

Affidavit of: Coleen Lambert  
Sworn: July 9, 2009  
Action No.: 0901-02873

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985,  
c. C-36, as amended

AND IN THE MATTER OF **CANADIAN SUPERIOR ENERGY INC.**

AND IN THE MATTER OF **SEEKER PETROLEUM LTD.**

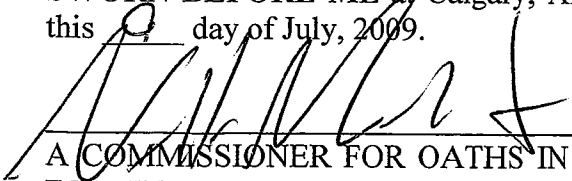
AND IN THE MATTER OF **CANADIAN SUPERIOR TRINIDAD AND TOBAGO  
LIMITED**

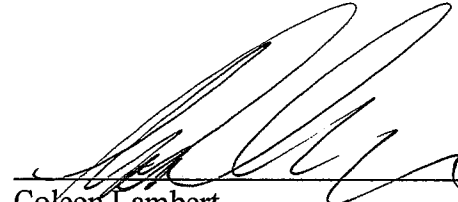
**AFFIDAVIT**

I, Coleen Lambert, of the City of Calgary, of the Province of Alberta, Legal Assistant, MAKE OATH AND SAY AS FOLLOWS:

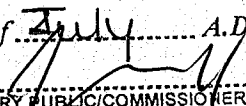
1. I am employed as a legal assistant by Osler Hoskin and Harcourt LLP ("**Osler**"), solicitors for BG International Limited ("**BGI**"), and as such have personal knowledge of the facts herein deposed to except where expressly stated to be based on information, in which case I believe the same to be true.
2. Attached hereto and marked as Exhibit "A" to this my Affidavit is a true copy of a letter, dated June 22, 2009, from BGI to Challenger Energy Corp ("**CEC**").
3. Attached hereto and marked as Exhibit "B" to this my Affidavit is a true copy of a letter, dated June 23, 2009, from McCarthy Tetrault LLP ("**MT**") to Osler.
4. Attached hereto and marked as Exhibit "C" to this my Affidavit is a true copy of a letter, dated June 23, 2009, from Borden Ladner Gervais LLP to Osler.
5. Attached hereto and marked as Exhibit "D" to this my Affidavit is a true copy of a letter, dated June 29, 2009, from Osler to MT.

SWORN BEFORE ME at Calgary, Alberta, )  
this 9 day of July, 2009. )

  
A COMMISSIONER FOR OATHS IN AND )  
FOR THE PROVINCE OF ALBERTA )

  
Coleen Lambert

**Walker W. MacLeod**  
Barrister and Solicitor

THIS IS EXHIBIT 1  
referred to in the Affidavit of  
Coleen Lambert  
Sworn before me this 9  
day of July A.D. 2009  
  
NOTARY PUBLIC/COMMISSIONER FOR OATHS  
IN AND FOR THE PROVINCE OF ALBERTA

**B**

By Facsimile and Electronic Mail

**Walker W. MacLeod**  
Barrister and Solicitor

June 22, 2009

Challenger Energy Corp.  
Suite 200, 744 - 4<sup>th</sup> Avenue S.W.  
Calgary, AB T2P 3T4

To Whom it May Concern:


**Re: Joint Operating Agreement among Canadian Superior Energy Inc. ("CSEI"),  
Challenger Energy Corp. ("CEC") and BG International Limited ("BGI"), covering  
Block 5C Trinidad and Tobago (hereinafter, the "JOA")**

It has come to our attention that on or about June 19, 2009, CEC entered into an arrangement agreement (the "Arrangement Agreement") whereby CSEI will acquire all of the outstanding common shares of CEC.

This amounts to a change in control pursuant to Article 12.3 of the JOA (the "Change in Control"). As such, CEC is obliged to disclose all final terms and conditions relevant to CSEI's acquisition of the CEC 25% undivided interest in the production sharing contract (the "PSC") pursuant to the JOA and the Participation Agreement (hereinafter the "Challenger Interest"). CEC is obliged to disclose particulars of the determination of the cash value of the Challenger Interest in a notice to BGI, which notice shall be accompanied by a copy of all instruments or relevant portions of instruments establishing the terms and conditions of the Change in Control (the "ROFR Notice").

BGI demands that CEC provide, forthwith, a ROFR Notice and all relevant documents and instruments, terms and conditions, pursuant to Article 12.3.

Yours truly,

  
Derek Hudson  
Duly Authorised Attorney

Barristers & Solicitors  
Patent & Trade-mark Agents

# McCarthy Tétrault

VIA E-MAIL

June 23, 2009

Osler, Hoskin & Harcourt LLP  
2500, 450-1st Street S.W.  
Calgary, AB T2P 5H1

Attention: Maureen E. Killoran

Dear Sirs:

Re: Joint Operating Agreement among Canadian Superior Energy Inc. ("CSEI"),  
Challenger Energy Corp. ("Challenger") and BG International Limited ("BGI")  
covering Block 5C Trinidad and Tobago (hereinafter, the "JOA")

Thank you for your e-mail of June 22, 2009 providing a copy of BGI's letter addressed to Challenger dated June 22, 2009. As you are aware, we are counsel to Challenger and are instructed to respond to BGI's letter.

BGI has demanded that Challenger provide a "ROFR Notice" in accordance with the provisions of Article 12.3 of the JOA. BGI is correct to note that Challenger and CSEI have entered into an Arrangement Agreement. The entry into the Arrangement Agreement, however, does not constitute a Change of Control (as defined in the JOA) and as such the provisions of Article 12.3 of the JOA have not been engaged and there is thus no requirement for Challenger to deliver to BGI a "ROFR Notice" or, more accurately, the information called for in Article 12.3(B) of the JOA. While we expect it pointless to engage in a debate, Challenger would note that BGI has consistently maintained that Challenger does not have a Participating Interest (as that term is defined in the JOA). In fact, we note that BGI in its letter under reply took care not to call Challenger's interest a Participating Interest. The enclosed correspondence from BGI addressed to CSEI dated February 6, 2009 is but one of the many examples of BGI's continued and steadfast assertion in this regard.

Yours very truly,

McCarthy Tétrault LLP

Sean F. Collins  
SFC/sms

Enclosure

- c: Challenger Energy Corp.
- c: Alger & Associates Inc. (Monitor)
- c: Borden Ladner Gervais LLP  
Attention: Josef Krüger  
Counsel to Canadian Superior Energy Inc.

203828-411153  
DOCS #478934 v. 1

Vancouver, Calgary, Toronto, Ottawa, Montréal, Québec and London, England

McCarthy Tétrault LLP  
Suite 3300, 421-7th Avenue S.W.  
Calgary AB T2P 4K9  
Canada  
Telephone: 403 260-3500  
Facsimile: 403 260-3501  
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Sean F. Collins  
Direct Line: 403 260-3531  
E-Mail: scollins@mccarthy.ca

Assistant: Sue Scarlett  
Direct Line: 403 260-3546  
E-Mail: sscarlett@mccarthy.ca

"THIS IS EXHIBIT" B " referred to in the Affidavit of Coleen Lambert  
Sworn before me this 9  
day of July A.D. 2009  
Walker W. MacLeod  
NOTARY PUBLIC/COMMISSIONER FOR OATHS  
IN AND FOR THE PROVINCE OF ALBERTA  
**Walker W. MacLeod**  
Barrister and Solicitor



February 6, 2009

Canadian Superior Energy Inc.  
Suite 3200, 500 - 4<sup>th</sup> Avenue S.W.  
Calgary, AB T2P 2V6  
Fax: 403-216-2374

Attention: Mike Coolen

Re: **Removal of Operator - Notice under Article 4.10 of the AIPN Joint Operating Agreement dated August 11, 2007 (the "JOA") among Canadian Superior Energy Inc. ("Canadian Superior"), Challenger Energy Corp. ("Challenger") and BG International Limited ("BG") covering Block 5 C (Trinidad and Tobago). Terms not otherwise defined herein shall have the meanings set out in the JOA.**

Pursuant to Article 4.10(B) of the JOA, BG hereby gives notice (in its capacity as Non-Operator) to Canadian Superior (in its capacity as Operator) that Canadian Superior has committed material breaches of the JOA, particulars of which are as follows.

1. Canadian Superior has failed to pay when due its 70% Participating Interest of Joint Account expenses, being the amounts payable to Maersk pursuant to the drilling contract dated March 19, 2006 between Maersk and Canadian Superior. Maersk's November 2008 invoice has not been paid by Canadian Superior, despite BG having paid Canadian Superior its share of the invoice. Based on the foregoing, the following provisions of the JOA have been materially breached:
  - a. In the conduct of Joint Operations Operator shall exercise due care with respect to the receipt, payment and accounting of funds in accordance with good and prudent practices as are generally followed by the international petroleum industry under similar circumstances (Article 4.2(B)(3) of the JOA).
  - b. In the conduct of Joint Operations Operator shall timely pay and discharge all liabilities and expenses incurred in connection with Joint Operations and use its reasonable endeavours to keep and maintain the Joint Property free from all liens, charges and encumbrances arising out of the Joint Operations (Article 4.2(B)(8) of the JOA).

We understand that it may be your position that Challenger has a 25% Participating Interest in the JOA and that it is Challenger (not Canadian Superior) that is in default of its obligation to pay its Participating Interest share of Joint Account Expenses. If this is your position, it is incorrect as by Article 3.2(C) of the JOA Challenger does not have a Participating Interest in the JOA until the assignment from Canadian Superior to Challenger has been approved by the Ministry of Energy and Energy Industries. On February 2, 2009, Challenger confirmed to Ben Milner of BG that assignment approval had not been granted. Therefore, Challenger does not have a Participating Interest in the JOA and Canadian Superior is fully responsible for all obligations and liabilities in respect of a 70% Participating Interest of the Joint Account expenses.

If Challenger has a Participating Interest (which we believe is not the case) in the JOA, then Canadian Superior is in default of its obligation under Article 8.1(A) to promptly give notice of Challenger's default to pay when due its Participating Interest of Joint Account expenses, and Canadian Superior must issue such Default Notice to Challenger.

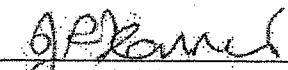
2. The joint venture audit conducted by BG in November 2008 shows that Canadian Superior has not been maintaining separate bank accounts for Block 5 C and also that interest is not being accounted for. Further, Canadian Superior has commingled BG's funds intended to pay the November 2008 Maersk invoice. Based on the foregoing, the following provision of the JOA has been materially breached:
  - a. Operator may not commingle with Operator's own funds the monies which Operator receives from or for the Joint Account pursuant to this Agreement (Article 4.8 of the JOA).

Article 4.10(B) of the JOA provides that the Operator may be removed upon notice from a Non-Operator if the Operator has committed a material breach of the JOA and has either failed to commence to cure that breach within thirty (30) Days of receipt of the notice from the Non-Operator or failed to diligently pursue the cure to completion.

The undersigned is prepared to exercise any and all remedies available to it with respect to the above material breaches, including those provided for in the JOA. Please conduct yourself accordingly.

Yours truly,

BG International Limited

Per: 

Name: JONATHAN HARRIS

Position: DULY AUTHORISED ATTORNEY

cc: Canadian Superior Energy Inc.  
5 Herbert Street  
St. Clair  
Port of Spain

FAX: 1 868 628 3072

Attention: Country Manager

Challenger Energy Corp.  
Suite 200, 744 4<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3T4  
Canada

FAX: 1 403 503 8811

Attention: Mr Dan McDonald, President and CEO

Borden Ladner Gervais LLP  
Lawyers • Patent & Trade-mark Agents  
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400 Third Avenue S.W.  
Calgary, Alberta, Canada T2P 4H2  
tel.: (403) 232-9500 fax.: (403) 266-1395  
www.blqcanada.com



BORDEN  
LADNER  
GERVAIS

June 23, 2009

VIA FAX 403-260-7024  
Osler Hoskin & Harcourt LLP  
2500, 450-1 Street SW  
Calgary, AB T2P 5H1

Josef G.A. Krüger  
direct tel.: (403) 232-9563  
e-mail: jkruger@blqcanada.com  
file no: 433114.000012

Attention: Christa Nicholson/Maureen Killoran

Dear Madam:

Re: Canadian Superior Energy Inc. ("CanSup"), Challenger Energy Corp. ("Challenger") and BGI International Limited ("BGI"): Demand for a ROFR Notice

As you know, we act in this matter for CanSup.

The letter by your client, BGI to Challenger dated June 22, 2009 demanding that Challenger provides a ROFR Notice to BGI, has come to our client's attention.

As BGI is well aware, CanSup owns a 70% Participating Interest in the Production Sharing Contract dated July 20, 2005 (the "PSC") between CanSup and the Minister of Energy and Energy Industries on behalf of the Republic of Trinidad and Tobago. BGI owns the remaining 30% Participating Interest in the PSC.

In the past, BGI has on numerous occasions acknowledged that CanSup owns a 70% Participating Interest in the PSC and that Challenger has no Participating Interest in the PSC. These acknowledgements were contained, *inter alia*, in affidavits, letters and submissions made to the Court on BGI's behalf.

The Arrangement Agreement entered into between CanSup and Challenger dated June 19, 2009 did not constitute any Change of Control (as defined in the Joint Operating Agreement (the "JOA")) among CanSup, Challenger and BGI. Challenger, by BGI's own repeated admission, has no Participating Interest in the PSC and no right of first refusal pursuant to the JOA has been triggered.

CALGARY • MONTREAL • OTTAWA • TORONTO • VANCOUVER

THIS IS EXHIBIT "C" referred to in the Affidavit of Coleen Lambert Sworn before me this 9 day of July A.D. 2009

NOTARY PUBLIC/COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA

Walker W. MacLeod  
Barrister and Solicitor

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Borden Ladner Gervais LLP is an Ontario Limited Liability Partnership



Should BGI commence any proceedings against Challenger to enforce BGI's alleged right to receive a ROFR Notice, CanSup will be a necessary party to any such proceedings and will require reasonable notice of any such proceedings. We are duly authorized to accept service on behalf of CanSup.

Yours truly,

**BORDEN LADNER GERVAIS LLP**

Josef G.A. Krüger

assistant: Rhonda Lastockin  
direct tel: (403)232-9718  
e-mail add: [rlastockin@blgcanada.com](mailto:rlastockin@blgcanada.com)

Osler, Hoskin & Harcourt LLP  
Suite 2500, TransCanada Tower  
450 - 1st Street S.W.  
Calgary, Alberta, Canada T2P 5H1  
403.260.7000 MAIN  
403.260.7024 FACSIMILE

# OSLER

Calgary

June 29, 2009

Toronto

Montréal

Ottawa

New York

VIA EMAIL

Mr. Sean F. Collins  
McCarthy Tétrault LLP  
Suite 3300  
421 - 7th Ave SW  
Calgary AB T2P 4K9

THIS IS EXHIBIT " D " " referred to in the Affidavit of

Colleen Lambert

Sworn before me this 9

day of July A.D. 2009

NOTARY PUBLIC/COMMISSIONER FOR OATHS  
IN AND FOR THE PROVINCE OF ALBERTA

Walker W. MacLeod  
Barrister and Solicitor

Maureen Killoran  
Direct Dial: 403.260.7003  
[mkilloran@osler.com](mailto:mkilloran@osler.com)  
File No.: 1115138

Dear Mr. Collins:

**RE: Joint Operating Agreement among Canadian Superior Energy Inc. ("CSEI"), Challenger Energy Corp. ("Challenger") and BG International Limited ("BGI") covering Block 5C Trinidad and Tobago (hereinafter, the "JOA")**

Thank you for your letter of June 23, 2009. We agree that it is pointless to engage in debate but wish to remind Challenger that in February 2009, the view of Challenger (and indeed, CSEI) as to whether Challenger held a Participating Interest in the PSC and the JOA was different than that expressed in your letter of June 23, 2009.

At the end of the day, the transfer (or change in control) of any undivided interest in the PSC triggers the ROFR provisions of the JOA. To suggest otherwise is contrary to the spirit and intention of the JOA.

We continue to conference with our client in relation to these issues. Once we have received instructions, we shall advise.

Yours truly,



Maureen Killoran  
MK: jw

cc: Borden Ladner Gervais LLP  
Attention: Josef Kruger

Affidavit of: Coleen Wallace  
Sworn: July 9, 2009  
Action No.: 0901-02873

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IN THE COURT OF QUEEN'S BENCH OF  
ALBERTA  
JUDICIAL DISTRICT OF CALGARY

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IN THE MATTER OF THE *COMPANIES'*  
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c. C-36, as amended

AND IN THE MATTER OF CANADIAN  
SUPERIOR ENERGY INC.

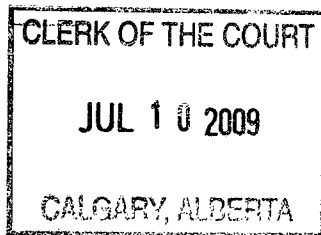
AND IN THE MATTER OF SEEKER  
PETROLEUM LTD.

AND IN THE MATTER OF CANADIAN  
SUPERIOR TRINIDAD AND TOBAGO  
LIMITED

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**AFFIDAVIT**

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**OSLER, HOSKIN & HARCOURT LLP**  
Barristers & Solicitors  
2500, 420 – 1<sup>st</sup> Street S.W.  
Calgary, Alberta T2P 5H1

**Christa Nicholson**  
**Walker MacLeod**

Telephone: 403-260-7000  
Facsimile: 403-260-7024