unsecured creditors, representing 99.27% of the value of unsecured claims;

100% by number and value of Class 2
Caterpillar Financial Services Limited;

100% by number and value of Class 3
Growth Works Atlantic Venture Fund Limited; and

100% by number and value of Class 4
Lease Lenders,

present in person or by proxy voting on the resolution to approve the Plan.

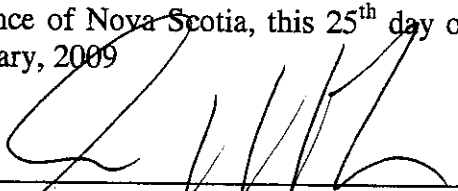
10. There were no claims eligible to vote on behalf of Statutory Secured Claims (Class 5) as the Canada Revenue Agency in breach of the stay provisions contained in the Initial and Subsequent Orders paid itself in full for all amounts due and owing to it up to June 27, 2008, the date of the Initial Order, by setting off credits due to CSE for both pre and post June 27, 2008, HST refunds due to CSE by CRA.

11. The result of the breach of the stay requirement in the Initial Order by Canada Revenue Agency is that CSE has been deprived of \$44,493.73 to date out of its post June 27, 2008 cash flow, and now owes CSE \$9,353.94, the result being that CSE has had to borrow approximately \$44,000.00 more in Debtor in Possession ("DIP") financing than it otherwise would have had to borrow and, if CSE are not able to implement the Plan, Canada Revenue Agency will have obtained a preference payment.

12. On February 18, 2009, the Monitor caused a letter to be sent to all creditors who had proved their claims pursuant to the Claims Bar Order advising of the result of the vote.

13. Attached as Exhibit "C" to this my affidavit for the information of the Court and creditors is a true copy of the most recent Cash Flow Report of CSE in respect of weeks 33 and 34.

SWORN TO before me at Halifax,)
Province of Nova Scotia, this 25th day of)
February, 2009)



CARL A. HOLM, Q.C.
A Barrister of the Supreme Court
of Nova Scotia

Carl A Holm



PAUL G. GOODMAN

2008

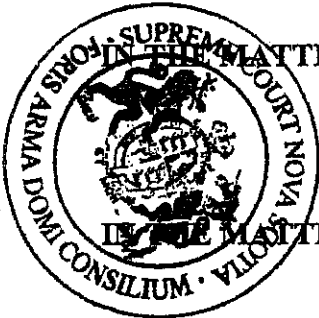
Hfx No. 297999

Court Administration

Supreme Court of Nova Scotia

JAN 21 2009
R.S.C. 1985,

Halifax, N.S.



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.

MEETING ORDER

Sgd.
ADM Mac J.
2008

BEFORE THE HONOURABLE JUSTICE A. DAVID MACADAM IN CHAMBERS

ON THE MOTION of Robert G. MacKeigan Q.C., the following is ordered:

1. Canadian Sailing Expeditions (the "Company") not be required to serve notice of this application on any of its creditors except for Growthworks Atlantic Venture Fund Limited ("Growthworks"), Caterpillar Financial Services Limited, Nova Scotia Business Incorporated and National Marine and Fire Services Inc.
2. The plan of arrangement set out in Exhibit "A" to the affidavit of Douglas Prothero sworn January 19, 2009 and filed in support of this motion (the "Plan") is approved for presentation to the Company's creditors for their consideration in accordance with the terms of this Order. All capitalized terms used in this Order shall, unless otherwise noted, have the meanings attributed to them in the Plan.
3. BDO Dunwoody Goodman Rosen Inc. as Monitor of the Company (the "Monitor") is authorized and directed to take the actions contemplated in this Order and the Plan.
4. The Monitor shall cause the notice to creditors (the "Notice to Creditors"), substantially in the form attached to this Order as Schedule "A", to be published for a period of one (1) Business Day in the Halifax Chronicle-Herald (provincial edition) not less than ten (10) Business Days before the date of the meeting of creditors.
5. The Monitor will send in the manner prescribed below, to all creditors who filed proofs of claim pursuant to the Order of this Honourable Court dated August 13, 2008 (the "Claims Bar Process"), the following documents on or before ten (10) Business Days prior to the date of the meeting of creditors:

(a) the Notice to Creditors;

(b) the Plan;

Hfx No. 297999

This is Exhibit "A" referred to in the Affidavit of Paul G. Goodman sworn before me this 25th day of February 2009

*20588/0023/1028615v2

A Barrister of the Supreme Court of Nova Scotia

- (c) the Monitor's Report on the Plan;
 - (d) the form of proxy for creditors in the form attached to this Order as Schedule "B" (the "Proxy Form");
 - (e) the instructions to creditors in the form attached to this Order as Schedule "C" (the "Instructions to Creditors"); and
 - (f) a copy of this Order.
6. Any person who has not filed a proof of claim as required under the Claims Bar Process shall not be entitled to notice of the Meeting (as defined in this Order) or any of the supporting materials (the "Meeting Materials"), nor to attend the Meeting or vote on the Plan, and that such person's Claims shall be and are forever barred and extinguished in accordance with the Claims Bar Process.
7. The Monitor may distribute the Meeting Materials to creditors by ordinary mail, personal delivery, telecopy, electronic mail or other electronic means, or any combination thereof, as determined by the Monitor. The Monitor shall also post the materials for the Meeting on its website - www.bdo.ca/canadiansailing (the "Website"). Mailing shall be deemed to be effective on the fourth Business Day following such mailing. Delivery by telecopy, electronic mail or other electronic means shall be deemed effective on the date and time that such telecopy, electronic mail or electronic transmission is made by the Monitor.
8. The publication of the Notice to Creditors and the distribution to creditors of the Meeting Materials referred to in paragraphs 4 and 5 of this Order shall constitute good and sufficient service and delivery of the Meeting Materials on all persons who may be entitled to receive notice and who may wish to attend or to be present or vote in person or by proxy at the Meeting or any adjournment thereof and that no other notice or service need be given or made and no other document or material need be served.
9. The forms of Notice to Creditors, Proxy Form and Instructions to creditors, substantially in the forms respectively attached as Schedules "A", "B" and "C" to this Order, are hereby approved. Notwithstanding the foregoing, the Monitor may, from time to time, make minor changes to such forms, with the consent of the Company.
10. Subject to the approval of the Monitor or this Honourable Court, the Company shall have the right to file any modification of or amendment to the Plan by way of a supplementary plan or plans of arrangement filed with this Honourable Court at any time or from time to time prior to the conduct of the vote on the Plan by the creditors at the Meeting, in which case any such supplemental plan or plans of arrangement shall, for all purposes, be and be deemed to be part of and incorporated into the Plan. The Monitor shall give at least one Business Day's notice by publication or otherwise to all creditors of the details of any modifications or amendments prior to the vote being taken to approve the Plan. Notwithstanding the foregoing, however, any creditor or the Company may propose an alteration or modification to the Plan at the Meeting or any adjournment thereof.

11. The Monitor is authorized and directed to call, hold and conduct a meeting (the "Meeting") of the creditors in accordance with the provisions of the Plan, for the purpose of seeking the approval of the Plan at the time and place set out in the Notice to Creditors or, if adjourned, at such times and places as the Monitor may determine in consultation with the Company.
12. For the purposes of considering, drafting and voting on a resolution to approve the Plan, there shall be the number of classes of creditors as set out in the Plan.
13. Paul G. Goodman of the Monitor, or such other representative of the Monitor as it may designate, shall act as chairman of the Meeting (the "Chairman") and subject to this Order and any further order of this Honourable Court shall decide all matters relating to the conduct of the Meeting (pending adjournment thereof). The Monitor shall provide scrutineers for the supervision and tabulation of the attendance, quorum and votes to be conducted at the Meeting, and the Monitor shall report to this Honourable Court on the results of such votes by way of report filed in these proceedings.
14. A representative of the Monitor to be designated by the Chairman of the Meeting shall act as secretary at the Meeting.
15. The Chairman shall be entitled to adjourn and further adjourn the Meeting at the Meeting or any adjourned Meeting as the Chairman deems necessary or desirable (without the need to first convene the Meeting for the purpose of any adjournment), or if the Meeting is postponed by the vote of the majority in number of the creditors present in person or by proxy and, in the event of any adjournment, the Monitor shall not be required to deliver any notice of the adjournment of the Meeting or adjourned Meeting other than announcing the adjournment at the Meeting or posting notice of the adjournment at the originally designated time and location of the Meeting or Meeting being adjourned, and publishing notice of the adjournment on the Website.
16. The only persons entitled to attend the Meeting shall be the Monitor (including the Chairman, the Secretary and the Scrutineers), the creditors entitled to vote at the Meeting (including, for the purposes of attendance, speaking and voting, their respective proxy holders) and their respective legal counsel and representatives of the Company and its legal counsel. Any other person may be admitted to the Meeting by a majority vote of the creditors present at the Meeting, in person or by proxy.
17. The quorum required at the Meeting shall be one of the creditors present in person or by proxy and that if the requisite quorum is not present at the Meeting, the Meeting shall be adjourned by the Chairman to a later date, time and place designated by the Chairman.
18. The only persons entitled to vote at the Meeting are creditors:
 - (a) with a Proven Claim (as defined below); and
 - (b) who are individuals who attend the Meeting in person or who have provided to the Monitor a properly completed and assigned Proxy, in accordance with this Order.

19. Any Proxy Form in respect of the Meeting (or any adjournment thereof) must be provided to the Monitor by 5:00 p.m. (Halifax time) on or before two business days prior to the scheduled Meeting Date. Notwithstanding the foregoing, the Monitor shall have the discretion to accept any Proxy Form signed by a creditor and delivered to the Monitor, at the address set out in the instructions included with the Proxy Form prior to the commencement of the Meeting (or any adjournment thereof).
20. The Claim of each creditor that has been accepted or resolved by the Monitor or otherwise finally determined in accordance with the Claims Bar Process (the "Proven Claims") will be inserted by the Monitor in Schedule "1" (the "Proven Claims Schedule") of each such Creditor's Proxy Form. In order to make the process of completing proxies and voting on the Plan easier and less cumbersome for the creditors and in order to reduce cost and increase efficiency, the amount of Claims of each creditor in respect of which it is entitled to vote in respect of the Plan, and in respect of which its Proxy Form shall be accepted shall, in the absence of dispute by such Creditor, be the aggregate amount of such Creditor's Proven Claims as set out in the Proven Claims Schedule of such Creditor's Proxy Form. To the extent that a creditor disputes the amount of its Claim as set out in the Proven Claims Schedule of such Creditor's Proxy Form or such Creditor's Claim is not listed on the Proven Claims Schedule of such Creditor's Proxy Form, such Claim (or disputed portion thereof) shall not constitute a Proven Claim and shall be treated as a Disputed Claim (as defined below). For greater certainty, Proven Claims appearing on the Proven Claims Schedule of a Creditor's Proxy Form which are not disputed by the creditor holding such Proven Claims shall constitute valid and proven claims for all purposes under this Order and the Plan, including, without limitation, for the purposes of voting on the Plan and receiving distributions thereunder, and for the purposes of any bankruptcy, receivership or other proceeding which occurs after the Implementation Date (as defined in the Plan).
21. In the event that the Implementation Date does not occur, creditors shall not be bound to the valuation, settlement or compromise of their Claims at the amount of their Proven Claims in accordance with the Plan or this Order. For greater certainty, nothing in this Order or the Plan or in any settlement, compromise, agreement, document or instrument made or entered into in connection herewith or therewith or in contemplation hereof or thereof shall, in any way prejudice, quantify, adjudicate, modify, release, waive or otherwise affect the validity, enforceability or quantum of any Claim, including, without limitation, in the CCAA proceedings or in any other proceeding or process, in the event that the Implementation Date does not occur.
22. The date for determining those entitled to vote at the Meeting shall be the second Business Day immediately preceding the Meeting (the "Meeting Record Date").
23. Each creditor holding a Proven Claim as of the Meeting Record Date may vote at the Meeting, in person or by proxy, in respect of the amount of such Creditor's Proven Claim. For the purpose of calculating the two-thirds majority by value of Claims, each creditor shall be entitled to vote, without duplication, the aggregate amount of such Creditor's Proven Claims in each class.

24. At the Meeting, the Chairman shall direct a vote, by written ballot, on the resolution to approve the Plan and any amendments to the Plan made in accordance with the terms thereof.
25. A creditor who has filed a proof of claim with the Monitor in accordance with the Claims Bar Process but whose Claim has not been accepted or resolved by the Monitor or otherwise finally determined pursuant to the Claims Bar Process (such Claim being a "Disputed Claim"), as of the Meeting Record Date, shall only be entitled to vote on the Plan in respect of its Proven Claims as set out in the Proven Claims Schedule of its Proxy Form, provided that the Monitor shall keep separate records and tabulations of votes cast in respect of Proven Claims and votes that could have been cast in respect of Disputed Claims if they had been Proven Claims as at the Meeting Record Date.
26. If approval or non-approval of the Plan by creditors would be altered by the votes cast in respect of Disputed Claims, such result shall be reported to this Honourable Court as soon as reasonably possible, with a request to this Honourable Court for directions and an appropriate deferral of the application for the Sanction Order and any other applicable dates, if necessary or deemed desirable by the Monitor.
27. In the event that a creditor has filed a proof of claim with the Monitor in which such creditor did not set out the quantum of its Claim(s) (such Claim(s) referred to as "Undetermined Claim(s)"), such creditor shall not be entitled to vote on the Plan in respect of any amount of such Creditor's Undetermined Claim(s), and nothing in this Order nor the Plan nor any other document or order made in connection herewith or therewith, shall affect or prejudice, or be deemed to affect or prejudice, the right of the Monitor or the Company to challenge the validity or quantum of such Claim(s). In the event that a creditor objects to the treatment of its Undetermined Claim(s) as set out in this paragraph, the Monitor shall be entitled to refer such Claim(s) to this Honourable Court for summary determination, to occur prior to the making of the Sanction Order.
28. A creditor with an Unaffected Claim (as defined in the Plan) shall not be entitled to vote on the Plan in respect of such Unaffected Claim.
29. If the creditors vote to approve the Plan, the application for the Sanction Order (the "Sanction Hearing") approving the Plan will be heard on such date as may be subsequently advised to the Company's creditors by the Monitor after consultation with the Company and this Honourable Court. Notice of the hearing date will be contained in the Notice of Creditors to be published and provided to creditors and such notice will constitute good and sufficient service and notice of such hearing.

January 21, 2009.

IN THE SUPREME COURT OF NOVA SCOTIA
I hereby certify that the foregoing document,
identified by the Seal of the Court, is a true
copy of the original document on file herein.

Dated the 21st day of January A.D., 2009

D. Swales
Deputy Prothonotary

*20588/0023/1028615v2

D. Swales

Deputy Prothonotary

DARLENE SWALES
Deputy Prothonotary

SCHEDULE "A"

NOTICE TO CREDITORS

2008

Hfx No. 297999

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.

NOTICE OF MEETING OF CREDITORS

NOTICE IS HEREBY GIVEN that a meeting (the "Meeting") of the Creditors will be held at the offices of X located at X on X at X (Halifax time) for the following purposes:

- (1) to consider and, if deemed advisable, to pass, with or without variation, resolutions to approve a Plan of Compromise and Arrangement (the "Plan") proposed by Canadian Sailing Expeditions Inc. (the "Company") under the *Companies' Creditors Arrangement Act* (the "CCAA"); and
- (2) to transact such other business as may properly come before the Meeting or any adjournment thereof.

The Plan is being considered pursuant to an Order (the "Meeting Order") of the Nova Scotia Supreme Court (the "Court") dated X, and the Plan must be approved by a Sanction Order of the Court.

Creditors who have submitted their claims pursuant to the Claims Bar Order granted by the Court on August 13, 2008 will receive a report from BDO Dunwoody Goodman Rosen Inc. ("the Monitor"), which report will be accompanied by the Plan, a form of Proxy and Voting Letter, instructions to creditors, and a copy of the Meeting Order.

Creditors requiring information or copies of the Plan, the Meeting Order, the Report, and a Proxy Form and Voting Letter with respect to the Meeting may contact the Monitor at the address below.

Creditors who are not attending at the Meeting in person and who wish to vote at the Meeting are required to date, sign, and return the applicable form of Proxy and Voting Letter by courier, mail, fax, or electronic mail delivery so that it is received by the Monitor no later than 5:00 p.m. (Halifax time) on X. A Proxy and Voting Letter will not be valid and will not be acted upon, voted, or recorded unless it is completed as specified herein and either mailed or otherwise sent so as to reach or be deposited with the Monitor not later than 5:00 p.m. (Halifax time) on X.

If there are any questions regarding the voting process or any other aspect of the Meeting, a representative of the Monitor can be contacted to discuss same at (902) 425-3100.

The Monitor's address for the purpose of filing forms of Proxy and Voting Letter and for obtaining any additional information or materials related to the Meeting is:

BDO Dunwoody Goodman Rosen Inc., in its Capacity as Monitor
Suite 620, 1718 Argyle Street
Halifax, NS B3J 3N6
Attention: Paul G. Goodman, FCA, FCIRP, FIIC
Telephone (902) 425-3100
Facsimile (902) 425-3777
Email insol-halifax@bdo.ca

Copies of the Orders referred to, the Plan, and the documents related to the Meeting are or will be posted on the following website: www.bdo.ca/canadiansailing.

NOTICE OF SANCTION HEARING

If the Creditors approve the Plan, an application for a Court Order (the "Sanction Order") approving the Plan will be heard on X at X (Halifax time), or such later date as may be scheduled by the Monitor before the Nova Scotia Supreme Court, The Law Courts, 1815 Upper Water Street, Halifax, Nova Scotia. Any change to the date or location of this hearing (the "Sanction Hearing") will be posted on the Monitor's website at www.bdo.ca/canadiansailing.

DATED at Halifax, Nova Scotia, this X day of November, 2008.



BDO DUNWOODY GOODMAN ROSEN INC.
In Its Capacity as Monitor
Suite 620, 1718 Argyle Street
Halifax, NS B3J 3N6
Telephone (902) 425-3100
Facsimile (902) 425-3777
Email insol-halifax@bdo.ca

SCHEDULE "B"

CREDITORS PROXY

2008

Hfx No. 297999

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.

CREDITOR'S PROXY AND VOTING LETTER

For a Meeting of Creditors to be held pursuant to an Order of the Nova Scotia Supreme Court made on X (the "Meeting Order") in connection with the Plan of Arrangement of Canadian Sailing Expeditions Inc. under the *Companies' Creditors Arrangement Act* (Canada) (the "Plan") to be held:

ON X AT X
OFFICES X
HALIFAX, NOVA SCOTIA

AND ANY ADJOURNMENT THEREOF.

Before completing this Proxy, please read carefully the instructions accompanying this Proxy for information respecting the proper completion and return of this Proxy.

THIS PROXY MUST BE COMPLETED AND SIGNED BY THE CREDITOR AND PROVIDED TO THE MONITOR, BDO DUNWOODY GOODMAN ROSEN INC., PRIOR TO THE MEETING IF ANY PERSON ON THE CREDITOR'S BEHALF IS TO ATTEND THE MEETING AND VOTE ON THE PLAN OR IF THE CREDITOR WISHES TO APPOINT AN OFFICER OF THE MONITOR TO ACT AS THE CREDITOR'S PROXY. PURSUANT TO PARAGRAPH 23 OF THE MEETING ORDER, PROXIES AND VOTING LETTERS ARE TO BE RECEIVED BY THE MONITOR BY 5:00 P.M. (HALIFAX TIME) ON FRIDAY, JANUARY 18, 2008. NOTWITHSTANDING THE FOREGOING, THE MONITOR HAS DISCRETION TO ACCEPT A PROXY DELIVERED TO IT PRIOR TO THE COMMENCEMENT OF THE MEETING.

THE UNDERSIGNED CREDITOR hereby revokes all proxies previously given and nominates, constitutes, and appoints _____ or, instead of the foregoing, Paul G. Goodman, FCA, FCIRP, FIIC, President of BDO Dunwoody Goodman Rosen Inc., in its capacity as Monitor, or such other person as Mr. Goodman may designate, as nominee of the Creditor, with power of substitution, to attend on behalf of and act for the Creditor at the Meeting of Creditors to be held in connection with the Plan and at any and all adjournments thereof, and to vote the amount of the Creditor's Claim(s) for voting purposes

as set out in the Proven Claims Schedule included in Schedule "1" to this Proxy or as otherwise permitted pursuant to the Meeting Order as follows:

A. (mark one only)

VOTING FOR a resolution approving the Plan; or

VOTING AGAINST a resolution approving the Plan; and

B. Vote at the nominee's discretion and otherwise act for and on behalf of the undersigned Creditor with respect to any resolution relating to the Plan and to any other matters that may come before the Meeting of Creditors or any adjournment thereof.

Dated this _____ day of _____, 2008.

Print Name of Creditor

Signature of Creditor, or if the Creditor is a corporation,
signature of an authorized signing officer of the corporation

Title of the authorized signing officer of the corporation,
if applicable

Mailing address of Creditor

Telephone number of Creditor or authorized signing officer

Email address of Creditor or authorized signing officer

SCHEDULE "1"
PROVEN CLAIMS SCHEDULE

Creditor's Name _____

Creditor's Class _____

Amount of Claim as Filed \$ _____

	Accepted or Resolved Amount of Claim	Disputed Amount of Claim
Amount of Claim		
Other Adjustments (see below)		
TOTAL	Total Amount of Proven Claim: _____	Total Amount of Disputed Claim For Voting Purposes: _____

Comments:

SCHEDULE "C"

INSTRUCTIONS TO CREDITORS

2008

Hfx No. 297999

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.

INSTRUCTIONS FOR COMPLETION OF PROXY

1. **If an officer of BDO Dunwoody Goodman Rosen Inc. is appointed or is deemed to be appointed as proxyholder and the Creditor fails to indicate on this Proxy a vote for or against approval of the Plan, this Proxy will be voted FOR approval of the Plan, including any amendments thereto.**
2. The aggregate amount of your Claim(s) in respect of which you are entitled to vote your Proxy is set out in the Proven Claims Schedule (Schedule "1") attached to your Proxy. If no amount is set out in the attached Proven Claims Schedule in respect of your Proven Claim(s) or if you disagree with the amount of your Claim(s) listed in the Proven Claims Schedule, you should contact the Monitor at the number below immediately. If your Claim is disputed and cannot be resolved prior to the date on which your Proxy must be delivered to the Monitor, your Claim (or such disputed portion thereof) will be treated as a Disputed Claim and your Proxy will be dealt with as set out in Paragraphs X and X of the Meeting Order.
3. Each Creditor who has a right to vote at the Meeting has the right to appoint a person (who need not be a Creditor) to attend, act, and vote for and on behalf of the Creditor and such right may be exercised by inserting in the space provided the name of the person to be appointed. If no name has been inserted in the space provided, the Creditor will be deemed to have appointed Mr. Paul G. Goodman of the Monitor as the Creditor's proxyholder.
4. If this Proxy is not dated in the space provided, it shall be deemed to be dated on the date it is received by the Monitor.
5. This Proxy must be signed by the Creditor or by a person duly authorized (by power of attorney) to sign on the Creditor's behalf or, if the Creditor is a corporation, by a duly authorized officer or attorney of the corporation. Unsigned proxies will be treated as being invalid for the purposes of voting on the Plan or any resolution.
6. Valid proxies from the same Creditor bearing or deemed to bear a later date shall revoke this Proxy. If more than one valid Proxy for the same Creditor and bearing or deemed to bear the same date received with conflicting instructions, such Proxies will be treated as disputed Proxies and shall not be counted.

7. This Proxy, once completed, dated and signed, should be sent to the Monitor by mail, delivery, courier, facsimile, or email at the address set out below and must be received by the Monitor by no later than 5:00 p.m. (Halifax time) on X in order to be counted at the Meeting. The Monitor has discretion under Paragraph X of the Meeting Order to extend the time.

BDO Dunwoody Goodman Rosen Inc., In Its Capacity as Monitor
Suite 620, 1718 Argyle Street
Halifax, NS B3J 3N6
Attention: Paul G. Goodman, FCA, FCIRP, FIIC
Telephone (902) 425-3100
Facsimile (902) 425-3777
Email insol-halifax@bdo.ca

INSTRUCTIONS TO CREDITORS

TO: CREDITORS OF CANADIAN SAILING EXPEDITIONS INC.

November 7, 2008

Re: Meeting of Creditors of Canadian Sailing Expeditions Inc. (the "Company") to Vote on its Plan of Compromise and Arrangement Pursuant to the *Companies' Creditors Arrangement Act*

We enclose in this package the following documents for your review, consideration, and action where appropriate:

1. Notice to Creditors of Meeting
2. The Plan of Compromise and Arrangement by the Company (the "Plan")
3. The Report of BDO Dunwoody Goodman Rosen Inc., as Monitor of the Company, in respect of the Plan
4. Copy of the Order of the Nova Scotia Supreme Court granted X (the "Meeting Order")
5. Blank Form of Creditor's Proxy and Voting Letter with a completed Schedule 1 attached
6. Completion Instructions
7. Return Envelope (for the return of the Proxy and Voting Letter with attached Schedule 1)

The purpose of these materials is to provide you with the documents required to enable you to consider the Plan and vote to accept or reject the Plan at the Meeting of Creditors to be held at X (Halifax time) on X at the offices of X (the "Meeting").

The Plan which is being submitted to creditors by the Company with this mailing is the Plan as it exists on X. There are still ongoing negotiations with certain secured creditors and the final Plan to be voted on at the creditors meeting may contain provisions for the secured creditor class that vary from the provisions set out in the Plan as enclosed herewith. It is not anticipated that the Company will materially alter other provisions in the Plan that would affect the other classes of creditors. We refer creditors to Paragraph X of the Meeting Order as it relates to amendments to the Plan and voting thereon.

PROXY AND VOTING LETTER

If the Creditor is an individual who wishes to vote at the Meeting and will not be attending the Meeting in person, or if the Creditor is a corporation, partnership, or other entity that is not an individual, please complete the enclosed Creditor's Proxy and Voting Letter in accordance with the instructions included herewith and provide it to the Monitor so that it is received by the Monitor no later than 5:00 p.m. (Halifax time) on X. Under Paragraph X of the Meeting Order, you are required to provide the Proxy and Voting Letter by this deadline if you wish to appoint a Proxy to cast your vote at the Meeting (unless the Monitor exercises his discretion to extend the time.

FURTHER INFORMATION

If you have any questions regarding the process or any of the enclosed forms, please contact BDO Dunwoody Goodman Rosen Inc. at the following address:

BDO Dunwoody Goodman Rosen Inc., in its Capacity as Monitor
Suite 620, 1718 Argyle Street
Halifax, NS B3J 3N6
Telephone (902) 425-3100
Facsimile (902) 425-3777
Email insol-halifax@bdo.ca

You can view copies of documents relating to this process on the following website:
www.bdo.ca/canadiansailing

Yours very truly

BDO DUNWOODY GOODMAN ROSEN INC.
As Monitor Under the CCAA Proceeding of Canadian Sailing Expeditions Inc.

Paul G. Goodman, FCA, FCIRP, FIC
President

PGG/dlc
Enclosures

HFx 297999
Title: "B"
Affidavit of Paul G. Goodman
Local: 25th day of
February 2009

2008

S.H. No. 297999

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

Carl Holm

- and -

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

**MINUTES OF MEETING OF CREDITORS
FEBRUARY 17, 2009**

Pursuant to Sections 4 and 5 of the *Companies' Creditors Arrangement Act* ("CCAA"), a meeting of the creditors of Canadian Sailing Expeditions Inc. ("CSE") was held on Tuesday, February 17, 2009 at 2:00 p.m. (Halifax time) at the offices of Cox & Palmer, 11th Floor, Purdy's Wharf Tower I, Halifax, Nova Scotia. The primary purpose of the meeting was to consider CSE's Plan of Compromise or Arrangement ("the Plan") as amended. Paragraph 11 of the Order issued on January 21, 2009 ("Meeting Order") by the Supreme Court of Nova Scotia ("the Court"), directed the Monitor to call the said meeting.

The meeting was called to order by Paul G. Goodman, FCA, FCIRP, FIIC, President of BDO Dunwoody Goodman Rosen Inc. ("the Monitor"), at 2:00 p.m., Halifax time. Those persons or creditors present in person or by proxy are as reflected in the attendance list attached hereto as Schedule 1. Mr. Goodman noted that a quorum of creditors was present in person or by proxy.

Pursuant to Paragraph 13 of the Meeting Order, Mr. Goodman assumed the position of chairman of the meeting. He advised those present that Ms. Darlene Coolen of the Monitor's staff would act as secretary and that Ms. Coolen, along with himself and Mr. Carl Holm, QC, Monitor's counsel, would act as scrutineers for the vote.

The chairman introduced all those individuals present in person and advised the meeting that the Monitor was holding 17 proxies from creditors. Mr. Goodman read out the names of the creditors whose proxies he was holding.

The chairman reviewed the procedures to be followed at the meeting and, in particular, the agenda, which is attached hereto as Schedule 2. He also reviewed the voting process that would be followed.

The chairman tabled various documents, including the Monitor's Seventh Report dated January 27, 2009, the Plan as was sent to creditors on January 27, 2009, which Plan included the amendments to January 23, 2009 which is now referred to as the Plan. The Plan is attached hereto as Schedule 3. Mr. Goodman also tabled the Affidavit of Service of the Notice of

Meeting and the Meeting Materials as were sent to creditors on January 27, 2009 as required in the Court Order of January 21, 2009 (“Meeting Order”).

The Plan, as amended to January 23, 2009 (Schedule 3), was then presented to the meeting of creditors by representatives of CSE and its legal counsel. Speaking to the Plan were Mr. Douglas Prothero, President and CEO of CSE, and Mr. Robert MacKeigan, legal counsel to CSE.

Upon the presentation of the Plan being completed, the chairman asked those persons present if there were any questions on the Plan. There were no questions or comments from creditors.

The chairman asked if there were any additional amendments to be considered by the meeting and he was advised there were no additional amendments to be considered by the meeting.

The chairman called for a vote on the Plan as presented (Schedule 3) to the meeting. He called for creditors to move and second the resolution as follows:

MOVED by Chris Moyer as proxy for GrowthWorks Atlantic Venture Fund Limited
SECONDED by Sandra Attersley as proxy for Caterpillar Financial Services Limited
“THAT it be resolved this 17th day of February, 2009 that the Plan of Compromise or Arrangement proposed by Canadian Sailing Expeditions Inc. dated the 16th day of January, 2009, as amended to the 23rd day of January, 2009, in the form annexed hereto, be approved.”

The chairman then authorized the scrutineers to obtain the completed ballots from those creditors present and voting by ballot. He adjourned the meeting at 2:15 p.m. in order for the count of the vote by classes to take place by the scrutineers.

Upon completion of the review and tabulation of the votes by class, the chairman reconvened the meeting at 2:25 p.m.

The chairman announced the results of the vote by class on the Plan as amended (Schedule 3). The details of the results of the vote by class are attached hereto as Schedule 4. A summary of these results as extracted from Schedule 4 is:

Class	<u>Claims by Number</u>				<u>Claims by Dollar Value</u>			
	For		Against		For		Against	
	#	%	#	%	\$	%	\$	%
#1								
Unsecured Claims	17	94.4%	1	5.6%	\$ 3,597,895.93	99.27%	\$ 26,376.96	0.73%
#2								
Caterpillar Financial Services Limited	1	100%	Nil	Nil	\$ 5,511,998.00	100%	Nil	Nil

Class	Claims by Number				Claims by Dollar Value			
	For		Against		For		Against	
	#	%	#	%	\$	%	\$	%
#3 GrowthWorks Atlantic Venture Fund Limited (other than DIP lender & deficiency claim)	1	100%	Nil	Nil	\$ 2,150,000.00	100%	Nil	Nil
#4 Lease Lenders	1	100%	Nil	Nil	\$ 107,100.61	100%	Nil	Nil
#5 Statutory Secured Claims	No claims eligible to vote. CRA Claims Bar claim paid in full by offsets.							

The chairman declared the Plan, as amended (Schedule 3), approved by all classes of creditors present and voting.

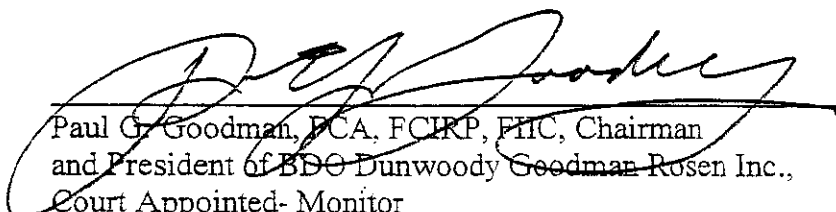
The chairman then asked those persons present if there were any other matters to be considered by the meeting. There were no other matters brought to the attention of the chairman.

The chairman then advised the meeting that the next step was to seek sanction of the Plan by the Court. He noted that the Sanction Hearing as referred to in Paragraph 29 of the Order of January 21, 2009 has been pre-set as 1:00 p.m. (Halifax time) on Thursday, March 5, 2009. He advised the meeting that notice to that effect had already been sent to all creditors who had proved their claim under the Claims Bar Process. He advised the meeting that the Monitor would file an affidavit with the Court on the results of the creditors meeting. He also advised the meeting that he would forthwith send a letter to all creditors who had proved their claim under the Claims Bar Process advising them as to the result of the vote and remind them of the Sanction Hearing.

Mr. Prothero thanked the creditors for their confidence and support in approving the Plan.

There being no further business, the meeting adjourned at approximately 2:30 p.m.

Dated at Halifax, Nova Scotia, this 18th day of February, 2009.



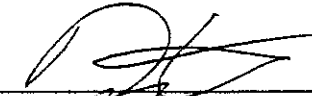
Paul G. Goodman, FCA, FCIRP, FHC, Chairman
and President of BDO Dunwoody Goodman Rosen Inc.,
Court Appointed- Monitor

CANADIAN SAILING EXPEDITIONS INC.
MEETING OF CREDITORS
COX & PALMER, SUITE 1100, PURDY'S WHARF TOWER I, 1959 UPPER WATER
STREET, HALIFAX, NOVA SCOTIA
2:00 P.M., TUESDAY, FEBRUARY 17, 2009

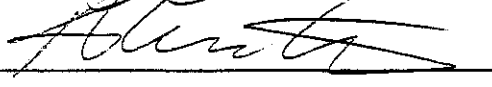
ATTENDANCE LIST

Representatives of Canadian Sailing Expeditions Inc.

Douglas Prothero (President)



R.G. MacKeigan (Legal Counsel)

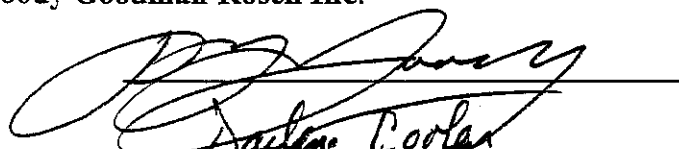


Gavin Mac Donald (Legal Counsel)

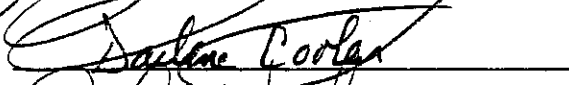


Representatives of Monitor, BDO Dunwoody Goodman Rosen Inc.

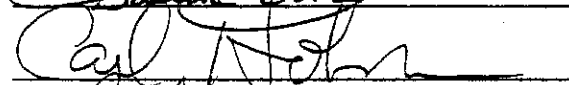
Paul G. Goodman, FCA, FCIRP, FIIC



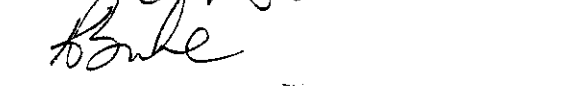
Darlene Coolen



Carl Holm, QC (Legal Counsel)



Kim Burke



CANADIAN SAILING EXPEDITIONS INC.
 MEETING OF CREDITORS
 COX & PALMER, SUITE 1100, PURDY'S WHARF TOWER I, 1959 UPPER WATER
 STREET, HALIFAX, NOVA SCOTIA
 2:00 P.M., TUESDAY, FEBRUARY 17, 2009

Class 1

ATTENDANCE LIST

Proxies to the Monitor			Voting Instruction Given (Y/N)
	Creditor Name	Voting Amount	
1.	<i>Atlantic Canada Opportunities Agency</i>	\$ <u>628 403⁴⁷</u>	<i>Yes - For</i>
		\$ _____	_____
2.	<i>Atlantic Tractors & Equipment</i>	\$ <u>918⁴¹</u>	<i>Yes - For</i>
		\$ _____	_____
3	<i>Bounty Print Limited</i>	\$ <u>3171³⁴</u>	<i>Yes - For</i>
		\$ _____	_____
4.	<i>Braemar Pest Control Services Ltd</i>	\$ <u>148⁹⁶</u>	<i>Yes - For</i>
		\$ _____	_____
5.	<i>Edward E. Smith CA</i>	\$ <u>54635⁹⁴</u>	<i>Yes For</i>
		\$ _____	_____
6	<i>Dominion Diving Ltd</i>	\$ <u>6780⁰⁰</u>	<i>Yes For</i>
		\$ _____	_____
7	<i>Electro Marine</i>	\$ <u>5656⁹⁸</u>	<i>Yes - For</i>
		\$ _____	_____
8	<i>Floors Plus</i>	\$ <u>5518¹¹</u>	<i>Yes - For</i>
		\$ _____	_____

CANADIAN SAILING EXPEDITIONS INC.
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 STREET, HALIFAX, NOVA SCOTIA
 2:00 P.M., TUESDAY, FEBRUARY 17, 2009

ATTENDANCE LIST

~~Class 1~~

Proxies to the Monitor

	Creditor Name	Voting Amount	Voting Instruction Given (Y/N)
⑨	Hedde Marine Service Inc	\$ 26376 ⁹⁰	Yes - Against
	_____	\$ _____	_____
⑩	Integra International Inc	\$ 362 ⁰⁶	Yes - For
	_____	\$ _____	_____
⑪	Russel Metals Inc	\$ 926 ⁶⁰	Yes - For
	_____	\$ _____	_____
⑫	Shambhala Sun Foundation	\$ 971 ⁴⁰	Yes - For
	_____	\$ _____	_____
⑬	United Rentals of Canada Inc	\$ 30 ⁴⁷	Yes - For
	_____	\$ _____	_____
⑭	Water Front Development Corp Ltd	\$ 13534 ⁵²	Yes - For
	_____	\$ _____	_____
⑮	Granit Sorl/TCS Guadeloupe	\$ 3335 ⁰³	Yes - For
	_____	\$ _____	_____
	_____	\$ _____	_____
	_____	\$ _____	_____

CANADIAN SAILING EXPEDITIONS INC.
 MEETING OF CREDITORS
 COX & PALMER, SUITE 1100, PURDY'S WHARF TOWER I, 1959 UPPER WATER
 STREET, HALIFAX, NOVA SCOTIA
 2:00 P.M., TUESDAY, FEBRUARY 17, 2009

ATTENDANCE LIST

Class 1

Creditors Present or Represented

Creditor Name	Representative	Voting Amount
_____	_____	\$ _____
<i>Growth Works Atlantic Venture Fund Ltd</i>	_____	\$ _____
_____	Chris Moyer	\$ _____
<i>Chris Moyer (Proxy)</i>	<i>Chris Moyer</i>	\$ <i>2466199⁶⁹</i>
<i>John Stringer (Counsel)</i>	<i>John Stringer</i>	\$ _____
<i>Tom Hayes (Counsel)</i>	<i>Tom Hayes</i>	\$ _____
_____	_____	\$ _____
<i>National Marine Fire Services Corp</i>	<i>Richard Muller</i>	\$ _____
<i>Richard Muller (Proxy)</i>	<i>Richard Muller</i>	\$ <i>103737⁰¹</i>
_____	_____	\$ _____
<i>Douglas Prothero</i>	<i>Douglas Prothero</i>	\$ <i>303547⁵⁰</i>
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____

(16)

(17)

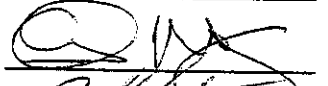

(18)

VL For

VL For

CANADIAN SAILING EXPEDITIONS INC.
 MEETING OF CREDITORS
 COX & PALMER, SUITE 1100, PURDY'S WHARF TOWER I, 1959 UPPER WATER
 STREET, HALIFAX, NOVA SCOTIA
 2:00 P.M., TUESDAY, FEBRUARY 17, 2009

ATTENDANCE LIST

Creditors Present or Represented		
Creditor Name	Representative	Voting Amount
<u>Class 2 (Secured)</u>	_____	\$ _____
<u>Caterpillar Financial Services Ltd</u>	_____	\$ <u>5511994⁰⁰</u>
<u>Proxy For Sandra A. Hensley Lander (Att)</u>	_____	\$ _____
<u>or Frank Metcalf</u>	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
<u>Class 3 (Secured)</u>	_____	\$ _____
<u>Growth Works Atlantic</u>	_____	\$ _____
<u>Venture Fund Ltd</u>	_____	\$ <u>2150000⁰⁰</u>
<u>Chris Mayer (Proxy)</u>		\$ _____
<u>Johan Strimpen (Secured)</u>		\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____

Vt For

CANADIAN SAILING EXPEDITIONS INC.
 MEETING OF CREDITORS
 COX & PALMER, SUITE 1100, PURDY'S WHARF TOWER I, 1959 UPPER WATER
 STREET, HALIFAX, NOVA SCOTIA
 2:00 P.M., TUESDAY, FEBRUARY 17, 2009

ATTENDANCE LIST

Proxies to the Monitor		
Creditor Name	Voting Amount	Voting Instruction Given (Y/N)
<u>Class 4 - Lease Lenders</u>	\$ _____	_____
<u>B. & Kim Leasing Corporation</u>	\$ <u>107,106⁶⁴ *</u>	<u>Yes - For</u>
<u>* Subject to adjustment</u>	\$ _____	_____
<u>For payments made</u>	\$ _____	_____
<u>post June 27/08</u>	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
<u>Class 5 - Statutory Secured Claims</u>	_____	_____
<u>Canada Revenue Agency</u>	\$ <u>Nil</u> *X	<u>Yes - For</u>
<u>* * CRA has no</u>	\$ _____	_____
<u>claim as HST Refunds</u>	\$ _____	_____
<u>pre and post June 27/08 offset</u>	\$ _____	_____
<u>to pre amounts owing</u>	\$ _____	_____
<u>CRA Now owes CSE</u>	\$ _____	_____
<u>Observer(s):</u>	\$ _____	_____
_____	\$ _____	_____