

**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.

**THIRD REPORT OF MONITOR  
BDO DUNWOODY GOODMAN ROSEN INC.  
August 8, 2008**

2008

S.H. No. 297999

**IN THE MATTER OF:**

The *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended

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A Plan of Compromise or Arrangement of the Applicant, Canadian Sailing Expeditions Inc.

THIRD REPORT OF MONITOR – BDO DUNWOODY GOODMAN ROSEN INC.

August 8, 2008

## MONITOR'S THIRD COURT REPORT

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## 1. THIRD REPORT OF THE MONITOR – GENERAL COMMENTS

1.1. Pursuant to an Order (“Initial Order”) of the Supreme Court of Nova Scotia (“the Court”) dated June 27, 2008, BDO Dunwoody Goodman Rosen Inc. was appointed as the Monitor (“the Monitor”) pursuant to an application made by Canadian Sailing Expeditions Inc. (“CSE”) to seek protection under the Companies’ Creditors Arrangement Act (“CCAA”).

1.2. The following is a summary of the Orders granted by the Court which form the basis of the CCAA proceeding of CSE as has occurred to date:

- Initial Order granted on June 27, 2008 by The Honorable Justice Gerald R.P. Moir;
- First Debtor-in-Possession Financing Order granted on July 4, 2008 by The Honorable Chief Justice Joseph P. Kennedy;
- Consent Order extending the Stay of Termination Date from July 24, 2008 to July 25, 2008 granted on July 24, 2008 by The Honorable Justice John D. Murphy (attached as Exhibit 1);
- Order Extending the Stay of Termination Date to September 3, 2008 granted on July 25, 2008 by The Honorable Justice John D. Murphy (attached as Exhibit 2).

1.3. To date, the Monitor has prepared and filed two detailed reports and one supplementary report with the Court as follows:

- Monitor’s First Report dated July 2, 2008;
- Monitor’s Second Report dated July 21, 2008;
- Monitor’s Supplementary Report dated July 24, 2008.

1.4. Subsequent to the date of the Monitor’s Second Report of July 21, 2008, the Monitor advises that we have undertaken or we have been involved in various activities which may generally be described as follows:

- On a daily basis, we have continued to be in contact and communication with Douglas Prothero, the CEO of CSE, and/or various members of the CSE staff, CSE’s legal counsel, and counsel to the Monitor.
- We continue to field a number of communications by various medium from creditors as to the status of the CCAA proceeding of CSE and we have responded to each of these inquiries on a timely basis, including answering the questions about pre-filing obligations and post-filing supply of goods and services.
- Each week, and pursuant to the regime we have established with CSE, the Monitor receives the Cash Flow Report and various materials related thereto from CSE and we perform a limited review of the information provided, seek explanations for various questions or variances, recommend changes where appropriate, and provide an email

report and the Cash Flow Report to those creditors and parties who have requested same.

- We have reviewed certain confidential materials provided to us with respect to progress made toward the determination of a CCAA Plan of Arrangement and we have performed certain due diligence procedures to determine the efficacy as best we can in the circumstances on the information provided.
- We have had a number of communications and discussions with CSE, its counsel, and Monitor's counsel regarding various aspects of the CCAA process, including DIP financing, Cash Flow, Claims Bar Process, and the elements that may be considered for a Plan of Arrangement.
- We have communicated with staff or counsel of the various secured creditors in order to obtain information about their respective debt obligations (see Section 3).
- The Monitor has met with and made arrangements for Mr. Prothero to meet with an individual who may provide future DIP financing or participate in some other way in the CCAA Plan of Arrangement.
- The Monitor attended the Court hearing held on July 25, 2008 with respect to the extension of the Stay of Termination Date, now extended to September 3, 2008.
- The Monitor has reviewed Monitor's counsel's report on the status of the secured creditor obligations, which report is attached hereto as Exhibit 6 and commented on in Section 3.
- The Monitor has considered the Claims Bar Process and timing related thereto and has made suggestions to CSE's counsel with respect to the application to be considered by the Court on August 13, 2008.
- The Monitor has attended to and reviewed a number of other matters and documentation which may not otherwise be referred to herein.

## 2. CASH FLOW, CASH FLOW PROJECTIONS, AND DEBTOR-IN-POSSESSION (“DIP”) FINANCING

- 2.1. Attached to both of the previous Monitor’s Reports to the Court were the relevant weekly Cash Flow (Cash Receipts and Disbursements) for the most recent week as well as the monthly Cash Flow Projection (Monthly Cash Receipts and Disbursements). The Monitor commented on each of these documents as they had been presented at the time.
- 2.2. As previously advised, the Monitor has established a regime and timing related to the provision of and a limited review of the Weekly Cash Flow information as provided by CSE to the Monitor. The Monitor has provided full particulars of the regime and the review in its previous reports. The Monitor does not audit the data provided by CSE, nor do we express any opinion as to the accuracy or completeness of the data.
- 2.3. With respect to the Weekly Cash Flow Report, attached as Exhibit 3 is the Weekly Cash Flow Report (Weekly Cash Receipts and Disbursements) for Week #5, being the week from July 27, 2008 to August 2, 2008 inclusive, and including the cumulative position for the first five weeks of the CCAA proceeding through to August 2, 2008.
- 2.4. The Monitor’s comments in summary with respect to Exhibit 3 are:
  - Actual revenue realized does not vary materially from the revenue as planned. In Week #5, seven new bookings with deposits had been received and the change in bookings paid in advance trust funds is an increase of \$1,917.
  - The trust funds deposit list totals \$152,859 while the actual cash and GICs total \$153,068, an amount of \$209 in excess of the trust funds actually required.
  - To the end of Week #5, DIP funds advanced are \$65,000 more than plan at \$350,000, but cash in trust at the end of Week #5 is approximately \$88,000 more than plan, as a result.
  - It is important to understand that timing is critical and that accounts payable at the end of Week #5 amount to \$54,727 of which \$38,216 is related to payroll deductions.
  - Had all of the accounts payable been paid at the end of Week #5, there would be approximately \$50,000 of cash remaining on hand. This amount would be about \$33,000 more than plan.
  - One of the larger expense variances that is negative, but not related to operations, is the professional fees related to the CCAA which is \$23,629 over plan.
  - Actual expenses paid in Week #5 are \$36,882 less than plan, and for the five weeks ended August 2, 2008 are \$5,515 less than plan, suggesting that CSE is doing a good job of monitoring its operating expenses which are about \$29,000 less than plan.
  - Accounts receivable at the end of Week #5 is the same \$3,414 damage claim which has yet to be paid to CSE.

2.5. The Monitor has also been provided with an updated Monthly Cash Flow Projection (Monthly Cash Receipts and Disbursements) to the end of October, 2008. Attached as Exhibit 4 is the Monthly Cash Flow Projection for the four month period through to the end of October, 2008. Exhibit 4 demonstrates that DIP funds expected to be used by the end of August, 2008 will be \$615,000, an amount that is greater than the present DIP approved by the July 4, 2008 Order of the Court, which amount is a maximum of \$500,000, subject to the terms and conditions of the June 27, 2008 Commitment Letter from Growthworks Atlantic Venture Fund Limited (“Growthworks”). In the previous Monthly Cash Flow Projection, it was observed that DIP funds of an amount greater than \$500,000 will be required by the end of August, 2008 and that by the end of September, 2008, the DIP will approximate \$800,000. The Monitor commented in his Second Report to the Court that it would be necessary to make an application to the Court for an increase in the DIP financing before the end of August, 2008 and likely by the middle of August, 2008, hence the August 13, 2008 application.

2.6. Attached as Exhibit 5 is a commitment letter dated August 1, 2008 from Growthworks offering CSE an additional DIP financing facility (second DIP financing) of up to \$350,000 on the same terms and conditions as set out in the commitment letter of June 27, 2008 (first DIP financing). Based on the information that the Monitor has to date, we calculate that maximum DIP available is calculated to be as follows:

Funds available in first DIP (June 27, 2008) Commitment Letter:	
Base amount	\$ 350,000
Plus unused RBC credit line of \$1,500,000 available, less used and paid by Growthworks to RBC \$1,381,217	<u>118,783</u>
First DIP Available	468,783
Funds Proposed from Second DIP Financing	<u>350,000</u>
Total DIP to be Available	<u>\$ 818,783</u>

2.7 The Monitor is of the view that the total DIP financing facility of \$818,783 as calculated above and as proposed is consistent with the DIP financing required if one makes a comparison to Exhibit 4 which shows a DIP request to the end of September of \$800,000. This maximum available amount may be subject to some adjustments for legal fees, etc., but such amounts are unknown by the Monitor at this time. Notwithstanding the Growthworks Commitment Letter which caps the available DIP at \$818,783 (subject to adjustment), it appears that if the Court approves the additional DIP of \$350,000, and subject to the further agreement of Growthworks and the approval of the Monitor, actual DIP advances could be made of up to \$850,000.

2.8 To further assist CSE with future DIP financing, if required, the Monitor, with the consent of CSE, contacted two potential DIP financing lenders who may, in the future,

replace or supplement the DIP financing presently in place with Growthworks. In one case, the Monitor and Mr. Prothero met with the potential DIP financier and the approaches were positively received.

- 2.9 The Monitor notes that a review of Exhibit 4 reveals that CSE is not projecting any revenue in the month of October, 2008, although there is likely to be some if *The Caledonia* is operating. The revenue included in Exhibit 4 is based on booked passages only, with no forecasted revenue being projected. The result of this conservative projected position is that CSE will need an additional \$325,618 of DIP funding for October or total DIP by the end of October of \$1,125,000. The Monitor is, therefore, of the view that a Plan of Arrangement must be filed, voted on, and sanctioned by the Court (if approved by creditors) by the end of October, 2008. Further, CSE will need additional DIP funds by the end of September, 2008, as October numbers reflect a \$325,000 shortfall.



### 3. PRELIMINARY INFORMATION RE CREDITORS

- 3.1. On July 22, 2008, the Monitor wrote to the most significant secured creditors seeking their cooperation providing details as to the balances of their obligations outstanding as at June 27, 2008. In this section, we provide the information that we received from the creditors as indicated.
- 3.2. Caterpillar Financial Services Inc. ("CAT") holds a first-ranking security interest under the Canada Shipping Act and the PPSA in *The Caledonia* and all property relating to its operations and, to the extent permitted by law, any rights or permits relating to *The Caledonia* or its operations as security for the CAT loan. The obligation as reported owing by CAT as at June 27, 2008 is \$5,558,885.13 calculated as follows:

Principal	\$ 5,400,000.00
Interest	99,498.00
Fees	52,000.00
Late charges	<u>7,387.13</u>
Total to June 27, 2008	<u>\$ 5,558,885.13</u>

- 3.3. Nova Scotia Business Inc. ("NSBI") holds a second-ranking security interest under the Canada Shipping Act and the PPSA in *The Caledonia* and all property relating to it or its operations and, to the extent permitted by law, any rights or permits relating to *The Caledonia* and its operations, and, under the PPSA, a first-ranking security interest in all other present and after-acquired property of CSE, including the vessel *Hawk* but excluding the property in which Bodkin Capital Corporation ("Bodkin") has an interest, as security for any amounts it may pay or be called to pay to CAT pursuant to NSBI's guarantee of CSE's obligations to CAT. To the best of the Monitor's knowledge, there is no obligation outstanding as at June 27, 2008 as no demand to pay pursuant to the guarantee has been made by NSBI on CAT.
- 3.4. Growthworks Atlantic Ventures Limited ("Growthworks") has a third-ranking interest in *The Caledonia*, all property relating to it or its operations and, to the extent permitted by law, in any rights or permits relating to *The Caledonia* and its operations and a second-ranking security interest in all other present and after-acquired personal property of CSE, including the vessel *Hawk*, but excluding the property in which Bodkin has a security interest as security for its investments in CSE and for amounts paid by it to Royal Bank of Canada ("RBC") pursuant to its guarantee of CSE's obligations to RBC. It is the Monitor's understanding that Growthworks has paid the obligation outstanding to RBC in the amount of \$1,381,217.56 and, further, that the total amount now outstanding to Growthworks as at June 27, 2008 is \$4,610,562.07 and is calculated as follows:

Convertible Debenture #1	\$ 1,668,471.23
Convertible Debenture #2	1,546,818.49
Guarantee fee	<u>14,054.79</u>
	3,229,344.51
Paid out to Royal Bank of Canada	<u>1,381,217.56</u>
Total to June 27, 2008	<u>\$ 4,610,562.07</u>

- 3.5. Bodkin has a first-ranking security interest on certain Narwhal rescue boats and a POS system, all on *The Caledonia*, and other personal property as described in its filings under PPSA for the loans made for the acquisition of the described personal property. The amounts reported by Bodkin to be outstanding on its two leases as at June 27, 2008 are as follows:

	<u>POS System</u>	<u>Narwhal Rescue boats</u>
Pre tax buyout	\$ 12,058.53	\$ 85,084.23
HST	<u>1,567.61</u>	<u>11,060.95</u>
Total to June 27, 2008	<u>\$ 13,626.14</u>	<u>\$ 96,145.18</u>
Monthly Payment	<u>\$ 386.53</u>	<u>\$ 1,976.93</u>

- 3.6. As indicated in previous reports, the Monitor had asked Monitor's counsel, Carl Holm, QC of Wickwire Holm, to provide the Monitor with an opinion concerning the outstanding security interests in the various property of CSE and the priority of those securities as they relate to the property in question. Attached as Exhibit 6 is Monitor's counsel's opinion with respect to the various security interests, which opinion is dated July 31, 2008.

- 3.7. Included with the Monitor's First Report was a complete listing of all of the debt obligations as reported by CSE to the Monitor. This listing as provided to the Monitor by CSE has been amended and added to from time to time as creditors contact the Monitor to seek or provide information regarding their respective obligations. To date, while there have been some amendments, there have been no material additions to the list as was provided by CSE to the Monitor.

#### **4. COMPANIES' CREDITORS ARRANGEMENT ACT ("CCAA") PROFESSIONAL FEES**

- 4.1. As set out in previous reports of the Monitor, Paragraph 30 of the Initial Order provides for the payment of the reasonable fees and disbursements of the Monitor (including the reasonable solicitor and client fees and disbursements of any counsel retained by the Monitor) and the reasonable solicitor and client fees and disbursements of counsel to CSE.
- 4.2. Paragraph 31 of the Initial Order provides that the Monitor, counsel to the Monitor, and Federal's counsel, as security for their reasonable professional fees and disbursements incurred both before and after the making of the Initial Order in respect to the CCAA proceedings, were granted a charge against all present and future property of CSE in the form of an Administration Charge, such charge not to exceed \$300,000 without further Order of the Court. The Monitor sees no reason to seek an increase in the Administration Charge.
- 4.3. Attached as Exhibit 7 is a schedule of the details of the CCAA professional fees including those which are subject to the Administration Charge where they are unpaid. Exhibit 7 portrays total fees (inclusion of disbursements and HST) as billed (\$80,757.11) and indicates which ones are paid (\$76,424.51) or are unpaid (\$4,332.60), as the case may be as of August 6, 2008, although the Monitor notes that due to timing differences in the receipt of payment for fees in relation to the preparation of this report, certain fees reflected as unpaid may indeed be paid.
- 4.4. Pursuant to Paragraph 19 of the DIP Order of July 4, 2008, the priority of the Administration Charge referred to in Paragraph 3.3 therein is limited, firstly, to \$75,000 and is then, secondly, intersected by the DIP Charge ("DIP Loan"), and then, thirdly, the remaining Administration Charge has next priority. As at the date of this present report, the \$4,332.60 would be subject to the Administration Charge.

## 5. STATUS OF PLAN OF ARRANGEMENT UNDER CCAA

- 5.1. As indicated in previous reports, under Section 11(6) of the CCAA, the Monitor needs to be confident that the burden of proof to satisfy the Court on granting an application is on CSE so as to satisfy the Court that:
- (a) circumstances exist that make an Order appropriate; and
  - (b) CSE has acted in good faith and are continuing to act in good faith and with due diligence.
- 5.2. In the discussions that the Monitor has had with officials of CSE and its counsel, the prospects for a Plan of Arrangement continue to be positive and any CCAA Plan of Arrangement is likely to include:
- the sale of the vessel *The Caledonia* by way of an aggressive marketing plan; or
  - the long-term charter of the vessel *The Caledonia*; or
  - an injection of new capital funds or a conversion of debt to equity and/or write-downs and participation from certain secured creditor interests.
- 5.3. The Monitor continues to believe that whatever form of Plan of Arrangement as may be established, it will continue to take some time to determine what the direction of the Plan of Arrangement might take and it will likely take some further time thereafter to initiate the necessary action plans to arrive at the desired conclusion.
- 5.4. Douglas Prothero, CEO of CSE, has met with the Monitor on a number of occasions and has provided the Monitor with written updates as to actions he has undertaken which will lead to the key elements in establishing a Plan of Arrangement. These confidential reports as provided to the Monitor are dated July 10, 2008, July 23, 2008, and August 2, 2008.
- 5.5. The Monitor believes that it is critical that the details of the actions as initiated by CSE to date must be kept confidential. However, generally speaking, the Monitor advises the Court as set out in the following paragraphs.
- 5.6. With respect to the outright sale of the vessel *The Caledonia*, CSE has contacted ten ship's brokers throughout the world and is attempting to contact three others. All of the ten ship's brokers have websites and we have searched these websites and, in all instances, these ship's brokers appear to represent mediums who are experienced in selling vessels such as *The Caledonia*. *The Caledonia* is actually listed on one of the websites and Mr. Prothero has indicated that the vessel is to be listed on other websites, however, due to timing, the vessel is not, at this point, so listed. At least three of the brokers have indicated they have certain clients in mind for a vessel such as *The Caledonia* and it is expected that over the next few weeks, brokers will visit the

ship in order to obtain more information about it before listing it as available for sale, or placing of the vessel on their website.

- 5.7. With respect to the long-term charter of *The Caledonia*, CSE has contacted five brokers who have indicated they will search their records for possible charters. These brokers do not post the charters on their websites. Other potential charters are being sought with offshore companies and international logistic companies as well as potential film opportunities or as a “floatel”.
- 5.8. To date, approaches have been made to a number of joint venture or equity partners and these communications are ongoing. Mr. Prothero is having some difficulty in meeting with the key decision makers in the private sector due to summer vacations.
- 5.9. CSE has done some research on the potential for realization of the vessel *Hawk*. While the value of the *Hawk* in relation to the value of *The Caledonia* is insignificant, its potential realization may be extracted from ship breaking, or conversion, or cut down to barge status. Contacts with potential interested parties for any of these purposes are ongoing and at least a couple of parties have expressed some interest in the *Hawk*.
- 5.10. As previously indicated in a summary of the Monitor’s activities, the Monitor has discussed a potential Claims Bar Process with CSE and its counsel. In addition to the process itself, the Monitor has suggested some relevant timings to conclude a Claims Bar Process. The Monitor notes there is some open-ended timing in that the Plan of Arrangement has not been filed and no meeting date has been set, however, notwithstanding these issues, the Monitor understands that CSE will bring forth a Claims Bar Process to be approved by the Court on August 13, 2008. As at the date of the writing of this present Third Monitor’s Report, the Monitor has not had the opportunity to view the draft Claims Bar Process to be presented to the Court, but we understand it may be similar to the suggestions put forth by the Monitor. Upon receiving the details of the Claims Bar Process to be put before the Court on August 13, 2008 for approval, the Monitor will comment further by way of affidavit or will do so verbally at the hearing.
- 5.11. Given all of the above activities and the materials provided to the Monitor by CSE and the due diligence performed by the Monitor to the extent possible on these materials, the Monitor is satisfied that CSE’s management has acted and has continued to act in good faith and with due diligence in bringing forth a workable Plan of Arrangement for consideration by the creditors.


## 6. RECOMMENDATIONS

- 6.1. Whereas the Monitor believes that, by its actions, CSE is acting in good faith and with due diligence in moving to initiate the preparation of a Plan of Arrangement, and whereas the actual net Cash Flow of CSE is not materially adverse to the Cash Flow as planned and previously presented to the Court, the Monitor recommends that the DIP financing facility available to CSE as offered by Growthworks be increased by \$350,000 from the present amount authorized by the Court of \$500,000, subject to the June 27, 2008 Growthworks Commitment Letter, to a total Court-authorized DIP financing facility of \$850,000 based on the terms outlined in Exhibit 5 which will in practicality cap the DIP at approximately \$818,783, subject to adjustment.
- 6.2. Whereas the Monitor believes CSE will bring forth a Plan of Arrangement for the consideration of creditors within the next few weeks, the Monitor believes it is now appropriate that a Claims Bar Process to be established, which process would be consistent with the Monitor's recommendations to CSE, both in terms of timing and procedure. The Monitor will confirm the details of its final approval of this recommendation by way of affidavit prior to the hearing to be held on August 13, 2008 or by way of verbal communication at the time of the hearing as the Court at its discretion may see fit. The Monitor, therefore, recommends to the Court that a Claims Bar Process be now ordered.
- 6.3. The Monitor is not aware of any reason why the Stay of Termination Date should not be continued until September 3, 2008, the date previously approved by the Order of July 25, 2008 and, therefore, recommends to the Court that the Stay of Termination Date remain unchanged from that date ordered in the July 25, 2008 Order.

Dated at Halifax, Nova Scotia this 8<sup>th</sup> day of August, 2008.

Respectfully submitted

**BDO DUNWOODY GOODMAN ROSEN INC.**  
Court-Appointed Monitor in the CCAA Proceeding of  
Canadian Sailing Expeditions Inc.



Paul G. Goodman, FCA, FCIFP, FIIC  
*President*

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.

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IN THE MATTER OF:

A Plan of Compromise or Arrangement of the Applicant,  
Canadian Sailing Expeditions Inc.

Court Administration  
R.S.C. 1985,  
JUL 24 2008  
Halifax, N.S.



CONSENT ORDER

BEFORE THE HONOURABLE JUSTICE JOHN D. MURPHY IN CHAMBERS

UPON APPLICATION of Canadian Sailing Expeditions Inc. (the "Company");

IT IS HEREBY ORDERED THAT:

1. The Company not be required to serve notice of this application on any of its creditors.
2. The Stay Termination Date as set in paragraph 3 of the Order of Justice Moir issued June 27, 2008 be extended to the issuance of any order from, or the dismissal of, the application of the Company to further extend the Stay Termination Date now scheduled to be heard July 25, 2008.

DATED at Halifax, Nova Scotia, this 24 day of July, 2008.

*Karen Gilman*

Deputy Prothonotary

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 24 day of July A.D., 2008

*Karen Gilman*

Deputy Prothonotary

2008

S.H. No. 297999

IN THE SUPREME COURT OF NOVA SCOTIA

Court Administration  
JUL 25 2008  
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.

ORDER

Justice John D. Murphy



BEFORE THE HONOURABLE JUSTICE

IN CHAMBERS

UPON READING the Affidavit of Douglas Prothero sworn July 18, 2008;

AND UPON HEARING Robert G. MacKeigan Q.C., counsel for the Company;

IT IS HEREBY ORDERED THAT:

1. Canadian Sailing Expeditions Inc. (the "Company") not be required to serve notice of this application on any of its creditors except for the Senior Secured Creditors (as defined in the Order of Justice Moir issued June 27, 2008 (the "Initial Order")).
2. The Stay Termination Date as set in paragraph 3 of the Initial Order be extended to September 3<sup>rd</sup>, 2008 subject to the right of the creditors of the Company to request a review and reconsideration of this extension following the procedure set out in the Initial Order.

Sgd.  
JDM. J.

DATED at Halifax, Nova Scotia, this 25<sup>th</sup> day of July, 2008.

*L. Murphy*  
Deputy Prothonotary

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 25 day of July A.D., 2008

LYNDSAY MURPHY  
Deputy Prothonotary

*L. Murphy*



**EXHIBIT 3**

**Canadian Sailing Expeditions Inc.  
Weekly Cash Receipts and Disbursements  
Week #5**

	CURRENT WEEK			ACCUMULATED POSITION		
	Week 5 Jul 27 - Aug 2 2008			Weeks 1 - 5 Jun 30-Aug 2 2008		
	Actual	Planned	Variance	Actual End	Planned End	Variance
<b>CASH, BEGINNING OF PERIOD</b>	<b>86,957</b>	<b>117,123</b>	<b>(30,166)</b>	<b>58,767</b>	<b>58,767</b>	<b>-</b>
<b>CASH RECEIPTS:</b>						
Caledonia Revenue	16,871	17,773	(902)	129,768	135,125	(5,357)
Charter Fees	16,871	16,387	484	122,546	124,585	(2,039)
Bar		537	(537)	2,717	4,080	(1,363)
Excursion (gross-see note below)		402	(402)	2,900	3,060	(160)
Merchandise		447	(447)	1,605	3,400	(1,795)
Tips Collected - to be disbursed				5,828		5,828
HST Collected	2,171	-	2,171	16,999		16,999
DIP Funds	80,000		80,000	350,000	285,000	65,000
	<b>99,042</b>	<b>17,773</b>	<b>81,269</b>	<b>502,595</b>	<b>420,125</b>	<b>82,470</b>
<b>CASH DISBURSEMENTS:</b>						
Accounts Payable						
Uncleared Cheques				57,774	64,944	(7,171)
Credit Card Bill				2,000	10,000	(8,000)
Accrued Current Payroll Liabilities				16,668	23,971	(7,303)
General and Office	2,435	2,393	42	7,716	8,989	(1,273)
Postage/Courier	64	160	(96)	316	720	(404)
Office Supplies	102	80	22	325	320	5
Computer Supplies/Repairs		34	(34)	-	136	(136)
General		100	(100)	-	500	(500)
Professional Memberships		61	(61)	-	244	(244)
Licenses/Permits		33	(33)	103	133	(29)
Telephone equipment	275		275	275	230	45
Office Phones/Long Distance	1,292		1,292	2,660	1,200	1,460
Cell	703		703	1,339	1,200	139
Security				-	-	-
Rent		1,799	(1,799)	2,699	3,598	(899)
Computer Equipment		125	(125)	-	708	(708)
Salaries (see note)	2,981	1,800	1,181	40,755	57,346	(16,592)
Combined net pay (all office wk 1)				9,148	12,034	(2,886)
Management salaries	1,750	1,800	(50)	9,427	17,373	(7,945)
CEO				3,467	6,229	(2,762)
Director Operations				3,467	6,229	(2,762)
Director Marine Operations				743	3,115	(2,372)
Benefits	1,750	1,800	(50)	1,750	1,800	(50)
Sales and Marketing Salaries				15,920	21,830	(5,910)
US Sales & Marketing				8,764	9,656	(893)
Corporate Sales				2,534	4,313	(1,778)
Marketing Associate				2,751	4,792	(2,041)
Full Time Consumer Sales				1,871	3,070	(1,199)
Part-time sales				-	-	-
Administration Salaries	1,231		1,231	6,259	6,109	150
Controller	1,231		1,231	1,231	-	1,231
Special Projects				3,696	4,313	(617)
Cruise Coordinator				1,333	1,797	(464)
Professional fees	22,921	20,000	2,921	71,129	47,629	23,629
Legals	18,154	12,500	5,654	49,545	12,500	37,045
Consultancy	4,767	7,500	(2,734)	21,584	30,000	(8,416)
Accounting (D.Smith Bal/Audit)				-	5,000	(5,000)
Insurance		4,525	(4,525)		15,225	(4,525)
Hull & Machinery Caledonia				10,700	10,700	0
Hull & Machinery Hawk				-	-	-
Protection & Indemnity				-	-	-
Loss of Use				-	-	-
Outstanding Builder's Risk				-	-	-
COFR				-	-	-
MII				-	-	-
Director's Insurance/Life/Office		4,525	(4,525)	-	4,525	(4,525)
Sales & Marketing	16,633	6,000	10,633	27,770	30,000	(2,230)
General	13,710	6,000	7,710	21,459	30,000	(8,541)
Travel	56		56	374		374
Refinancing	2,867		2,867	5,937		5,937
Caledonia POS System	398	390	8	831	780	51
Hawk Mooring	220	600	(380)	720	1,200	(480)
Charter Cost	27,278	66,001	(38,724)	137,630	132,776	4,853
Variable Costs	5,503	4,104	1,399	48,551	19,759	28,792
Catering		2,142	(2,142)	11,454	8,569	2,885
Alcohol		286	(286)	-	1,142	(1,142)
Supplies	74	314	(241)	1,715	1,256	459
Merchandise		468	(468)	-	1,870	(1,870)
Commissions	429	894	(465)	6,965	6,922	43
Excursions				2,417		2,417
Petty Cash to Ship (see note below)	5,000		5,000	26,000		26,000
Fixed Costs	21,775	61,897	(40,122)	89,079	113,017	(23,938)

**Canadian Sailing Expeditions Inc.**  
**Weekly Cash Receipts and Disbursements**  
**Week #5**

	CURRENT WEEK			ACCUMULATED POSITION		
	Week 5 Jul 27 - Aug 2 2008			Weeks 1 - 5 Jun 30-Aug 2 2008		
<i>Crew Charter</i>	19,757	60,260	(40,503)	82,460	104,830	(22,370)
<i>Combined Net Pays (see note)</i>	19,757		19,757	82,460	44,570	37,890
<i>Master</i>		7,590	(7,590)	-	7,590	(7,590)
<i>First Mate</i>		5,980	(5,980)	-	5,980	(5,980)
<i>Bosun</i>		1,840	(1,840)	-	1,840	(1,840)
<i>Bosun Mate</i>		1,610	(1,610)	-	1,610	(1,610)
<i>Chief Engineer</i>		7,475	(7,475)	-	7,475	(7,475)
<i>Second Engineer</i>		7,475	(7,475)	-	7,475	(7,475)
<i>Chef</i>		3,220	(3,220)	-	3,220	(3,220)
<i>Sous Chef</i>		2,300	(2,300)	-	2,300	(2,300)
<i>Steward</i>		2,070	(2,070)	-	2,070	(2,070)
<i>Steward</i>		2,990	(2,990)	-	2,990	(2,990)
<i>Steward</i>		2,070	(2,070)	-	2,070	(2,070)
<i>Steward</i>		1,610	(1,610)	-	1,610	(1,610)
<i>Steward</i>		1,610	(1,610)	-	1,610	(1,610)
<i>Steward</i>		1,610	(1,610)	-	1,610	(1,610)
<i>Apprentice</i>		2,070	(2,070)	-	2,070	(2,070)
<i>Apprentice</i>		1,840	(1,840)	-	1,840	(1,840)
<i>Apprentice</i>		1,840	(1,840)	-	1,840	(1,840)
<i>Apprentice</i>		1,840	(1,840)	-	1,840	(1,840)
<i>Apprentice</i>		1,610	(1,610)	-	1,610	(1,610)
<i>Apprentice</i>		1,610	(1,610)	-	1,610	(1,610)
<i>Crew Provisions</i>		971	(971)	1,941	4,853	(2,912)
<i>Crew Changes</i>	2,018	667	1,352	4,677	3,333	1,344
<i>Pilot Fees</i>			-	-	-	-
<i>Repositioning</i>			-	-	-	-
<i>Leases entered into for Caledonia</i>	1,977	2,234	(257)	3,989	4,468	(479)
<i>Fuel</i>		10,249	(10,249)	56,031	44,494	11,537
<i>Docking</i>	-	917	(917)	-	4,583	(4,583)
<i>Docking</i>		667	(667)	-	3,333	(3,333)
<i>Garbage</i>		250	(250)	-	1,250	(1,250)
<i>Repair and Maintenance</i>	1,439	2,582	(1,143)	4,326	13,408	(9,082)
<i>Repairs Electrical</i>		425	(425)	-	2,125	(2,125)
<i>Repairs Plumbing</i>	239	255	(16)	239	1,275	(1,036)
<i>Repairs Rigging</i>		425	(425)	89	2,125	(2,037)
<i>Repairs Mechanical</i>	658	510	148	1,298	2,550	(1,252)
<i>Repairs Paint</i>		340	(340)	705	1,700	(995)
<i>Repairs Drydock</i>		-	-	-	-	-
<i>Repairs Wetdock</i>		-	-	-	-	-
<i>Anchor Repair</i>		-	-	75	-	75
<i>Repairs General</i>	541	627	(86)	1,920	3,633	(1,713)
<i>Financing Related</i>	135	500	(365)	1,049	2,500	(1,451)
<i>Bank Charges</i>	135	100	35	1,049	500	549
<i>NSBI Loan Guarantee Payment</i>	-	-	-	-	-	-
<i>Cash Management Charges</i>	-	400	(400)	-	2,000	(2,000)
<i>Line of Credit Interest</i>	-	-	-	-	-	-
<i>HST Paid on Expenses</i>	4,892		4,892	17,583		17,583
	<b>81,308</b>	<b>118,190</b>	<b>(36,882)</b>	<b>456,670</b>	<b>462,185</b>	<b>(5,515)</b>
<b>CASH, END OF PERIOD</b>	<b>104,692</b>	<b>16,706</b>	<b>87,985</b>	<b>104,692</b>	<b>16,707</b>	<b>87,985</b>

US\$ Account Reconciled Balance	2,101
CAD Account Reconciled Balance	102,427
US\$ Exchange Difference/Unreconciled	165
<b>TOTAL BALANCES - BANKS</b>	<b>104,692</b>

Note: Salaries showing below forecast due to cash not being paid out for payroll expenses - it will show over in the next period when paid.  
 Note: Excursion revenue shown as gross figure but forecasted figure was based on a net commission - a further breakdown of those costs are in progress as much of it is paid for by the petty cash given to the ship.



	2008	2008	2008	Aug 31	July 2008
<i>Garbage</i>					-
<b>Repairs and Maintenance</b>				1,438	4,325
<i>Repairs Electrical</i>					-
<i>Repairs Plumbing</i>				239	239
<i>Repairs Rigging</i>					89
<i>Repairs Mechanical</i>				658	1,298
<i>Repairs Paint</i>					705
<i>Repairs Drydock</i>					-
<i>Repairs Wetdock</i>					-
<i>Anchor Repair</i>					-
<i>Repairs General</i>				641	1,995
<b>Financing Related</b>				135	1,048
<i>Bank Charges</i>				135	1,048
<i>Interest on bank loan debt</i>					-
<i>NSBI Loan Guarantee Payment</i>					-
<i>Franchise Payments on LTD</i>					-
<i>Guarantee Fee</i>					-
<i>Acid Management</i>					-
<i>Cash Management Charges</i>					-
<i>Use of Credit Interest</i>				4,892	17,582
<b>HST on purchases</b>				40,558	31,508
					<b>456,671</b>
<b>CASH, END OF PERIOD</b>	<b>(1,210,745)</b>			<b>85,957</b>	<b>104,690</b>

**Canadian Sailing Expeditions Inc.**  
**Monthly Cash Receipts and Disbursements**

Rev Date: 7-Aug-08

	Aug 4 - 10	Aug 11 - 17	Aug 18 - 24	Aug 25 - 31	August 2008	Sep 1 - 7	Sep 8 - 14	Sep 15 - 21
<b>CASH, BEGINNING OF PERIOD</b>	<b>104,690</b>	<b>46,850</b>	<b>25,527</b>	<b>25,151</b>	<b>104,690</b>	<b>52,763</b>	<b>56,347</b>	<b>31,332</b>
<b>CASH, END OF PERIOD</b>	<b>46,850</b>	<b>25,527</b>	<b>25,151</b>	<b>52,763</b>	<b>52,763</b>	<b>86,347</b>	<b>31,332</b>	<b>31,854</b>
<b>CASH RECEIPTS:</b>								
Caledonia Revenue	37,529	11,197	38,477	-	87,203	37,899	9,825	-
Charter Fees Booked	34,276	10,381	35,756	-	80,413	34,581	9,009	-
Charter Fees Forecasted	-	-	-	-	-	-	-	-
Bar	1,259	316	1,053	-	2,629	1,284	316	-
Excursion Commission	945	237	790	-	1,971	983	237	-
Merchandise	1,049	263	878	-	2,190	1,070	263	-
DIP Funds	15,000	90,000	50,000	110,000	265,000	30,000	20,000	50,000
Tips Collected - To be disbursed HST on Sales	-	-	-	-	-	-	-	-
	<b>52,529</b>	<b>101,197</b>	<b>88,477</b>	<b>110,000</b>	<b>352,203</b>	<b>67,899</b>	<b>29,825</b>	<b>50,000</b>
<b>CASH DISBURSEMENTS:</b>								
Accounts Payable	-	-	-	-	-	-	-	-
Uncleared Cheques	-	-	-	-	-	-	-	-
Credit Card Bill	-	-	-	-	-	-	-	-
Accrued Current Payroll Liabilities	-	38,216	-	-	38,216	-	-	-
General and Office	2,254	455	2,855	455	6,019	2,204	405	2,805
Postage/Courier	100	100	100	100	400	100	100	100
Office Supplies	50	50	50	50	200	50	50	50
Computer Supplies/Repairs	21	21	21	21	85	21	21	21
General	63	63	63	63	250	63	63	63
Professional Memberships	38	38	38	38	153	38	38	38
Licenses/Permits	42	42	42	42	166	21	21	21
Telephone equipment	58	58	58	58	230	29	29	29
Office Phones/Long Distance	-	-	-	-	1,200	-	-	1,200
Cell	-	-	-	-	1,200	-	-	1,200
Security	-	-	-	-	-	-	-	-
Rent	1,799	-	-	-	1,799	1,799	-	-
Computer Equipment	84	84	84	84	336	84	84	84
Salaries	19,965	-	22,840	-	42,805	24,042	-	22,242
Combined net pay (all office wk 1)	-	-	-	-	-	-	-	-
Management salaries	5,750	-	8,625	-	14,375	10,425	-	8,625
CEO	2,875	-	2,875	-	5,750	2,875	-	2,875
Director Operations	2,875	-	2,875	-	5,750	2,875	-	2,875
Director Marine Operations	2,875	-	2,875	-	5,750	2,875	-	2,875
Benefits	-	-	-	-	1,800	-	-	-
Sales and Marketing Salaries	8,226	-	8,226	-	16,452	8,226	-	8,226
US Sales & Marketing	2,931	-	2,931	-	5,862	2,931	-	2,931
Corporate Sales	1,990	-	1,990	-	3,980	1,990	-	1,990
Marketing Associate	1,770	-	1,770	-	3,540	1,770	-	1,770
Full Time Consumer Sales	-	-	-	-	-	-	-	-
Full Time Consumer Sales	1,535	-	1,535	-	3,070	1,535	-	1,535
Part-time sales	-	-	-	-	-	-	-	-
Administration Salaries	5,989	-	5,989	-	11,978	5,391	-	5,391
Controller	2,635	-	2,635	-	5,270	2,635	-	2,635
Special Projects	2,156	-	2,156	-	4,313	2,156	-	2,156
Cruise Coordinator	1,198	-	1,198	-	2,396	599	-	599
Professional fees	24,200	29,200	24,200	30,000	107,600	7,500	7,500	7,500
Legals	-	-	-	-	-	-	-	-
Consultancy	24,200	24,200	24,200	30,000	102,600	7,500	7,500	7,500
Accounting (Audit)	-	5,000	-	-	5,000	-	-	-
Insurance	18,975	-	10,700	-	29,675	-	-	-
Hull & Machinery Caledonia	-	-	10,700	-	10,700	-	-	-
Hull & Machinery Hawk	1,450	-	-	-	1,450	-	-	-
Protection & Indemnity	13,000	-	-	-	13,000	-	-	-
Loss of Use	-	-	-	-	-	-	-	-
Outstanding Builder's Risk	-	-	-	-	-	-	-	-
COFR	-	-	-	-	-	-	-	-
MTI	-	-	-	-	-	-	-	-
Director's Insurance/Life/Office	4,525	-	-	-	4,525	-	-	-
Sales & Marketing Operating Expenses	6,000	6,000	6,000	6,000	24,000	6,000	6,000	6,000
General	6,000	6,000	6,000	6,000	24,000	6,000	6,000	6,000
Travel	-	-	-	-	-	-	-	-
Refinancing Costs	-	-	-	-	-	-	-	-
Caledonia POS System	-	-	-	-	-	390	-	-
Hawk Mooring	550	-	-	-	550	600	-	-
Charter Cost	8,162	35,368	8,501	32,176	84,208	8,617	28,207	2,047
Variable Costs	6,116	3,122	6,455	-	15,763	6,570	4,138	-
Catering	3,500	2,227	3,500	-	9,227	3,500	2,268	-
Alcohol	350	350	350	-	1,050	392	392	-
Supplies	355	355	355	-	1,065	428	428	-
Merchandise	250	250	250	-	750	250	250	-
Petty Cash to Ship (to code when spent, Tips disbursed)	-	-	-	-	-	-	-	-
Excursions	-	-	-	-	-	-	-	-
Commissions	1,661	-	2,000	-	3,661	2,000	800	-
Fixed Costs	2,046	32,176	2,046	32,176	68,445	2,047	24,069	2,047
Crew Charter	-	30,130	-	30,130	60,260	-	22,023	-
Combined Net Pays (week1)	-	-	-	-	-	-	-	-
Master	-	3,795	-	3,795	7,590	-	1,898	-
First Mate	-	2,990	-	2,990	5,980	-	1,495	-
Bosun	-	920	-	920	1,840	-	460	-
Bosun Mate	-	805	-	805	1,610	-	403	-
Chief Engineer	-	3,738	-	3,738	7,475	-	3,738	-
Second Engineer	-	3,738	-	3,738	7,475	-	3,738	-
Chief	-	1,610	-	1,610	3,220	-	805	-
Sous Chef	-	1,150	-	1,150	2,300	-	575	-
Steward	-	1,035	-	1,035	2,070	-	1,035	-
Steward	-	1,495	-	1,495	2,990	-	1,495	-
Steward	-	1,035	-	1,035	2,070	-	1,035	-
Steward	-	805	-	805	1,610	-	403	-
Steward	-	805	-	805	1,610	-	403	-
Steward	-	805	-	805	1,610	-	403	-
Steward	-	805	-	805	1,610	-	403	-
Apprentice	-	1,035	-	1,035	2,070	-	1,035	-
Apprentice	-	920	-	920	1,840	-	920	-
Apprentice	-	920	-	920	1,840	-	920	-
Apprentice	-	920	-	920	1,840	-	460	-
Apprentice	-	805	-	805	1,610	-	403	-
Apprentice	-	805	-	805	1,610	-	403	-
Crew Provisions	1,213	1,213	1,213	1,213	4,852	1,213	1,213	1,213
Crew Changes	833	833	833	833	3,333	833	833	833
Pilot Fees	-	-	-	-	-	-	-	-
Repositioning	-	-	-	-	-	2,234	-	-
Leases entered into for Caledonia	-	-	-	-	-	-	-	-
Fuel	22,687	7,687	7,687	7,687	45,747	7,687	7,687	3,843
Docking	3,680	1,460	1,460	1,460	8,061	1,146	1,146	1,146
Docking	3,330	1,110	1,110	1,110	6,661	833	833	833

	Aug 4-10	Aug 11-17	Aug 18-24	Aug 25-31	August 2008	Sep 1-7	Sep 8-14	Sep 15-21
<i>Garage</i>	350	350	350	350	1,400	313	313	313
<b>Repairs and Maintenance</b>	<b>3,371</b>	<b>3,610</b>	<b>4,085</b>	<b>4,085</b>	<b>15,150</b>	<b>3,370</b>	<b>3,370</b>	<b>3,371</b>
<i>Repairs Electrical</i>	531	531	531	531	2,124	531	531	531
<i>Repairs Plumbing</i>	319	558	558	558	1,992	319	319	319
<i>Repairs Rigging</i>	631	631	631	631	2,524	631	631	631
<i>Repairs Mechanical</i>	638	638	638	638	2,552	638	638	638
<i>Repairs Paint</i>	425	425	900	900	2,650	425	425	425
<i>Repairs Drydock</i>					-			
<i>Repairs Wetdock</i>					-			
<i>Anchor Repair</i>					-			
<i>Repairs General</i>	827	827	827	827	3,308	827	827	827
<b>Financing Related</b>	<b>525</b>	<b>525</b>	<b>525</b>	<b>525</b>	<b>2,100</b>	<b>525</b>	<b>525</b>	<b>525</b>
<i>Bank Charges</i>	125	125	125	125	500	125	125	125
<i>Interest on Long Term Debt</i>					-			
<b>NSBI Loan Guarantee Payment</b>					-			
<i>Multiple Payments on LSP</i>					-			
<i>Insurance &amp; Licenses Fee</i>					-			
<i>IT Support</i>					-			
<b>Cash Management Charges</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>1,600</b>	<b>400</b>	<b>400</b>	<b>400</b>
<i>Bank Check Interest</i>					-			
<b>HST on purchases</b>								
	<b>110,369</b>	<b>122,520</b>	<b>88,853</b>	<b>82,388</b>	<b>404,130</b>	<b>64,314</b>	<b>54,840</b>	<b>49,478</b>
<b>CASH, END OF PERIOD</b>	<b>46,850</b>	<b>25,527</b>	<b>25,151</b>	<b>52,763</b>	<b>52,763</b>	<b>56,347</b>	<b>31,332</b>	<b>31,854</b>



	Sep 22 - 28	September 2008	Sep 29-Oct 5	Oct 6 - 12	Oct 13 - 19	Oct 20 - 26	Oct 27-Nov 2	October 2008
<i>Garbage</i>	313	1,250	313	313	313	313	313	1,563
<b>Repairs and Maintenance</b>	<b>3,371</b>	<b>13,482</b>	<b>13,171</b>	<b>13,171</b>	<b>13,171</b>	<b>23,171</b>	<b>3,171</b>	<b>65,853</b>
<i>Repairs Electrical</i>	531	2,125	531	531	531	531	531	2,656
<i>Repairs Plumbing</i>	319	1,275	319	319	319	319	319	1,594
<i>Repairs Rigging</i>	631	2,524	631	631	631	631	631	3,155
<i>Repairs Mechanical</i>	638	2,550	638	638	638	638	638	3,188
<i>Repairs Paint</i>	425	1,700	425	425	425	425	425	2,125
<i>Repairs Drydock</i>	-	-	-	-	-	-	-	-
<i>Repairs Wetdock</i>	-	-	10,000	10,000	10,000	20,000	-	50,000
<i>Anchor Repair</i>	-	-	-	-	-	-	-	-
<i>Repairs General</i>	627	3,308	627	627	627	627	627	3,135
<b>Financing Related</b>	<b>525</b>	<b>2,100</b>	<b>525</b>	<b>525</b>	<b>525</b>	<b>525</b>	<b>525</b>	<b>2,625</b>
<i>Bank Charges</i>	125	500	125	125	125	125	125	625
<i>NSBI Loan Guarantee Payment</i>	-	-	-	-	-	-	-	-
<i>Cash Management Charges</i>	400	1,600	400	400	400	400	400	2,000
<b>HST on purchases</b>	<b>111,213</b>	<b>279,846</b>	<b>54,834</b>	<b>44,708</b>	<b>53,034</b>	<b>57,108</b>	<b>121,573</b>	<b>331,258</b>
<b>CASH, END OF PERIOD</b>	<b>5,640</b>	<b>5,640</b>	<b>(49,194)</b>	<b>(93,902)</b>	<b>(146,936)</b>	<b>(204,044)</b>	<b>(325,618)</b>	<b>(325,618)</b>



**Canadian Sailing Expeditions Inc.**  
**Monthly Cash Receipts and Disbursements**

Rev Date: 7-Aug-08

	<u>Total</u> <u>July-Oct</u>
CASH, BEGINNING OF PERIOD	58,767
CASH, END OF PERIOD	<u>(325,618)</u>
<b>CASH RECEIPTS:</b>	
Caledonia Revenue	264,694
Charter Fees Booked	246,548
Charter Fees Forecasted	
Bar	6,848
Excursion Commission	6,072
Merchandise	5,129
DIP Funds	800,000
Tips Collected - To be disbursed	5,827
HST on Sales	17,000
	<u>1,087,521</u>
<b>CASH DISBURSEMENTS:</b>	
Accounts Payable	
Uncleared Cheques	57,774
Credit Card Bill	2,000
Accrued Current Payroll Liabilities	54,884
General and Office	23,982
Postage/Courier	1,617
Office Supplies	975
Computer Supplies/Repairs	276
General	813
Professional Memberships	496
Licenses/Permits	456
Telephone equipment	764
Office Phones/Long Distance	6,260
Cell	4,939
Security	-
Rent	6,297
Computer Equipment	1,080
Salaries	198,369
Combined net pay (all office wk 1)	9,148
Management salaries	70,528
CEO	23,593
Director Operations	23,593
Director Marine Operations	17,993
Benefits	5,350
Sales and Marketing Salaries	73,501
US Sales & Marketing	29,280
Corporate Sales	16,464
Marketing Associate	15,140
Full Time Consumer Sales	-
Full Time Consumer Sales	12,616
Part-time sales	-
Administration Salaries	45,192
Controller	19,678
Special Projects	18,789
Cruise Coordinator	6,724
Professional fees	376,230
Legals	25,470
Consultancy	335,760
Accounting (Audit)	15,000
Insurance	62,985
Hull & Machinery Caledonia	42,800
Hull & Machinery Hawk	2,660
Protection & Indemnity	13,000
Loss of Use	-
Outstanding Builder's Risk	-
COFR	-
MII	-
Director's Insurance/Life/Office	4,525
Sales & Marketing Operating Expenses	105,771
General	99,460
Travel	374
Refinancing Costs	5,936
Caledonia POS System	1,221
Hawk Mooring	1,870
Charter Cost	314,731
Variable Costs	75,821
Catering	26,459
Alcohol	1,834
Supplies	3,636
Merchandise	1,250
Petty Cash to Ship (to code when spent)	22,821
Tips disbursed	3,179
Excursions	2,416
Commissions	13,427
Fixed Costs	239,710
Crew Charter	206,488
Combined Net Pays (week1)	82,460
Master	9,488
First Mate	7,475
Bosun	2,300
Bosun Mate	2,013
Chief Engineer	22,425
Second Engineer	22,425
Chef	4,025
Sous Chef	2,875
Steward	6,210
Steward	8,970
Steward	6,210
Steward	2,013
Steward	2,013
Steward	2,013
Apprentice	6,210
Apprentice	5,520
Apprentice	5,520
Apprentice	2,300
Apprentice	2,013
Apprentice	2,013
Crew Provisions	17,713
Crew Changes	15,510
Pilot Fees	-
Repositioning	-
Leases entered into for Caledonia	8,457
Fuel	120,995
Docking	18,373
Docking	14,160

	<b>Total</b>
	<b>July-Oct</b>
<b>Carriage</b>	4,213
<b>Repairs and Maintenance</b>	<b>98,809</b>
<i>Repairs Electrical</i>	6,905
<i>Repairs Plumbing</i>	5,100
<i>Repairs Rigging</i>	8,292
<i>Repairs Mechanical</i>	9,588
<i>Repairs Paint</i>	7,180
<i>Repairs Drydock</i>	-
<i>Repairs Wetdock</i>	50,000
<i>Anchor Repair</i>	-
<i>Repairs General</i>	11,746
<b>Financing Related</b>	<b>7,873</b>
<i>Bank Charges</i>	2,673
<i>Interest on Long Term Debt</i>	-
<i>NSBI Loan Guarantee Payment</i>	-
<i>Interest on Short Term Debt</i>	-
<i>Administrative Committee Fee</i>	-
<i>AG Management</i>	-
<i>Cash Management Charges</i>	5,200
<i>Interest on Short Term Debt</i>	-
<b>HST on purchases</b>	<b>17,582</b>
	<b>1,471,905</b>
<b>CASH, END OF PERIOD</b>	<b>(325,618)</b>