

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

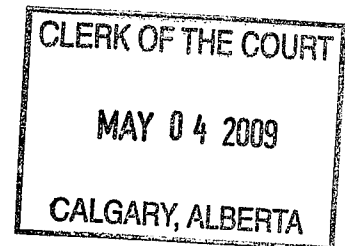
IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

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**

**FOURTH REPORT OF THE MONITOR
HARDIE & KELLY INC.
MAY 1, 2009**



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INTRODUCTION

1. On March 5, 2009, Canadian Superior Energy Inc. ("CSEI"), Seeker Petroleum Ltd. ("Seeker") and Canadian Superior Trinidad and Tobago Limited ("CSTT") made application for and obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended, (the "CCAA") pursuant to an order (the "Initial Order") of the Court of Queen's Bench of Alberta (the "Court").
2. Pursuant to the Initial Order, Hardie & Kelly Inc. was appointed as monitor (the "Monitor") of CSEI, Seeker and CSTT (collectively referred to as the "Companies").
3. On March 24, 2009, the Monitor prepared a report to this Honourable Court (the "Second Report") in advance of the Companies' application for an extension of the stay of proceedings provided in the Initial Order.
4. On March 25, 2009, this Honourable Court granted a further extension of the Stay of Proceedings through to May 4, 2009
5. On April 28, 2009, the Monitor prepared a supplementary report (the "Third Report") to this Honourable Court providing the Monitor's comments and recommendation in respect of the relief sought by a committee (the "Independent Committee") established by the Board of Directors of CSEI (the "Board").
6. The purpose of this fourth report (the "Fourth Report") is to provide an update to this Honourable Court with respect to the following:
 - a. The Companies' operations since the date of the Monitor's Second Report;
 - b. The Companies' restructuring activities;
 - c. Challenger Energy Corp. ("Challenger");
 - d. The Companies' financial performance since March 23, 2009;
 - e. The revised cash flow forecast for the period April 27 to June 5, 2009;
 - f. The Companies' request for an extension of the stay of proceedings and the Monitor's recommendation with respect thereto; and

- g. The Independent Committee's request for an Order sealing the Confidential Affidavit of Richard Watkins sworn on May 1, 2009 (the "Watkins Confidential Affidavit").

TERMS OF REFERENCE

7. In preparing this Fourth Report, the Monitor has relied upon unaudited financial information, records of the Companies and discussions with the Companies' management ("Management"), the Companies' advisors, the Independent Committee and its advisors. The Monitor has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future-oriented financial information relied upon in this report is based on Management's assumptions regarding future events and actual results achieved may vary from this information and the variations may be significant.

OPERATIONAL UPDATE

Western Canada

8. The Companies have reported total average daily production of approximately 3,300 BOE/d from the operations of CSEI and Seeker over the last six weeks, which is consistent with Management's expectations.
9. Since the commencement of these proceedings, CSEI and Seeker have deferred capital expenditures; however, with a view to maintaining production and efficiency of operations and being responsible corporate citizens, Management has indicated it can no longer defer all field expenditures so over the next several weeks, CSEI and Seeker intend to spend a total of approximately \$325,000 as follows:
 - a. pipeline clean-up (\$112,000);
 - b. lease/road clean-up (\$100,000);
 - c. workovers (\$53,000);
 - d. new well survey (\$40,000); and
 - e. road/access maintenance (\$20,000).

10. Subsequent to filing for protection under the CCAA, the Companies took the position that outstanding pre-petition royalties and freehold mineral rights taxes were stayed by the Initial Order.
11. CSEI and Seeker recently received correspondence from Alberta Energy advising that unless otherwise consented to by CSEI and the Monitor, Alberta Energy would be making application to the Court seeking leave to exercise its legal remedies against CSEI's and Seeker's third party joint interest owners and freehold mineral owners in order to collect the outstanding royalties and freehold mineral tax that CSEI and Seeker are liable to pay.
12. As a result of the position of Alberta Energy and to avoid the practical business issues that would arise should Alberta Energy proceed to enforce its rights, the Companies have incorporated the payment of these pre-filing royalty and freehold mineral rights tax obligations totalling approximately \$1.3 Million into their revised cash flow forecast for the period ending June 5. The Companies will also commence making the required payments in respect of the related post-filing obligations in the ordinary course.
13. The Monitor is of the view that it is appropriate to make the planned capital expenditures and to pay the planned payments at this time, to maintain the value of CSEI's and Seeker's Western Canadian assets. As described below, the impact on cash flow can be minimized by releasing to the Companies the US\$ cash reserve (converted from repatriated TT\$) currently being held by the Monitor.

Trinidad & Tobago – Block 5(c)

14. On February 11, 2009, the Court granted an Order appointing Deloitte & Touche Inc. as Interim Receiver (the “Receiver”) of CSEI’s interest in Block 5(c).
15. The Receiver temporarily assumed operatorship of the Block 5(c) asset until April 21, 2009 at which time BG International Limited (“BGI”) assumed operatorship.
16. To date, the Receiver has paid approximately US \$64.6 Million to suppliers in respect of Block 5(c) goods and services provided through to April 21, 2009. CSEI continues to work with the Receiver to ensure all outstanding Block 5(c) accounts are paid and the appropriate reconciliations are completed.

17. In the Second Report, the Monitor advised that on February 8, 2009, BGI filed a Request for Arbitration pursuant to the Joint Operating Agreement between BGI, CSEI and Challenger and that on March 10, 2009, CSEI filed a Response and Counterclaim in the arbitration proceedings. CSEI and BGI had each nominated an arbitrator; however, both sides rejected the individuals put forth by the other party. CSEI and BGI have now each put forth another arbitrator and have two weeks to approve of each other's nomination.
18. The Monitor continues to hold in trust approximately US \$2.1 Million on account of TT\$ that had been purchased by the Receiver and repatriated by CSEI.

Trinidad & Tobago – Mayaro-Guayaguayare Block

19. CSTT and its joint venture partner, Petroleum Company of Trinidad and Tobago Limited, which is wholly-owned by the Government of the Republic of Trinidad & Tobago (“GORTT”), hold an exploration and development license from GORTT in respect of the MG Block. Given the Companies' current status, the MG Block project remains temporarily on hold.

Liberty Natural Gas

20. The Liberty Natural Gas Project (“Liberty”) is a Deep Water Liquefied Natural Gas (“LNG”) development project with an objective to initially deliver up to 1.2 billion cubic feet per day of LNG to the New York/New Jersey area. The project is currently in the pre-construction phase.
21. A pipeline survey was recently initiated by LNG. Otherwise, CSEI continues to restrict its ongoing funding of expenditures to those general and administrative costs deemed essential to maintain the Liberty office in New Jersey.

Nova Scotia

22. CSEI holds 100% interests in three exploration licences in respect of offshore Nova Scotia from the Canada-Nova Scotia Offshore Petroleum Board (“CNSOPB”). However, given the current circumstances, CSEI is not actively pursuing this initiative at this time.

23. In the Second Report, the Monitor advised that Management, CNSOPB and the respective financial institutions party to a fully cash secured outstanding Letter of Credit of approximately \$10.3 Million were negotiating an arrangement to have CNSOPB call the Letter of Credit so that the associated cash collateral could be placed on deposit directly with the Receiver General. This process was completed and the funds are now being held under the same conditions as previously set out in the Letter of Credit.

Libya & Tunisia

24. In August 2008, CSEI entered into an exploration and production sharing agreement ("EPSA") with a Tunisian/Libyan company, Joint Exploration, Production, and Petroleum Services Company ("Joint Oil") and has been named operator of the "7th of November Block". CSEI's interest in the EPSA is shared with a joint venture partner, Canadian Sahara Energy Inc.
25. CSEI has a technical manager on contract in Tunis who continues to work on the planning phase of the project with Joint Oil. CSEI recently rented office space in Tunis; however, CSEI continues to limit expenditures in respect of this project during the CCAA proceedings.

Management

26. On April 24, 2009, Mr. Greg Noval, Executive Chairman, and Mr. Michael Coolen, President and CEO, were terminated as employees and officers of the Companies and Mr. Jake Harp was named as Interim Chairman of the Board.
27. Effective April 30, 2009, Mr. Leif Snethun was appointed as Chief Operating Officer of CSEI. Mr. Snethun previously held the position of Vice President, Western Canada of CSEI.

INDEPENDENT COMMITTEE

28. The background to the establishment of the Independent Committee and the appointment of its advisors is outlined in the Third Report and in the April 24, 2009 Affidavit of Richard Watkins.

RESTRUCTURING EFFORTS

29. In the May 1, 2008 Affidavit of Richard Watkins (the "May 1 Watkins Affidavit"), Mr. Watkins has explained the Independent Committee's intended reorganization plan for the Companies, which is comprised of:
- a. the sale of 45% of Block 5(c);
 - b. the retention of the remaining 25% of Block 5(c);
 - c. entering into a negotiated merger with Challenger; and
 - d. financing of approximately 18 months of anticipated capital costs by means of recapitalization or the sale of all or a portion of the Companies' Western Canadian assets
- (the "Reorganization Plan").
30. Further details with respect to the Companies' progress on carrying out the steps required to finalize the Reorganization Plan are contained in the May 1 Watkins Affidavit and the Confidential Watkins Affidavit, which have been reviewed by the Monitor.
31. Based on that information, the Monitor is satisfied that at the present time the Reorganization Plan is a reasonable strategy for the Companies to pursue. While there can be no guarantee that all the steps comprising the Reorganization Plan will be successfully achieved, at this time, there are reasonable prospects they can be achieved. As well, given that the value of the Companies' assets (as indicated by the bids received in the Block 5(c) sales process and the Western Canadian assets sales process as set out in the Watkins Confidential Affidavit) exceeds the Companies' known liabilities, the Monitor is of the view that the pursuit of the Reorganization Plan is not at present prejudicing the Companies' creditors.
32. The Monitor will continue to review and assess the Companies' progress with respect to the Reorganization Plan and will report to the Companies' creditors and this Honourable Court on the progress of the Reorganization Plan, as appropriate. The Monitor is of the view that the requested 30-day stay extension is a sufficient period in which the Companies should be able to:
- a. make material progress on completing the steps necessary for the Reorganization Plan; and

- b. determine whether the Reorganization Plan is likely to be successfully implemented.

CHALLENGER ENERGY CORP.

33. On April 20, 2009, this Honourable Court granted Challenger an extension of the stay of proceedings in its CCAA proceedings, through to June 4, 2009.
34. A key requirement of the Reorganization Plan (given CSEI's stated intention to retain 25% of Block 5(c)) is reaching a satisfactory agreement with Challenger. On May 1, 2009, the Monitor and the Receiver met with the Independent Committee's advisors and were given an update as to the progress of discussions with Challenger's representatives. From the perspective of the Independent Committee, discussions have been progressing quickly and satisfactorily. However, the Monitor has been having periodic discussions with the Monitor of Challenger who continues to advise that in Challenger's opinion, the discussions have not been progressing at a satisfactory pace.
35. The Monitor has therefore suggested to the Independent Committee that henceforth, the Monitor and Challenger's Monitor would attend all meetings, take part in all discussions between representatives of CSEI and Challenger and be copied with all correspondence between the parties, so as to monitor the discussions and progress firsthand. The Independent Committee has agreed to this procedure. The Monitor has been advised that Challenger has also agreed to this procedure. Therefore, both Monitors will attend these meetings and negotiations from this point forward, so that they can review and assess the progress of the discussions and report to the respective supervising Courts, as required.
36. At the April 20, 2009 Challenger court application, a discussion was held in regard to the merits of the respective CCAA proceedings being more closely co-ordinated and possibly coming under the supervision of a single Justice. Pursuant to the suggestion of Madam Justice Kent, the Monitor's counsel wrote to this Court suggesting that the matter be discussed further, and the Monitor anticipates that parties may wish to discuss this issue at the May 4, 2009 application. The Monitor is of the view that, at a minimum, the timing of Challenger's and the Companies' extension applications should be co-ordinated to the extent possible.

FINANCIAL PERFORMANCE

37. Concurrent with the March 25, 2009 application for an extension of the stay of proceedings, the Companies' filed a revised cash flow forecast for the period March 23 – April 24, 2009 attached as Exhibit "C" of the March 24, 2009 Affidavit of Michael E. Coolen (the "March 23 Forecast").

38. A variance analysis of the Companies' actual receipts and disbursements over the period March 23 – April 24, 2009 versus the March 23 Forecast is set out in the table below.

	March 23 – April 24, 2009			
	Actual	Forecast	Variance	Notes
<u>RECEIPTS</u>				
Petroleum and natural gas revenues	6,058,758	5,784,485	274,273	a)
Less:				
Transportation	(112,604)	(167,603)	54,999	
Crown royalties	-	-	-	
Freehold royalties	-	<u>(105,000)</u>	<u>105,000</u>	b)
	5,946,154	5,511,882	434,272	
Miscellaneous	<u>1,596,870</u>	<u>602,928</u>	<u>993,942</u>	c)
	<u>7,543,024</u>	<u>6,114,810</u>	<u>1,428,214</u>	
<u>DISBURSEMENTS</u>				
Operating costs	(512,034)	(840,000)	327,966	d)
Capital expenditures	(1,776)	(130,000)	128,224	e)
Payroll				
Employees & benefits	(703,253)	(750,000)	46,747	
Consultants	(148,783)	(106,000)	(42,783)	
Lease Payments				
Premises	(251,640)	(247,500)	(4,140)	
Operating	(14,817)	(10,500)	(4,317)	
Land lease rentals	(240,610)	(199,400)	(41,210)	
General & Administrative	(216,386)	(357,700)	141,314	f)
Engineering fees	(128,836)	(130,000)	1,164	
Audit	(138,237)	(132,000)	(6,237)	
Bank interest	(199,803)	(150,000)	(49,803)	
Restructuring costs	<u>(738,668)</u>	<u>(445,000)</u>	<u>(293,668)</u>	g)
	<u>(3,294,843)</u>	<u>(3,498,100)</u>	<u>203,257</u>	
NET CASH FLOW	<u>4,248,181</u>	<u>2,616,710</u>	<u>1,631,471</u>	h)
OPENING - CASH/LINE	<u>2,760,506</u>	<u>2,760,506</u>	<u>-</u>	
CLOSING - CASH/LINE	<u>7,008,687</u>	<u>5,377,216</u>	<u>1,631,471</u>	

39. For the period March 23 – April 24, 2009, the Companies experienced positive cash flow of approximately \$4.2 Million. This was approximately \$1.6 Million greater than had been forecasted. The Monitor offers the following comments with respect to significant individual variances:

- a. Actual revenues of \$6.1 Million include the GST collected upon receipt of revenues whereas the forecasted figure of approximately \$5.8 Million is net of GST. Consequently, the positive variance can be principally attributed to the collection of GST that may ultimately be required to be remitted to Canada Revenue Agency;
- b. The positive variance relates to a timing difference with respect to royalty payments for pre-CCAA production periods. As explained above, the Companies initially took the position that these royalty obligations were stayed by the Initial Order, so payment of same was temporarily deferred; however, they have now been forecast to be paid subsequent to May 4, 2009;
- c. The positive variance relates to the unanticipated collection of a joint venture billing from a partner in regard to its share of a pre-CCAA capital project;
- d. The positive variance can be explained principally by a timing difference as a result of suppliers unexpectedly continuing to provide favourable credit terms to the Companies;
- e. The March 23 Forecast included a budgeted payment of approximately \$130,000 to bring office space that is being sub-let into compliance with City fire codes, however, this expenditure was deferred and has been included in the Companies' post-May 4, 2009 cash flow forecast;
- f. The positive variance is principally the result of the Companies' ongoing efforts to restrict discretionary expenditures;
- g. The negative variance is the result of the ongoing professional fees associated with the proceedings exceeding Management's best estimates;
- h. In the Second Report, the Monitor indicated that the forecasted cash flow for the period March 23 – April 24, 2009 included the receipt of a second month of oil and gas revenues at the end of the forecast period, of approximately \$2.7 Million, such that a significant positive cash flow of approximately \$2.6 Million was anticipated.

CASH FLOW FORECAST

40. Attached as Appendix "A" to this Fourth Report is the Companies' revised cash flow forecast for the period April 27 – June 5, 2009 (the "April 27 Forecast") prepared by Management with assistance from the Monitor. Management has prepared the April 27 Forecast based on the most current information available.
41. The April 27 Forecast reflects a negative cash flow of approximately \$2.1 Million, a summary of which is provided in the table below:

April 27 – June 5, 2009		
	Forecast	Notes
<u>RECEIPTS</u>		
Petroleum and natural gas revenues	3,050,100	
Less:		
Transportation	(75,000)	
Crown Royalties	(1,318,263)	a)
Freehold mineral tax	(85,607)	
GORR	(430,261)	a)
Freehold royalties	<u>(74,862)</u>	
Net Revenues	1,066,107	
Transfer of \$US funds	<u>2,607,848</u>	b)
Total Receipts	<u>3,673,955</u>	
<u>DISBURSEMENTS</u>		
Operating costs	(990,000)	
Capital expenditures	(483,700)	c)
Payroll		
Employees & Benefits	(1,086,252)	d)
Consultants	(180,000)	
Lease Payments		
Premises	(490,000)	e)
Operating	(15,000)	
Land Lease Rentals	(217,772)	
General & Administrative	(614,566)	f)
Engineering fees	(176,546)	g)
Audit fees	(180,000)	h)
Bank Interest	(350,000)	
Restructuring costs	<u>(1,032,302)</u>	i)
Total Disbursements	<u>(5,816,138)</u>	
NET CASH FLOW	<u>(2,142,183)</u>	
OPENING - CASH/LINE	<u>7,008,687</u>	
CLOSING - CASH/LINE	<u>4,866,504</u>	

42. Significant observations with respect to the April 27 Forecast are as follows:
- a. As discussed earlier in this Fourth Report, the Companies now intend on paying the royalties relating to pre-CCAA production so as to avoid Alberta Energy enforcing its legal rights against third parties. In addition, royalties associated with post-CCAA production are forecast to be paid in the ordinary course. These payments exceed \$1.7 Million in the aggregate;
 - b. The Companies are requesting the release of the US \$2.1 Million (CDN \$2.6 Million) held in trust by the Monitor so as to facilitate payment of the outstanding royalties and fund the forecasted increased professional costs associated with the proceedings. These funds had previously not been accounted for as funds available to the Companies;
 - c. These expenses are comprised of approximately \$325,000 of field expenditures as discussed above in the section entitled *Operational Update* and also the expenditure relating to the requirement to bring the sub-let office space into compliance with City fire codes;
 - d. The forecast period of April 27 – June 4, 2009 includes three payroll periods;
 - e. The forecast period of April 27 – June 4, 2009 includes two months of rental payments;
 - f. The budgeted figure includes payment of approximately \$71,000 on account of TSX and NYSE listings; \$50,000 associated with the mailing cost of the annual general meeting; and \$120,000 associated with the LNG pipeline survey.
 - g. Includes payment of approximately \$107,000 for a reserve report prepared in respect of Block 5(c);
 - h. Estimated outstanding costs for the completion of the fiscal 2008 audit and related services;
 - i. Professional fees include the fees of the Monitor and the legal fees of the Companies, Canadian Western Bank, the Independent Committee and the Monitor.

43. The Monitor notes that although the April 27 Forecast estimates a deficit of approximately \$2.1 Million over the forecast period, the forecast assumes the release and use of the US \$2.1 Million (CDN \$2.6 Million) held by the Monitor, without which the actual cash flow deficit over the forecast period would be approximately \$4.7 Million. However, as mentioned above in paragraph 39, the Companies experienced an actual positive cash flow of approximately \$4.2 Million over the period March 23 – April 24, 2009. Therefore, assuming actual cash flow from April 23 – June 5, 2009 bears resemblance to the April 23 Forecast (as is anticipated by Management) the Companies' actual cash flow performance over the extended and normalized period (March 23 – June 5) appears reasonable.
44. The Monitor also notes that, as detailed above in paragraph 31, the Companies' overall asset value (as indicated by the bids received in the Block 5(c) sales process and the Western Canadian assets sales process which are reported upon in the Watkins Confidential Affidavit) exceeds the Companies' known outstanding liabilities. Therefore, the Monitor is of the view that the negative cash flow projected in the April 23 Forecast should not materially prejudice the Companies' creditors.

OTHER MATTERS

Trinidad & Tobago Dollars

45. CSEI continues to hold approximately TT \$29.6 Million in its accounts in Trinidad & Tobago, however, this figure includes the following:
- a. TT \$14.2 Million in regard to a December VAT refund for which the respective costs were principally paid by the Receiver; and
 - b. TT \$5.7 Million in regard to the VAT associated with a disputed invoice.
46. As indicated in the Second Report, CSEI believes the two above-referenced amounts should be reserved and maintained in TT\$ such that the TT\$ available to CSEI for repatriation is only approximately TT \$9.7 Million. Due to a lack of availability of \$US dollars in Trinidad & Tobago, CSEI has been unable to repatriate additional TT\$ since the filing of the Second Report.

Hughes Air Corp.

47. CSEI has discontinued funding the payroll of Hughes Air Corp. ("Hughes"), a company that is controlled by Mr. Noval.

THE COMPANIES' REQUEST FOR AN EXTENSION OF THE STAY PERIOD

48. The Companies are requesting an extension of the Stay Period through to June 4, 2009.

COMMENTS AND RECOMMENDATION

49. The Monitor is of the view that the Companies, under the direction of the Independent Committee, are acting diligently and in good faith in working towards their restructuring. As stated above, the Monitor is of the view that the Reorganization Plan is a reasonable strategy for the Companies to pursue at this time and is not currently prejudicing the Companies' creditors.
50. The Monitor is of the view that the evidence contained in the Watkins Confidential Affidavit is of a sensitive commercial nature and the request to have it sealed is justified in the existing circumstances.
51. The Monitor recommends that this Honourable Court:
- a. grant the requested extension of the Stay Period to June 4, 2009; and
 - b. seal the Watkins Confidential Affidavit as requested.

All of which is respectfully submitted this 1st day of May 2009.

Hardie & Kelly Inc., in its capacity
as Monitor of the Companies
and not in its personal capacity

Per: 

Marc Kelly, CA • CIRP
Senior Vice President

APPENDIX "A"

Notes	Week Beginning					TOTAL
	27-Apr-09	4-May-09	11-May-09	18-May-09	25-May-09	
RECEIPTS						
1					3,050,100	3,050,100
2		2,607,848			-	2,607,848
		(75,000)			-	(75,000)
3		(985,669)			(332,594)	(1,318,263)
3				(85,607)	-	(85,607)
3			(158,692)	(137,569)	(134,000)	(430,261)
3			(25,821)	(24,041)	(25,000)	(74,862)
3			(184,513)	(247,217)	(491,594)	(3,673,955)
	Subtotal	1,622,179			3,050,100	3,673,955
DISBURSEMENTS						
4		(165,000)		(165,000)	(165,000)	(990,000)
5		(70,900)	(115,650)	(80,000)	(10,000)	(483,700)
6		(373,337)			(356,457)	(1,086,252)
6		(75,000)		(75,000)	-	(180,000)
7		(235,000)	(20,000)		(235,000)	(490,000)
7				(15,000)	-	(15,000)
8				(217,772)	-	(217,772)
9		(98,766)	(69,700)	(70,000)	(216,100)	(614,566)
10		(33,657)		(21,380)	(15,000)	(176,546)
11			(55,000)		(100,000)	(180,000)
12		(175,000)		(25,000)	(175,000)	(350,000)
13			(250,000)		(100,000)	(350,000)
		(51,551)			(100,000)	(151,551)
					(50,000)	(50,000)
		(88,181)				(88,181)
				(25,000)	(25,000)	(50,000)
			(3,900)	(15,000)	(15,000)	(30,000)
				(50,000)	(50,000)	(50,000)
					(150,000)	(150,000)
			(3,900)			(3,900)
			(38,670)			(38,670)
					(10,000)	(10,000)
					(60,000)	(60,000)
	Subtotal	(1,314,841)	(769,471)	(1,272,888)	(1,552,557)	(5,816,138)
NET CASH FLOW (DEFICIT)						
14		(1,389,841)	852,708	(1,457,401)	(758,597)	(886,594)
	OPENING CASH AND AVAILABLE BANK LINE OF CREDIT	7,008,687	5,618,846	6,471,554	5,014,152	5,753,098
	CLOSING CASH AND AVAILABLE BANK LINE OF CREDIT	5,618,846	6,471,554	5,014,152	4,255,555	4,866,504
15	FUNDS HELD IN TRUST BY MONITOR (USD \$)	2,112,357	-	-	-	-

Notes:

- 1 Revenues are based on previous month production and pricing. Transportation costs with TCPL represents May estimate. Revenues are generally received on the 25th of the month.
- 2 Conversion of USD funds held in Trust by Monitor to pay past due, Crown, Freehold and GORR royalties and capital costs.
- 3 Assumption that crown royalties are payable two months after the production month. Therefore January crown royalties are due in March, Feb in April and March in May. Freehold and GORR royalties are due the month following production. These payments are being paid to become current out of Monitor USD funds in Trust.
- 4 Estimated operating costs have been based on required 30 day payments and prepayment of critical services.
- 5 Capital required for lease hold improvements required by City fire code for sub-let floors at 5th and 5th and for PNG land costs for clean up in field.
- 6 It is assumed that wages, benefits and consulting fees will be based on historical results.
- 7 It is assumed that rent and lease obligations will be paid in the ordinary course.
- 8 Western Canada Surface and Land Lease rentals are assumed to be paid in the ordinary course.
- 9 General and administrative costs are based on historical expenditure levels with rationalization of costs where practical. G&A costs include one time payment for TSX fees of \$14,700 and NYSE fees of \$56,100. G&A includes Tunisia for \$80,000 and LNG for \$195,000.
- 10 Represents GLJ reserve report fee and Trinidad report completed by Nutech Energy Alliance
- 11 Professional fees represent audit fees for the 2008 year end and SOX fees with Sunera.
- 12 Represents monthly interest obligations to Canadian Western Bank.
- 13 Costs associated with restructuring including those of the company's legal counsel, tax counsel, the Monitor and counsel for the Monitor.
- 14 Cash balances and available bank line of credit. The opening cash does not include cash held in trust with Monitor of \$2,112,357 USD and 9,715,330 TT\$ in Trinidad
- 15 Represents Trinidad Dollars converted to USD, transferred to Canada and held in trust by Monitor. Converted in May to cover royalties and capital costs.