

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
IN THE 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 CARIBOU RESOURCES CORP.


AFFIDAVIT

**I, CHRIS BRADLEY, of the City of Calgary, in the Province of Alberta, MAKE
OATH AND SAY THAT:**

1. I am the President of Framfield Oil & Gas Ltd. ("**Framfield**"), and as such, have personal knowledge of the facts and matters hereinafter deposed, save and except where I indicate, or the context suggests that such information has been obtained from other sources or documents, in which case I verily believe such information to be true. I am a Chartered Accountant with over 25 years experience working in roles such as Controller, Vice-President Finance and Administration and Chief Financial Officer for several public oil and gas companies.

Framfield

2. Framfield is a privately held Alberta corporation that carries on the business of investing in resource exploration and development companies, in particular, oil and gas exploration and development companies. Framfield has no debt and its assets consist of a portfolio of shares of publicly trading oil and gas companies, including Caribou. In addition to its investment portfolio, Framfield has cash in bank or similarly liquid assets in excess of \$1,300,000.00.

 3. Framfield presently owns approximately 7.8% of the outstanding common shares of Caribou Resources Corp. ("**Caribou**"). Framfield has had discussions with a number of other shareholders of Caribou and I can confirm that holders of approximately 48% of the remaining outstanding common shares of Caribou support Framfield's efforts in this matter and many of them have indicated their willingness and ability, in the right circumstances, to advance further

capital to Caribou to assist in its long term survival should a restructuring acceptable to the stakeholders be implemented.

Share Data Regarding Caribou

4. According to the annual report of Caribou for the year ending December 31, 2006 (the "Annual Report"), as of December 31, 2006, Caribou had: (i) a total of 38,529,540 outstanding common shares ; (ii) 109,973 outstanding share purchase warrants; and (iii) 2,742,500 outstanding share options as part of its stock option plan for the granting of options to directors, employees and consultants. Attached hereto and marked as Exhibit "A" is a copy of the Annual Report.

5. Caribou's shares trade on the TSX Venture Exchange, under the trade symbol CBU. Attached hereto and marked as Exhibit "B" to this my Affidavit is a document obtained from the TSX Venture Exchange website which illustrates the price history and volume of trading of Caribou's shares from March 19, 2007 to April 27, 2007. Framfield is not trading and has not traded Caribou shares since the CCAA filing and is not short on Caribou stock.

Communications between Framfield and Caribou

6. Framfield had no advance notice that Caribou was contemplating a CCAA filing and learned it had obtained CCAA protection when Caribou issued its press release following the *ex parte* application.

7. Following Caribou's CCAA filing, Framfield requested information from Caribou regarding Caribou's management and cost structure so that Framfield could evaluate Caribou's current operational and financial status and determine what options may be available to preserve the continuing operation of Caribou's business. Despite repeated requests, Caribou refused to provide Framfield with the requested information.

8. By March, I and others at Framfield were becoming concerned that Caribou's management were focussing on selling the assets of Caribou rather than pursuing options to restructure the company and Framfield's board instructed its chairman, Andy Crooks to take responsibility for protecting its investment in Caribou. Caribou also engaged Alger & Associates Inc. as financial advisors and McCarthy Tétrault LLP as insolvency counsel.

9. Following several discussions with Caribou on or about April 5, 2007, Andy Crooks sent a letter (the "**April 5th Letter**") addressed to Stephen Fagan, a Director and the Chairman of the Board of Caribou, making a formal request for costing and management information regarding Caribou's operations. In particular, the April 5th Letter requested that: (i) Caribou provide Framfield with the a copy of the report detailing the status of Caribou's oil and gas reserves; (ii) Caribou hold a shareholder's meeting earlier than the proposed date of June 27, 2006; and (iii) Caribou provide a full listing of all of its creditors, the amounts due to such creditors, and the security status of such creditors; so that options to maximize Caribou's stakeholders' interests could be determined. Attached hereto and marked as Exhibit "C" to this my Affidavit is a copy of the April 5th Letter.

10. I am advised that subsequently Andy Crooks initiated meetings with a number of creditors including Brookfield Bridge Landing Fund Inc. ("**Brookfield**"). Attached as Exhibit "D" is an email sent by Andy Crooks to Mr. James Reid, Managing Partner, Energy of Brookfield on April 13, 2007 following their meeting.

11. On April 20, 2007, Andy Crooks, along with Framfield's legal counsel, met with certain officers of Caribou, Caribou's legal counsel, as well as the monitor, Deloitte & Touche Inc. (the "**Monitor**") and the Monitor's legal counsel. At that meeting I am advised that Andy Crooks and our counsel asked for and were denied any information on the results of the marketing activities or the claims process other than to be told by the Monitor that there were no major surprises coming out of the claims process and the debt side of Caribou was generally as described in the Company's earlier court materials.

12. I am further advised that Ms. Christina M. Fehr, CEO and Vice Chairman of Caribou, would only indicate that as a result of the marketing activity the shareholders should not assume there would be any recovery for them from the restructuring. I understand Andy Crooks and our counsel were left with the understanding that Caribou would be seeking an extension of its stay of proceedings on May 3, 2007, but could not obtain any information on whether or not an application would be made at that time to approve any transactions.

13. With specific reference to the Monitor's Second Report, Paragraph 17 and the references to an April 17, 2007 deadline for proposals, I am aware that the time for receiving bids on the assets had been extended to April 17, 2007. Framfield had never presented itself as a potential

purchaser and had refused to sign the form of Confidentiality Agreement tendered to potential purchasers as it prohibited consultation with other shareholders or creditors, the very thing Framfield knew it had to do if it was going to be part of the solution to Caribou's difficulties.

14. I am advised by Andy Crooks and our counsel that at the April 20th Meeting, Ms. Fehr made the comment that time was running out if Framfield intended to make a proposal and Andy Crooks responded that Framfield needed information if it was going to be able to assist Caribou, financially and otherwise, in its efforts in restructuring. Subsequent to that meeting, which was on a Friday afternoon, Caribou did forward a form of Confidentiality Agreement which was appropriate in the circumstances and with some modification it was signed and returned on Monday, April 23, 2007 and during the course of this week, information has started to flow to Framfield and its financial advisors.

Time Required to Consider Options

15. Framfield learned of the Brookfield proposal to acquire the assets for its debt and the Monitor's position on that transaction on Friday morning, April 27, 2007 with the issue of Caribou's Press Release and then learned additional details with the release of the Monitor's Second Report Friday evening.

16. As I understand Brookfield's offer, it intends to acquire all the assets of Caribou for \$28,500,000 which is the amount estimated to be necessary to satisfy creditors having priority to Brookfield and pay all but \$500,000 of Brookfield's debt. I may misunderstand the proposal as the amount of Brookfield's debt and prior charges described in the Monitor's Second Report would suggest Brookfield's offer may be as high as \$28,720,000.

17. The value of the assets Brookfield seeks to acquire, based on recent independent evaluations referred to in the Monitor's Second Report, cash forecasts and other evidence filed in these proceedings are::

Description	Amount
Proved and probable P&NG Reserves	\$47.6 million
Undeveloped land	12.9 million
Cash in Bank @ June 1, 2007	2.7 million
Receivables (Estimated)	3.6 million
Total	<u>\$66.8 million</u>

18. In addition, I understand from Christine Fehr's January 30, 2007 affidavit at Paragraph 17 and 18 that Caribou has over \$90 million of tax pools and significant capital cost allowance pools, which would appear to be of value only to a reorganized Caribou or differently structured acquisition.

19. I believe from a review of the Monitor's Second Report that Brookfield continues to have all interest on its debt paid, when due, Caribou's cost of operations including administration costs of its restructuring are being paid and Caribou's cash in bank continues to increase.

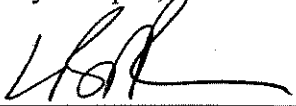
20. Amongst the options Framfield is currently evaluating are:

- (a) Framfield is prepared to take over Caribou's management by putting in place a new President, Chief Executive Officer and new Chief Financial Officer should the stakeholders require it. Roger Giovanetto, a professional engineer and currently a director of Enterra Energy Trust is prepared to assume the role of President and Chief Executive Officer. Mr. Giovanetto has many years experience in developing and managing oil and gas companies, in particular oilfield operations and oilfield consulting companies. I am prepared to step into the role of Chief Financial Officer of Caribou.
- (b) Framfield has on hand \$1.3 million dollars which it is holding for use in the context of a Caribou proposal. Authority has been granted to use these funds, together with such funds as other shareholders may be prepared to contribute as referred to earlier in this Affidavit, as part of any reorganization that may be developed and be acceptable to the stakeholders.
- (c) Framfield has also had discussions with a company interested in pursuing an acquisition of Caribou and subject to confidentiality provisions has forwarded a draft proposal to us and asked that Framfield instruct its counsel to assist in development of that proposal with the intent that it be tendered to Caribou and the Monitor. The transaction it describes is a combination of a CCAA arrangement and a *Business Corporations Act* arrangement and envisions using a combination of its shares and cash to obtain the support of the creditors and shareholders of Caribou. That interested party recognizes that Brookfield must be dealt with to its

satisfaction. In my view, that interested company, which is a public oil and gas company has the size, expertise and borrowing capacity to make a deal happen subject to various regulatory, shareholder and creditor approvals.

21. Framfield can give no assurances that any reorganization can be developed for the benefit of the other stakeholders which includes employees, creditors and shareholders, but would like the opportunity to try. To this end I would suggest an extension of the stay of proceedings for a period of 30 to 45 days. While this is not sufficient time to conclude a transaction, I believe it is sufficient time to allow Framfield and its advisors to continue to obtain information from Caribou, consult the stakeholders and canvas various alternatives.

SWORN BEFORE ME at the City of)
Calgary, in the Province of Alberta, this)
29th day of April, 2007.)



A Commissioner of Oaths in and for the
Province of Alberta



CHRIS BRADLEY

LARRY BOYD ROBINSON
Barrister & Solicitor



THIS IS EXHIBIT " A " referred to in the Affidavit of CHRIS BRADLEY Sworn before me this 29th day of April A.D. 2007

_____ A Commissioner for Oaths in and for the Province of Alberta

LARRY BOYD ROBINSON
Barrister & Solicitor

FOR IMMEDIATE RELEASE

Caribou Resources Corp. 2006 Financial and Operating Results

CALGARY, ALBERTA - Caribou Resources Corp., (TSX-V: CBU) presents its annual report for the year ended December 31, 2006:

Summary Highlights

	Three months ended December 31		Twelve months ended December 31		% change (12 months)
	2006	2005	2006	2005	
Financial (\$000's, except shares and per share amounts)					
Oil and natural gas revenues	5,384	10,590	25,738	32,484	(21)
Funds flow from operations ⁽¹⁾	(1,173)	5,642	5,460	16,024	(66)
Per share - basic & diluted ⁽¹⁾	(0.03)	0.16	0.15	0.53	(72)
Net gain (loss)	(54,345)	1,276	(60,266)	(1,293)	4,561
Per share - basic & diluted	(1.41)	0.04	(1.63)	(0.04)	3,975
Total assets	69,332	119,683	69,332	119,683	(42)
Bank debt	10,829	10,545	10,829	10,545	3
Short-term bridge facility	14,500	13,500	14,500	13,500	7
Shareholders' equity	16,570	70,174	16,570	70,174	(76)
Working capital deficiency	43,064	22,158	43,064	22,158	94
Common shares outstanding	38,529,540	34,849,924	38,529,540	34,849,924	11
Weighted average - basic	38,529,540	34,821,575	36,926,639	30,254,873	22
Weighted average - diluted	38,529,540	34,976,255	36,926,639	30,343,760	22
Operating (boe - 6:1 basis)					
Sales volumes					
Crude oil and NGL's (bbls/day)	463	638	515	698	(26)
Natural gas (mcf/day)	4,572	6,391	5,647	4,846	17
Total oil equivalent (boe/day)	1,225	1,703	1,456	1,506	(3)
Product prices (\$)					
Crude oil and NGL's per bbl	55.83	63.50	65.24	63.04	3
Natural gas per mcf	7.14	11.61	6.53	9.28	(30)
Operating expense per boe (\$)	33.59	14.25	22.29	13.46	66
Netback per boe (\$) ⁽²⁾	6.11	41.66	22.09	35.68	(38)

⁽¹⁾ Funds flow from operations and funds flow from operations per share are non-GAAP terms that represent net loss adjusted for non-cash items. The Company evaluates its performance based on these measures. These measures may not be comparable to other companies. The Company considers funds flow from operations a key measure as it demonstrates the Company's ability to generate cash flow necessary to fund future growth through capital investment and to repay debt.

⁽²⁾ Netback per boe is a non-GAAP term that is calculated as total revenue less royalties, operating costs and transportation costs on a boe basis. The Company evaluates its performance based on this measure. Netback per boe does not have a standardized measure prescribed by Canadian Generally Accepted Accounting Principles and therefore may not be comparable with the calculations of similar measures for other companies.

Message to Shareholders

Caribou Resources Corp. ("Caribou") (TSX-V: CBU) presents its annual report for the year ended December 31, 2006:

The year 2006 has been an extremely challenging year for your company from many perspectives. Caribou undertook the single largest capital expenditure program in its history, the results of which were significantly less than expected on both a production and reserves basis. The results were compounded by the unprecedented competition and cost escalation experienced for services, equipment and people, the loss of two significant wells in the second quarter of 2006, and the lower gas price environment. Due to capital constraints, the Company has expended limited capital since mid 2006 and did not conduct a winter program. Approximately \$1.5 million was expended in the last quarter of 2006 to complete pipelining at Redwater and to conduct several workovers.

On January 30, 2007, the Company obtained creditor protection under the Companies' Creditors Arrangement Act (Canada), ("CCAA") pursuant to an Order from the Alberta Court of Queen's Bench (the "Court"). CCAA protection stays creditors and others from enforcing claims against Caribou and affords Caribou the opportunity to restructure its affairs. The Court initially granted CCAA protection for a period of 30 days, expiring February 28, 2007, which was subsequently extended to May 3, 2007. While under CCAA protection, the Board of Directors maintains its usual role and management of Caribou remains responsible for the day-to-day operations of the Company under the supervision of a Court-appointed monitor who is responsible for reviewing Caribou's ongoing operations, assisting with the development and filing of a Plan of Arrangement ("Plan"), liaising with creditors and other stakeholders and reporting to the Court. The Board of Directors and management are primarily responsible for formulating the Plan for restructuring Caribou's affairs.

This Plan will describe how Caribou proposes to restructure its affairs. The Plan requires approval by the Court and the requisite number and value of the affected stakeholders. Despite the liquidity challenges we face, the Company has assembled a solid foundation for future growth from its asset base.

Caribou Resources Corp. was formed in December 2003 from a private company with approximately 200 boe/d of non-operated 17% WI production, and 50,000 acres of undeveloped land. With the subsequent investment of approximately \$116 million of capital (\$106 million net of dispositions) from that time (including land, seismic, infrastructure, capital expenditures and acquisitions) to the end of December 2006, the Company now has:

- Approximately 178,000 net acres of high working interest (80% WI) undeveloped land independently evaluated effective January 31, 2007 by Seaton-Jordan & Associates Ltd. at a value of \$12.9 million;
- Ownership and access to extensive seismic over its lands (3D – 142 km and 2D – 4,345 km);
- 3,647 mboe of Total Proved plus Probable reserves (64% natural gas and 36% oil) comprised of 1,648 mboe of Total Proved and 1,999 mboe of Total Probable reserves as evaluated by McDaniel & Associates Ltd. at December 31, 2006;
- Estimated sales production for Q1 2007 of between 1,100 and 1,200 boe/d comprised of 60% gas and 40% oil, of which 85% is operated;
- Extensive ownership of facilities and significant infrastructure to facilitate future growth;
- Generated cash flow of over \$30 million since inception;
- Expended approximately \$40 million of CEE on higher risk exploration projects. While some of these projects were not successful, the exploration risk taken has resulted in several lower risk development and exploitation projects for the future. Caribou has proven up two significant hydrocarbon discoveries for development. The first is a light oil Keg River discovery at Steen River in Northern Alberta, and the second is an Ellerslie Sand light oil and gas development with water flood potential at Redwater in Central Alberta, which are discussed in more detail in the Operations section of the MD&A;
- Accumulated tax pools of approximately \$90.6 million, which fully shelter proved plus probable pre-tax net income as evaluated by McDaniel.

In conjunction with the CCAA process, Scotia Waterous Inc. has been engaged by the Company to act as its financial advisor and to assist management in identifying business opportunities.

On behalf of the Board of Directors,

Christina M. Fehr, BA, MSc
Vice Chairman and CEO
April 4, 2007

Ross G. Robertson, P.Eng
President and COO

Reserves

The Company's reserves were evaluated by McDaniel & Associates Ltd. as at December 31, 2006.

The McDaniel's report is prepared in accordance with National Instrument 51-101 (NI 51-101), the standard of disclosure for oil and gas activities as mandated by the Canadian Securities Administrators.

NI 51-101 replaced the former National Policy 2-B and requires a higher degree of confidence in the assignment of oil and gas reserves. Under NI 51-101 Proved Reserves are defined to have a 90 percent probability that the actual reserves recovered will equal or exceed the assigned estimates, while probable reserves are defined as having a 50 percent probability that the actual reserves recovered will equal or exceed the assigned estimates.

Gross reserves are the Company's working interest share of reserves prior to deducting royalty burdens and do not include royalties received by the Company. Net Reserves are the Company's working interest share of the reserves less all royalties owned by others including Crown, freehold lessors and overriding royalty owners. Net reserves include all royalties received by the Company.

According to this methodology the McDaniel December 31, 2006 reserves for Caribou are as follows:

Summary of gross reserves (Forecast Prices: December 31, 2006)

Reserves category	Light/Medium Oil	Natural Gas	Natural Gas Liquids	Oil Equivalent
	mmbbls	mmcf	mmbbls	mboe
Proved				
Proved producing	380.8	4,185.9	17.7	1,096.2
Proved non-producing	32.1	1,903.2	3.0	352.3
Proved undeveloped	196.1	20.0	-	199.4
Total proved	609.0	6,109.1	20.7	1,647.9
Probable	639.8	7,940.3	35.9	1,999.1
Proved plus probable	1,248.8	14,049.4	56.6	3,647.0

Net present values of future net revenue, before tax (Forecast Prices: December 31, 2006)

Reserves category (\$000's)	0%	5%	10%	15%
Proved				
Proved producing	24,803.5	22,780.8	21,093.0	18,462.6
Proved non-producing	3,775.3	3,531.9	3,296.0	2,872.5
Proved undeveloped	2,516.3	2,027.5	1,627.7	1,041.9
Total proved	31,095.1	28,340.2	26,016.7	22,377.0
Probable	33,039.4	26,448.2	21,613.2	15,189.9
Proved plus probable	64,134.5	54,788.4	47,629.9	37,566.9

For comparison, 2005:

Net present values of future net revenue, before tax
(Forecast Prices: December 31, 2005)

Reserves category (\$000's)	0%	5%	10%	15%
Total proved	72,338	66,011	61,034	56,951
Probable	70,032	58,173	49,558	43,001
Proved plus probable	142,370	124,184	110,592	99,952

Summary of gross reserves
(Constant Prices: December 31, 2006)

Reserves category	Light/Medium Oil	Natural Gas	Natural Gas Liquids	Oil Equivalent
	mbbls	mmcf	mmbbls	mboe
Proved				
Proved producing	381.4	4,118.9	17.5	1,085.4
Proved non-producing	32.1	1,903.2	3.0	352.3
Proved undeveloped	196.1	20.0	-	199.4
Total proved	609.6	6,042.1	20.5	1,637.1
Probable	640.7	6,378.6	34.0	1,737.8
Proved plus probable	1,250.3	12,420.7	54.5	3,374.9

Net present values of future net revenue, before tax
(Constant Prices: December 31, 2006)

Reserves category (\$000's)	0%	5%	10%	15%
Proved				
Proved producing	20,618.6	19,016.2	17,663.4	16,514.6
Proved non-producing	2,659.0	2,570.5	2,454.4	2,328.4
Proved undeveloped	2,864.4	2,301.2	1,850.0	1,489.0
Total proved	26,142.0	23,887.9	21,967.8	20,332.0
Probable	26,225.6	21,137.9	17,402.0	14,591.7
Proved plus probable	52,367.6	45,025.8	39,369.8	34,923.7

For comparison, 2005:

Net present values of future net revenue, before tax
(Constant Prices: December 31, 2005)

Reserves category (\$000's)	0%	5%	10%	15%
Total proved	90,106	79,973	72,305	66,235
Probable	99,382	80,796	67,524	57,601
Proved plus probable	189,488	160,769	139,829	123,836

Summary of forecast pricing assumptions
(McDaniel December 31, 2006)

Year	WTI (\$US/bbl)	Edmonton Light (\$Cdn/bbl)	AECO Spot (\$Cdn/GJ)	Exchange Rate \$US/\$Cdn
2007	62.50	70.80	6.85	0.87
2008	61.20	69.30	7.05	0.87
2009	59.80	67.70	7.40	0.87
2010	58.40	66.10	7.50	0.87
2011	56.80	64.20	7.70	0.87
2012	58.00	65.60	7.90	0.87

Reconciliation of gross reserves by product type

Total proved	Oil (mbbl)	Gas (mmcf)	NGL (mbbl)	Oil Equivalent (mboe)
December 31, 2005	514	12,516	43	2,642
Production	(166)	(1,988)	(17)	(514)
Acquisitions	-	-	-	-
Dispositions	(77)	(370)	-	(139)
Discoveries	184	111	-	202
Technical revisions	135	(2,682)	-	(312)
Minor revisions	19	(1,479)	(5)	(232)
December 31, 2006	609	6,108	21	1,648

Total proved plus probable	Oil (mbbl)	Gas (mmcf)	NGL (mbbl)	Oil Equivalent (mboe)
December 31, 2005	1,276	25,602	109	5,652
Production	(166)	(1,988)	(17)	(514)
Acquisitions	-	-	-	-
Dispositions	(126)	(646)	-	(234)
Discoveries	306	509	-	391
Technical revisions	(88)	(6,618)	-	(1,191)
Minor revisions	47	(2,810)	(35)	(456)
December 31, 2006	1,249	14,049	57	3,647

Reserves life index	Based upon production:	
	Year ended December 31, 2006	Three months ended December 31, 2006
Production rate (boe/d)	1,456	1,225
Proved reserves (mboe)	1,648	1,648
Proved reserves life ratio (years)	3.1	3.7
Proved plus probable reserves (mboe)	3,647	3,647
Proved plus probable reserves life ratio (years)	6.9	8.2

Before tax net asset value
(Using McDaniel December 31, 2006 Forecast Prices)

At December 31, 2006 (000's; except per share amounts)	5% dcf	10% dcf
Proved plus probable reserves	54,788	47,630
Undeveloped land (estimated at \$70 per undeveloped acre)	13,067	13,067
Seismic (estimated at \$500 per km)	2,244	2,244
Net debt (December 31, 2006)	(43,064)	(43,064)
Net asset value	27,036	19,877
Shares outstanding	38,530	38,530
Net asset value per share	0.70	0.52

After tax net asset value is equal to before tax net asset value because the Company's tax pools fully shelter estimated future revenue.

Management's Discussion and Analysis

Management's Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Caribou. The following information has been prepared by management and should be read in conjunction with the audited financial statements for the years ended December 31, 2006 and 2005 together with the notes related thereto. All data is presented in Canadian dollars. The calculation of barrels of oil equivalent ("boe") is based on a conversion ratio of six thousand cubic feet of natural gas to one barrel of oil to estimate relative energy content and does not represent a value equivalency at the wellhead. Boes may be misleading, particularly if used in isolation. Additional information relating to Caribou is available at www.sedar.com.

Non-GAAP measurements

The MD&A contains the term funds flow from operations which should not be considered an alternative to, or more meaningful than, cash flow from operating activities or net earnings as determined in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") as an indicator of Caribou's performance. Caribou's determination of funds flow from operations may not be comparable to that reported by other companies. The reconciliation between net earnings and cash flow from operations, (which is also called "funds flow from operations") can be found in the statements of cash flows. The Company also presents funds flow per share, whereby funds flow from operations is divided by the weighted average number of shares outstanding to determine per share amounts. This measure does not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies. In addition, management uses Netback, a non-GAAP term, to analyze operating performance. Netback is calculated as total revenue less royalties, operating costs and transportation calculated on a boe basis.

Forward looking statements

Statements throughout this report that are not historical facts may be considered "forward looking statements." These forward looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Company's objectives, goals or future plans are forward looking statements. Since forward looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to any number of factors, including such variables as new information regarding recoverable reserves, changes in demand for, and commodity prices of crude oil and natural gas, legislative, environmental and other regulatory or political changes, competition in areas where the Company operates and other factors discussed in this report.

The Company

Caribou Resources Corp. ("Caribou" or the "Company") is a full cycle exploration and development company primarily focused on exploring for oil and natural gas in Northern and Central Alberta. The following discussion and analysis is dated April 4, 2007, and is management's assessment of Caribou's three months and year ended December 31, 2006 operating and financial results, compared to the corresponding periods for 2005.

Operations

In 2006, Caribou participated in the drilling of 11 gross (7.8 net) wells, 9 gross (6.3 net) completions, 5 gross (4.35 net) recompletions, and 12 gross (10 net) tie-ins.

This activity was carried out in Q1 and Q2, with the exception of a successful drilling of one well (15% WI) in the Legal area of Central Alberta, and including the successful tie-in of three wells (average 78% WI) in the Redwater area.

These activities resulted in five producing gas wells, five producing oil and gas wells and one producing oil well. In addition, there are eight shut-in potential gas wells and one abandoned well.

Caribou experienced the unexpected loss of two strong wells which had commenced production in excess of 470 boe/d in total on a working interest basis. In one instance, this loss was due to premature depletion. In the second case, it was due to poor mechanical condition of an acquired wellbore. In this case, Caribou believes that there is significant potential to recover reserves from this same gas accumulation, however achieving that will require expending funds for the drilling of a new wellbore.

Although overall production was increased in 2005 and part of 2006, the additional production from the new wells drilled during 2006 has not offset normal production declines or replaced the production lost from the two wells referred to above.

Other operations in 2006 included the acquisition of approximately 22km² of 3D seismic data in the Redwater (7.5km²), Wizard Lake (6.7km²) and Westlock (7.8km²) areas of Central Alberta. These data sets have been processed and interpreted resulting in a number of exploration prospects in Redwater and Wizard Lake.

Caribou's 2006 production averaged 1,456 boe/d, comprised of 515 bbl/d of oil and liquids and 5,647 mcf/d of gas. This compares to average 2005 production of 1,506 boe/d, comprised of 698 bbl/d of oil and liquids and 4,846 mcf/d of gas. Q4 2006 average production was 1,225 boe/d, comprised of 463 bbl/d of oil and liquids and 4,572 mcf/d of gas.

January 2007 production averaged 1,129 boe/d, comprised of 464 bbl/d of oil and liquids and 3,992 mcf/d of gas.

With the exception of the Legal well and the Redwater tie-ins discussed above, a very limited Central Alberta summer program was conducted as a result of the Company's financial position. In addition, for the same reason, no winter 2006/2007 program was carried out.

Effective September 1, 2006, Caribou sold its non-core Westlock property (approximately 30 boe/d) for \$1.2 million. This represented a substantial premium to the value carried for the property by the Company's independent reserve auditors.

Effective December 21, 2006, Caribou sold certain non-operated assets (17% average WI) in Northern Alberta for \$5.6 million. The assets included production of approximately 70 boe/d, seismic data and 220 mboe of proved and probable reserves based on the Company's independent reserve report. Proceeds from these divestitures were used to reduce debt.

In 2006, the Company implemented a risk management program consisting of both fixed price contracts and costless collars as a strategy to help mitigate commodity price volatility. In total, 246 boe/d and 2,480 GJ/d are covered for 2007. In 2008, 162 boe/d and 1,758 GJ/d are covered. In 2009, 116 boe/d and 1,192 GJ/d are covered. These contracts are summarized in the Risk Management Program section of this MD&A.

Caribou continues to see strong production performance from the 11-18 Keg River light oil step out well (100% WI) drilled last winter at Steen River. The well was initially brought on production in May 2006 at 150 boe/d. Optimization efforts undertaken in October 2006 increased production to approximately 180 boe/d. Development plans based on Caribou's on-going interpretation of the 3D seismic indicate between four to ten potential drilling locations on this 100% WI structure. Caribou received EUB approval for the development as a result of a successful "holding" type special spacing application granted in Q3 2006. Pipeline infrastructure constructed during the winter of 2006 will allow further development of this project as well as the tie-in of shut-in gas wells in the vicinity. Caribou has determined that summer access and selective drilling could be conducted on this play, contingent on extending the existing all weather road by approximately three miles.

Caribou remains encouraged about the prospect of continued horizontal development of the Basal Quartz sand, and a new play involving horizontal exploitation and possible waterflood of an Upper Eilerslie sand in its Redwater core area. Well control based on past development of the Basal Quartz at Redwater resulted in Caribou estimating an oil in place volume greater than five million barrels of oil in this Upper Eilerslie sand. Core data for the Upper Eilerslie indicated elevated permeabilities, and the presence of four to six meters of correlatable sand is believed to bode well for horizontal exploitation and waterflooding of this undepleted sand. Preliminary independent waterflood feasibility work carried out to date has suggested that the sand may be a good waterflood candidate. Caribou's Redwater oil battery currently handles significant daily water volumes which could be utilized in a water flood project. Implementation of all the abovementioned projects is subject to capital availability.

In addition to the abovementioned development projects in Northern and Central Alberta, Caribou has significant shut-in gas awaiting tie-in in Northern Alberta, and a grass roots inventory of seismically supported exploration locations in both Central and Northern Alberta.

Net loss and funds flow

\$	Three months ended December 31		Year ended December 31	
	2006	2005	2006	2005
Net loss	(54,344,799)	1,276,452	(60,266,125)	(1,292,942)
Per share - basic	(1.41)	0.04	(1.63)	(0.04)
Per share - diluted	(1.41)	0.04	(1.63)	(0.04)
Funds flow from operations	(1,172,937)	5,641,931	5,459,785	16,023,906
Per share - basic	(0.03)	0.16	0.15	0.53
Per share - diluted	(0.03)	0.16	0.15	0.53

The Company recorded a loss for the year ended December 31, 2006. In this period, Caribou recorded a \$2.6 million writedown of goodwill, a \$52.4 million ceiling test impairment, and a \$9.5 million writedown of future tax assets. In addition, reduced revenue, higher costs in the field, higher depletion, interest, and G&A costs have all contributed to the loss in 2006.

Normal production declines, the unexpected failure of two significant wells, lower gas prices and higher operating costs have also contributed to lower funds flow from operations.

Oil and natural gas revenues

\$	Three months ended December 31		Year ended December 31	
	2006	2005	2006	2005
Oil and liquids	2,380,426	3,784,712	12,263,188	16,069,965
Per barrel	55.83	63.50	65.24	63.04
Natural gas	3,003,802	6,804,650	13,475,010	16,413,542
Per mcf	7.14	11.61	6.53	9.28

For the year ended December 31, 2006, oil and liquids revenue decreased 24%, primarily reflecting a 26% decline in oil and liquids production volume, when compared to the corresponding year in 2005. Total revenue decreased 21% largely due to a 17% increase in natural gas production offset by a 30% lower price and a 26% decline in oil and liquids production volume. Since the prior year, the product mix, as determined by production, has changed from 46:54 (oil and liquids : natural gas) to 35:65.

Royalties

\$ (except %)	Three months ended December 31		Year ended December 31	
	2006	2005	2006	2005
Royalties, net of ARTC	908,707	1,830,541	2,154,313	5,469,282
Per boe	8.06	11.68	4.05	9.95
% of revenue	16.9%	17.3%	8.4%	16.8%

For the year ended December 31, 2006, royalties decreased due to the application of increased gas cost allowances associated with strategic infrastructure acquisitions completed in the fall of 2005. Caribou estimates the total value of these recoveries over 10 years to be approximately \$8 million at a 10% NPV discount rate.

Royalties as a percentage of revenue are greater in Q4 2006, compared to the whole year, since the Company's annual gas cost allowance was fully achieved over the first nine months of the year.

Operating and transportation

\$	Three months ended December 31		Year ended December 31	
	2006	2005	2006	2005
Operating	3,625,237	2,014,529	11,090,773	6,672,512
Per boe	32.15	12.86	20.87	12.14
Transportation	162,836	218,433	754,405	727,705
Per boe	1.44	1.39	1.42	1.32
Total	3,788,073	2,232,962	11,845,178	7,400,217
Per boe	33.59	14.25	22.29	13.46

Total operating costs for the year ended December 31, 2006 increased 66% on a dollar basis, largely due to increased service rates and field equipment costs, and higher third party gas processing costs, particularly in the Company's northern core area. Transportation costs increased marginally year over year, reflecting increased rates offset by decreased production. In addition, annual operating costs were negatively impacted by approximately \$672,000 of prior period costs related to an acquisition completed in 2004, equivalent to \$1.26/boe for the year. In Q4, the Company incurred one-time costs of \$9.68 per boe related to joint venture audit exceptions and non-recoverable charges.

Netbacks

\$/boe	Three months ended December 31		Year ended December 31	
	2006	2005	2006	2005
Revenue	47.76	68.59	48.43	59.09
Royalties, net of ARTC	8.06	11.68	4.05	9.95
Operating and transportation	33.59	14.25	22.29	13.46
Operating netback	6.11	41.66	22.09	35.68
General and administrative	6.57	2.99	5.97	4.30
Interest	9.63	2.34	5.78	2.06
Taxes	(0.37)	0.31	(0.08)	0.18
Cash netback	(9.72)	36.02	10.42	29.14

Operating netbacks decreased due to lower revenue per boe caused by a shift in product mix, lower gas prices and increased operating costs, which were somewhat offset by lower royalties.

Cash netbacks were further impacted by higher interest costs associated with increased bank indebtedness, increased short-term bridge facility, and higher interest rates.

General and administrative ("G&A")

\$	Three months ended December 31		Year ended December 31	
	2006	2005	2006	2005
General and administrative	740,186	468,516	3,173,180	2,362,327
Per boe	6.57	2.99	5.97	4.30

On a per boe basis, G&A expenses increased 39% compared to the prior year. The Q4 increase in G&A per boe reflects both higher costs and the reduction in production volumes. During the year, Caribou capitalized approximately \$1.3 million (2005 - \$705,000) of G&A expenses directly related to exploration and development activities. Caribou began capitalizing general and administrative costs in the second quarter of 2005 in order to conform with industry reporting practices.

Stock-based compensation

\$	Three months ended December 31		Year ended December 31	
	2006	2005	2006	2005
Stock-based compensation	246,498	368,893	689,816	878,328
Per boe	2.19	3.58	1.30	1.60

For the three and twelve month periods ended December 31, 2006, stock-based compensation decreased, reflecting the expiration of options related to staff reduction.

Interest and other financing charges

\$	Three months ended December 31		Year ended December 31	
	2006	2005	2006	2005
Interest and other financing charges	1,085,823	366,864	3,071,366	1,131,608
Per boe	9.63	2.34	5.78	2.06

The increased loan carrying costs reflect higher levels of principal and subordinated debt carried by the Company, higher interest rates, and one-time financing charges associated with renewing and increasing the bridge facility.

For the first five months of the year, the bridge loan was \$13.5 million. In June, the balance increased to \$15 million until September, at which time the Company repaid \$0.5 million, resulting in a balance of \$14.5 million to the end of the year. Interest rates on this bridge loan increased from 8.25% in January to 9% in May, and remained at 9% until the end of the year.

For approximately nine months of the year, the balance owing on the revolving credit facility fluctuated between \$15 million and \$17 million. In December 2006, the Company made a payment of \$5.6 million to reduce the outstanding debt to \$10.8 million at December 31, 2006.

In Q4, on a per boe basis, the Company incurred higher interest and financing charges due to approximately \$287,000 (\$2.55 per boe) in financing fees related to loan applications and due diligence. In addition, the Company had lower production in Q4.

Depletion, depreciation and accretion ("DD&A")

\$	Three months ended December 31		Year ended December 31	
	2006	2005	2006	2005
Depletion and depreciation	7,753,713	4,417,470	22,561,172	17,405,394
Per boe	68.77	28.20	42.45	31.66
Accretion	103,812	92,902	402,530	287,088
Per boe	0.92	0.59	0.76	0.52

Year to date, DD&A increased 30% in total, and increased 34% on a per boe basis. DD&A rates during the year were unfavorably impacted by considerable capital expenditures combined with a significant decrease in reserves. Expiration of undeveloped lands also increased the DD&A rate. At December 31, 2006, Caribou had 240,484 total net acres of which 186,672 was undeveloped.

Using the 5% net present value of proved and probable reserves from the independent December 31, 2006 reserve report, the Company recorded a ceiling test impairment of \$52.4 million for the year ended 2006. In addition, the Company has tested the fair value of goodwill and elected to record an impairment loss for the entire balance, being \$2.6 million.

Taxes

\$	Three months ended December 31		Year ended December 31	
	2006	2005	2006	2005
Capital taxes	41,290	48,548	41,290	97,392
Future income tax (recovery)	(9,932,830)	(442,680)	(12,928,277)	(1,253,962)

Caribou follows the liability method of accounting for income taxes whereby future income taxes are calculated based on temporary differences arising from the variance between the tax basis of an asset or liability and its property, plant and equipment carrying value.

The Company has recorded a significant future income tax recovery due mainly to the temporary difference associated with the ceiling test impairment. In addition, the Company recorded a \$9.5 million future income tax asset impairment.

The Company has estimated that available tax pools to reduce future taxable income are approximately \$90.6 million. The Company has a further \$5.7 million CEE to incur by December 31, 2007 in order to honor the commitments of the June 2006 flow-through share issue.

Summary of tax pools	Year ended December 31
\$	2006
COGPE	11,221,044
CDE	28,509,097
CEE	7,104,241
Undepreciated capital cost	40,380,441
Share issue costs	3,356,338
Total	90,571,161

Liquidity and capital resources

For the year ended December 31, 2006, the Company experienced liquidity difficulties resulting in current liabilities of \$47.8 million, offset by \$4.8 million of current assets. Reduced cashflow from lower production and lower natural gas prices, combined with insufficient new equity, were factors contributing to this working capital deficiency.

The Company had a revolving credit facility in the amount of \$13 million with a Canadian chartered bank, bearing interest at prime plus 0.25% per annum. The facilities were secured by a \$35 million demand debenture with a first floating charge (with a right to fix) over all the present and future property acquisitions. At December 31, 2006 the amount drawn against the existing senior revolving credit facility was \$10.8 million. A short-term development bridge facility was obtained during the fourth quarter of 2005 from an independent Canadian lending company. The effective interest rate is at bank prime plus three percent and the maturity date is December 31, 2006. At December 31, 2006, the outstanding balance of this bridge facility was \$14.5 million. The bridge facility is subordinated to the above revolving credit facility.

In January 2007, the Company closed the \$13 million revolving credit facility, and simultaneously increased the short-term development bridge facility to \$28 million. The short-term development bridge facility is a demand loan and bears interest at bank prime plus three percent, maturing March 30, 2007, and is secured by a \$35 million demand debenture with a first fixed charge over all the present and future property acquisitions. Subsequent to March 30, 2007, the maturity date of the bridge facility was extended pending the outcome of the CCAA process. For the duration of the CCAA process, this facility bears default interest at an additional 5%.

On January 30, 2007, the Company obtained creditor protection under the Companies' Creditors Arrangement Act (Canada), ("CCAA") pursuant to an Order from the Alberta Court of Queen's Bench (the "Court"). CCAA protection stays creditors and others from enforcing claims against Caribou and affords Caribou the opportunity to restructure its affairs. The Court initially granted CCAA protection for a period of 30 days, expiring February 28, 2007, which was subsequently extended to May 3, 2007. While under CCAA protection, the Board of Directors maintains its usual role and management of Caribou remains responsible for the day-to-day operations of the company, under the supervision of a Court-appointed monitor who is responsible for reviewing Caribou's ongoing operations, assisting with the development and filing of a Plan of Arrangement ("Plan"), liaising with creditors and other stakeholders and reporting to the Court. The Board of Directors and management are primarily responsible for formulating the Plan for restructuring Caribou's affairs.

This Plan will describe how Caribou proposes to restructure its affairs. The Plan requires approval by the Court and the requisite number and value of the affected stakeholders.

Capital expenditures

\$	Three months ended December 31		Year ended December 31	
	2006	2005	2006	2005
Seismic and geological evaluation	75,047	647,115	854,047	768,977
Land acquisition and retention	161,380	32,753	4,331,923	1,188,036
Well drilling, completion, equipping and pipelining	1,419,690	9,483,470	37,200,730	42,139,035
Disposition	(5,600,000)	-	(6,720,000)	(2,750,000)
Office equipment	-	6,787	18,257	79,474
Total	(3,943,883)	10,170,125	35,684,957	41,425,522

Caribou experienced significant operational cost overruns in the 2006 winter program, both on projects it operated as well as those operated by its partners. The level of overruns were in the 40% to 50% range, consistent with that reported by other industry operators, during a period of unprecedented demand for labor and equipment. In programs not operated by Caribou, overruns were not provided by the operator for approval until several months after the expenditures were incurred. In certain cases, final expenditures were 100% higher than the original authority for expenditures provided by the operator.

Risk management program

Caribou has implemented a risk management program consisting of both fixed price contracts as well as costless collars which will help to mitigate commodity price volatility, provide both downside protection and the opportunity to share in the upside if energy prices move upwards. These contracts are as follows:

Product	Volume	Period	Contract	Price
Natural gas	1,200 GJ/day	Nov 1/06 - Oct 31/07	Fixed	\$7.14/GJ AEEO
Natural gas	1,280 GJ/day	Jan 1/07 - Dec 31/07	Fixed	\$7.70/GJ AEEO
Natural gas	1,758 GJ/day	Jan 1/08 - Dec 31/08	Costless collar	\$7.00/GJ to \$9.60/GJ AEEO
Natural gas	1,192 GJ/day	Jan 1/09 - Dec 31/09	Costless collar	\$7.00/GJ to \$8.35/GJ AEEO
Oil	123 bbls/day	Jan 1/07 - Dec 31/07	Fixed	US\$64.50/bbl WTI
Oil	123 bbls/day	Jan 1/07 - Dec 31/07	Fixed	US\$64.80/bbl WTI
Oil	81 bbls/day	Jan 1/08 - Dec 31/08	Costless collar	US\$65.00/bbl to US\$70.50/bbl WTI
Oil	81 bbls/day	Jan 1/08 - Dec 31/08	Costless collar	US\$65.00/bbl to US\$71.46/bbl WTI
Oil	58 bbls/day	Jan 1/09 - Dec 31/09	Costless collar	US\$65.00/bbl to US\$70.35/bbl WTI
Oil	58 bbls/day	Jan 1/09 - Dec 31/09	Costless collar	US\$65.00/bbl to US\$71.46/bbl WTI

Related party transactions

The following transactions with related parties were done on a fair value basis defined as the amounts that would be agreed upon in an arm's length transaction between knowledgeable, willing parties, who are under no compulsion to act.

During the year ended December 31, 2006, the Company's legal counsel invoiced \$244,038 (2005 - \$398,311) for legal work charged. The Company's former Corporate Secretary is a partner in the legal firm. Included in accounts payable at December 31, 2006 is \$82,431 (2005 - \$65,227) due to the Company's legal counsel.

Off-Balance Sheet obligations

The Company has no off-balance sheet obligations.

Business risks

The oil and natural gas industry inherently has many risks associated with it. The risks can be summarized in terms of economic, financial, cost of capital, environmental and human resource risk. Economic risk is the risk of finding and producing reserves at a cost which produces an economic return. Financial risk consists of marketing production at a reasonable price given market conditions. Cost of capital is the risk associated with Caribou's ability to obtain capital to fund its activities at a reasonable cost. Environmental risk is the risk of carrying out operations with potential for adverse impact upon the environment. Finally, human resource risk is the risk of having access to expertise which will allow Caribou to grow and prosper.

Accounting policies

Caribou's accounting policies are stated in the notes to the financial statements. Caribou follows policies that are in accordance with Canadian generally accepted accounting principles.

In 2005, the Canadian Institute of Chartered Accountants issued the following new Handbook Sections that the Company plans to adopt effective January 1, 2007:

- 1) Section 1530, Comprehensive Income
- 2) Section 3251, Equity
- 3) Section 3855, Financial Instruments - Recognition and Measurement
- 4) Section 3865, Hedges

These standards will require all financial instruments (except financial instruments qualifying for hedge accounting) be recorded on the balance sheet at fair value, with changes to fair value charged against net income.

The Company does not expect these sections to have a material impact on its financial statements.

Critical accounting estimates

The preparation of the financial statements under Canadian GAAP requires management personnel to make estimates and assumptions for many financial statement items based on their estimate and judgment. The amounts recorded for depletion, depreciation of property and equipment, stock-based compensation, and the provision for asset retirement obligations are based on estimates. The ceiling test is based on estimates of oil and natural gas reserves, production rates, oil and gas prices, future costs and other relevant assumptions. The calculation of future income tax is based on assumptions, which are subject to uncertainty as to timing and which tax rates temporary differences are expected to reverse. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

The Company follows the full cost method of accounting for oil and natural gas properties as prescribed by the Canadian Institute of Chartered Accountants (CICA) in Accounting Guideline 16. Under this method all costs associated with the acquisition of, exploration for and the development of oil and natural gas reserves are capitalized. These capitalized costs are depleted or depreciated on the unit-of-production method based on the estimated proved reserves. A revision to the estimate for proved reserves can have a significant impact on earnings as proved reserves are a key component in the calculation of depreciation, depletion and amortization.

Costs related to unproved properties are excluded from capitalized costs being amortized through depletion and depreciation expense. These costs are excluded from the depletion and depreciation calculation until proved reserves are found or until it is determined that the costs are impaired. Including these costs in the calculation could have a significant impact on depletion and depreciation expense for the year. Proceeds on disposal of properties are generally deducted from capitalized costs without recognition of gain or loss except where such disposal constitutes a significant portion of the Company's reserves.

Under the full cost accounting method, a ceiling test is performed at least annually to ensure that the net capitalized costs do not exceed the undiscounted future net revenues from proved plus probable reserves, plus the cost of unproved properties. Any excess capitalized costs will be written off as an expense and charged to earnings; however, future depletion and depreciation expense would be reduced.

The Company retains McDaniel & Associates Consultants Ltd., an independent petroleum engineering firm, to evaluate the Company's proved plus probable oil and gas reserves. The estimation of reserves is subjective. Forecasts are based on engineering data, future prices, expected future rates of production and the timing of capital expenditures, all of which are subject to uncertainties and interpretations. Reserve estimates will be revised upward or downward based on the results of future drilling, testing and production levels.

The Company recognizes a liability for the future retirement obligations associated with its oil and natural gas properties. The retirement obligation is initially measured at fair value, which is the discounted future value of the liability. This fair value is capitalized as part of the cost of the related asset and amortized to expense over its useful life. The liability accretes until the date of expected settlement of the retirement obligation. Factors that can affect this estimate include the number of wells drilled, well depths and area-specific environmental legislation.

Changes in accounting policies and practices

Details outlining Caribou's accounting policies are contained in the notes to the financial statements. There were no changes in the Company's accounting policies and practices in 2006, compared to the previous year.

Disclosure controls and procedures

The Vice Chairman & CEO and Vice President & CFO evaluated the effectiveness of the Company's disclosure controls and procedures as at the financial year ended December 31, 2006. Based on that evaluation, the Vice Chairman & CEO and Vice President & CFO concluded that the design and operation of these disclosure controls and procedures were effective as at December 31, 2006 to provide reasonable assurance that material information relating to the Company would be made known to them by others within the entity.

Outstanding share data

The Company's authorized share capital consists of an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares issued in series. There were 38,529,540 common shares outstanding at December 31, 2006, and the same amount of common shares outstanding as at the date of this report. As at December 31, 2006 there were 109,973 share purchase warrants outstanding.

The Company's stock option plan provides for granting of options to directors, employees and consultants. At December 31, 2006 a total of 2,742,500 options were outstanding.

Selected annual data

	12 months ended December 31, 2006	12 months ended December 31, 2005	12 months ended December 31, 2004
(\$000's, except per share amounts)			
Oil and natural gas revenues	25,738	32,484	9,569
Net gain (loss)	(60,266)	(1,293)	(2,253)
Per share – basic & diluted	(1.63)	(0.04)	(0.19)
Total assets	69,332	119,683	85,879
Total long-term liabilities	4,902	14,042	14,206

Summary of quarterly operating and financial results

	2006					2005				
	Full Year	Fourth	Third	Second	First	Full Year	Fourth	Third	Second	First
Operating										
Natural gas (mcf/day)	5,647	4,572	5,009	7,323	5,704	4,846	6,391	4,672	4,814	3,569
Price (\$/mcf)	6.53	7.14	5.90	5.93	7.40	9.28	11.36	9.47	7.18	7.23
Oil and NGL's (bbls/day)	515	463	582	514	499	698	638	700	671	778
Price (\$/bbl)	65.24	55.83	70.83	69.15	63.45	63.04	63.44	70.37	61.51	57.90
Barrels of oil equivalent (per day)	1,456	1,225	1,417	1,735	1,450	1,506	1,703	1,479	1,473	1,373
Financial (\$000's, except per share amounts)										
Oil and natural gas revenues	25,738	5,384	6,512	7,190	6,652	32,484	10,590	8,618	6,900	6,376
Royalties, net of ARTC	(2,155)	(909)	(484)	(322)	(440)	(5,470)	(1,831)	(1,554)	(941)	(1,144)
Interest and other revenue	7	7	-	-	-	-	-	-	-	-
Net revenues	23,590	4,482	6,028	6,868	6,212	27,014	8,759	7,064	5,959	5,232
Operating expenses	11,091	3,625	3,214	2,695	1,557	5,712	1,809	1,201	1,386	1,316
Transportation	754	163	194	215	182	1,688	424	353	459	452
General and administrative	3,173	740	600	1,185	648	2,362	469	619	593	681
Stock-based compensation	689	246	27	186	230	878	298	302	141	137
Depletion and depreciation	22,561	7,754	5,307	5,394	4,106	17,405	4,417	4,424	4,511	4,053
Interest	3,072	1,086	775	771	440	1,132	367	538	123	104
Writedown of goodwill	2,607	2,607	-	-	-	-	-	-	-	-
Writedown of petroleum and natural gas properties	52,393	52,393	-	-	-	-	-	-	-	-
Accretion	403	104	102	100	97	287	93	67	65	62
Total expenses	96,743	66,718	10,219	10,546	7,260	29,464	7,877	7,504	7,278	6,805
Income (loss) before income taxes	(73,153)	(64,236)	(4,191)	(3,678)	(1,048)	(2,450)	882	(440)	(1,319)	(1,573)
Capital taxes	(40)	(41)	-	19	(18)	(97)	(49)	(22)	(14)	(12)
Future income taxes	12,928	9,933	291	2,413	291	1,254	443	100	362	349
Net income (loss) for the period	(60,265)	(54,344)	(3,900)	(1,246)	(775)	(1,293)	1,276	(362)	(971)	(1,236)
Income (loss) per share (basic and diluted)	(1.63)	(1.41)	(0.10)	(0.03)	(0.02)	(0.04)	0.04	(0.01)	(0.03)	(0.04)
Funds flow (\$000's)	5,459	(1,173)	1,245	2,020	3,367	16,024	5,642	4,329	3,386	2,667
Funds flow per share (basic)	0.15	(0.03)	0.03	0.06	0.10	0.53	0.16	0.15	0.12	0.09
Netbacks (\$/boe)										
Oil and natural gas revenues	48.43	47.76	49.95	45.54	50.97	59.09	67.59	63.34	51.48	51.62
Royalties, net of ARTC	4.05	8.06	3.71	2.04	8.29	9.95	15.04	11.42	7.02	9.26
Operating expenses	22.29	33.59	26.14	18.44	8.40	13.46	10.89	11.42	13.77	14.31
Operating netback	22.09	6.11	20.10	25.06	34.28	35.68	41.66	40.49	30.69	28.05
General and administrative	5.97	6.57	4.60	7.50	4.97	4.30	2.99	4.55	4.42	5.52
Interest	5.78	9.63	5.94	4.88	3.37	2.06	2.34	3.96	0.92	0.83
Capital taxes	(0.08)	(0.37)	-	(0.12)	0.14	0.18	0.31	0.16	0.10	0.11
Cash netback	10.42	(9.72)	9.56	12.80	25.80	29.15	36.02	31.82	25.25	21.59
Total assets (\$000's)	69,332	69,332	139,590	144,433	138,511	119,683	119,683	110,341	94,180	98,003

Caribou Resources Corp.**Balance Sheets**

As at December 31, 2006 and December 31, 2005

	2006	2005
ASSETS		
Current assets		
Accounts receivable	\$ 4,613,091	\$ 12,499,328
Prepaid expenses	182,907	810,548
	4,795,998	13,309,876
Property, plant and equipment (note 3)	64,536,166	103,765,670
Goodwill	-	2,607,407
	\$ 69,332,164	\$ 119,682,953
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness (note 4)	\$ 10,828,923	\$ 10,545,177
Short-term bridge facility (note 4)	14,500,000	13,500,000
Accounts payable and accrued liabilities	22,530,781	11,422,696
	47,859,704	35,467,873
Asset retirement obligations (note 5)	4,902,087	4,459,585
Future income taxes (note 6)	-	9,581,922
	52,761,791	49,509,380
SHAREHOLDERS' EQUITY		
Share capital (note 7)	77,187,692	71,214,584
Warrants (note 7c)	208,767	1,111,527
Contributed surplus (note 8)	3,010,905	1,418,328
Deficit	(63,836,991)	(3,570,866)
	16,570,373	70,173,573
	\$ 69,332,164	\$ 119,682,953

Going concern (note 1). Commitments (note 11).

See accompanying notes to Financial Statements

Approved by the Board of Directors:

(signed)
Christina M. Fehr
Director

(signed)
Stephen J.A. Fagan
Director

Caribou Resources Corp.
Statements of Operations and Deficit

For the years ended December 31, 2006 and 2005

	2006	2005
REVENUES		
Oil and natural gas	\$ 25,738,198	\$ 32,483,507
Interest and other revenue	6,914	1,225
Less: Royalties, net of ARTC	(2,154,313)	(5,469,282)
	23,590,799	27,015,450
EXPENSES		
Operating	11,090,773	6,672,512
Transportation	754,405	727,705
General and administrative	3,173,180	2,362,327
Stock-based compensation (note 7f)	689,816	878,328
Interest and other financing charges	3,071,366	1,131,608
Accretion (note 5)	402,530	287,088
Depletion and depreciation	22,561,172	17,405,394
Writedown of goodwill	2,607,407	-
Writedown of petroleum and natural gas properties	52,393,262	-
	96,743,911	29,464,962
	(73,153,112)	(2,449,512)
Capital taxes	(41,290)	(97,392)
Future income tax recovery (note 6)	12,928,277	1,253,962
	12,886,987	1,156,570
NET LOSS FOR THE YEAR	(60,266,125)	(1,292,942)
Deficit, beginning of year	(3,570,866)	(2,277,924)
Deficit, end of year	\$ (63,836,991)	\$ (3,570,866)
Net loss per share (note 7e)		
Basic	\$ (1.63)	(\$0.04)
Diluted	\$ (1.63)	(\$0.04)
Weighted average common shares outstanding		
Basic	36,926,639	30,254,873
Diluted	36,926,639	30,343,760
Outstanding shares	38,529,540	34,849,924

Going Concern (note 1).

See accompanying notes to Financial Statements

Caribou Resources Corp.
Statements of Cash Flows

For the years ended December 31, 2006 and 2005

	2006	2005
Cash provided by (used in):		
OPERATING		
Net loss for the year	\$ (60,266,125)	\$ (1,292,942)
Add (deduct) items not affecting cash:		
Depletion and depreciation	22,561,172	17,405,394
Stock-based compensation	689,816	878,328
Accretion	402,530	287,088
Future income taxes	(12,928,277)	(1,253,962)
Writedown of goodwill	2,607,407	-
Writedown of petroleum and natural gas properties	52,393,262	-
Funds flow from operations	5,459,785	16,023,906
Change in non-cash working capital	19,661,135	(5,525,970)
	25,120,920	10,497,936
FINANCING		
Bank debt	283,746	1,339,055
Proceeds from bridge financing	1,500,000	23,500,000
Repayment of bridge financing	(500,000)	(10,000,000)
Issue of common shares, net of costs	9,319,463	17,298,664
	10,603,209	32,137,719
INVESTING		
Property, plant and equipment, net of dispositions	(35,684,957)	(41,425,522)
Change in non-cash working capital	(39,172)	(1,210,133)
	(35,724,129)	(42,635,655)
Decrease in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -
Supplementary disclosure		
Cash interest paid	\$ 2,050,237	\$ 788,210

Cash is defined as cash and cash equivalents
See accompanying notes to Financial Statements

Caribou Resources Corp.
Notes to the Financial Statements

For the twelve months ended December 31, 2006 and 2005

Note 1 : Going concern

These financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due.

As at December 31, 2006, the Company had a working capital deficiency, excluding bank indebtedness and short-term bridge facility (see Note 4), of \$17,734,783 and a deficit of \$63,836,991. The working capital deficiency primarily consists of accounts payable and accrued liabilities incurred during the Company's capital expenditure programs.

On January 30, 2007, the Company obtained creditor protection under the Companies' Creditors Arrangement Act (Canada), ("CCAA") pursuant to an Order from the Alberta Court of Queen's Bench (the "Court"). CCAA protection stays creditors and others from enforcing claims against Caribou and affords Caribou the opportunity to restructure its financial affairs. The Court initially granted CCAA protection for a period of 30 days, expiring February 28, 2007, which was subsequently extended to May 3, 2007. While under CCAA protection, the Board of Directors maintains its usual role and management of Caribou remains responsible for the day-to-day operations of the Company, under the supervision of a Court-appointed monitor who is responsible for reviewing Caribou's ongoing operations, assisting with the development and filing of a Plan of Arrangement ("Plan"), liaising with creditors and other stakeholders and reporting to the Court. The Board of Directors and management are primarily responsible for formulating the Plan for restructuring Caribou's affairs.

This Plan will describe how Caribou proposes to restructure its affairs. The Plan requires approval by the Court and the requisite number and value of the affected stakeholders.

Although CCAA protection enables Caribou to continue with its day-to-day operations until its CCAA status changes, the implications for the Caribou shareholders are less clear. At the end of the restructuring process, realizable value left for shareholders will depend upon the terms of the Plan approved by the affected stakeholders. If the Plan is not approved, Caribou will likely be placed into receivership or bankruptcy.

The actual outcome of future events may differ from these plans. In particular, there can be no assurance that the Company will be able to successfully access debt financing objectives. These financial statements have been prepared on the basis that the Company will continue to realize its assets and discharge its obligations in the ordinary course of business and do not reflect adjustments that would be necessary if the going concern assumption was not valid. Such adjustments, if necessary, may be material.

Note 2 : Significant accounting policies

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results may differ from these estimates.

(a) Joint operations

A portion of the Company's oil and gas activities are conducted jointly with others and accordingly, these financial statements reflect only the Company's proportionate interest in such activities.

Caribou Resources Corp.
Notes to the Financial Statements

For the twelve months ended December 31, 2006 and 2005

(b) Measurement uncertainty

The preparation of the financial statements under Canadian GAAP requires management to make estimates and assumptions for many financial statement items based on their estimates and judgment. The amounts recorded for depletion and depreciation of property and equipment, stock-based compensation, and the provision for asset retirement obligations are based on estimates. The ceiling test is based on estimates of oil and natural gas reserves, production rates, oil and gas prices, future costs and other relevant assumptions. The calculation of future income tax is based on assumptions, which are subject to uncertainty as to timing and which tax rates temporary differences are expected to reverse. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

(c) Property, plant and equipment ("PP&E")

The Company follows the full-cost method of accounting for exploration and development expenditures. All costs of exploring, developing and acquiring petroleum and natural gas properties, including asset retirement costs, and administration costs directly related to exploration and development, are capitalized and accumulated in one cost centre as all operations are in Canada. Maintenance and repairs are charged against income, and renewals and enhancements which extend the economic life of the PP&E are capitalized. Gains and losses are not recognized upon disposition of petroleum and natural gas properties unless such a disposition would alter the rate of depletion by 20 percent or more.

(d) Depletion and depreciation

Depletion of petroleum and natural gas properties and depreciation of production equipment are calculated on the unit-of-production basis which is based on:

- (i) total estimated proved reserves calculated in accordance with National Instrument 51-101;
- (ii) total capitalized costs plus estimated future development costs of proved undeveloped reserves including future estimated asset retirement costs, less unimpaired unproved property costs and the estimated net realizable value of production equipment and facilities after the proved reserves are fully produced; and
- (iii) relative volumes of petroleum and natural gas reserves and production before royalties, converted at the energy equivalent conversion ratio of six thousand cubic feet of natural gas to one barrel of oil.

(e) Impairment

The Company places a limit on the aggregate carrying value of PP&E. Impairment is recognized if the carrying amount of the PP&E exceeds the sum of the undiscounted cash flows expected to result from the Company's proved reserves. Cash flows are calculated based on management's best estimates of future prices, adjusted for the Company's contract prices and quality differentials. Upon recognition of impairment, the Company would then measure the amount of impairment by comparing the carrying amounts of the PP&E to the fair value of PP&E which is the estimated net present value of future cash flows from proved plus probable reserves. The risk free interest rate is used to arrive at the net present value of future cash flows. Any excess carrying value above the net present value of the Company's future cash flows would be recorded as a permanent impairment.

(f) Asset retirement obligations

The Company recognizes the fair value of its asset retirement obligations ("ARO") in the period in which they are incurred and when a reasonable estimate of fair value can be made. The fair value of the estimated ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on a unit-of-production basis over the life of the reserves. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. Revisions to the estimated timing of cash flows or to the original estimated undiscounted cost would also result in an increase or decrease to the ARO. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. Any difference between the actual costs incurred upon settlement of the ARO and the recorded liability is recognized as a gain or loss in the Company's earnings in the period in which the settlement occurs.

(g) Revenue recognition

Revenues from sales of petroleum and natural gas are recorded when title passes from the Company to external parties.

Caribou Resources Corp.
Notes to the Financial Statements

For the twelve months ended December 31, 2006 and 2005

- (h) **Income taxes**
The Company follows the liability method of accounting for income taxes. Under this method, the Company records future income taxes for the effect of any differences between the accounting and the income tax basis of an asset or liability using income tax rates substantively enacted at the Balance Sheet date. The effect of a change in income tax rates on the future income tax assets and liabilities is recognized in income in the period of the change.
- (i) **Stock-based compensation plan**
The Company's Option Plan provides for granting of stock options to directors, officers, employees and consultants. The Company uses the fair value method for valuing stock option grants. Compensation costs attributed to share options granted are measured at fair value at the grant date and expensed over the expected exercise time-frame with a corresponding increase to contributed surplus. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.
- (j) **Per share information**
Per share information is calculated on the basis of weighted average number of common shares outstanding during the fiscal year. Diluted per share information reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. Diluted per share information is calculated using the treasury stock method that assumes any proceeds received by the Company upon the exercise of in-the-money stock options would be used to buy back common shares at the average market price for the period.
- (k) **Flow-through shares**
The resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with tax legislation. A future tax liability is recognized upon the renunciation of the tax pools and share capital is reduced by the estimated costs of the renounced tax deductions.

Caribou Resources Corp.
Notes to the Financial Statements

For the twelve months ended December 31, 2006 and 2005

Note 3 : Property, plant and equipment

	December 31, 2006	December 31, 2005
\$		
Oil and natural gas properties, plant and equipment	161,547,692	125,841,020
Office equipment and computers	134,651	116,394
	161,682,343	125,957,414
Less accumulated depletion and depreciation	(97,146,177)	(22,191,744)
	64,536,166	103,765,670

Unproved oil and gas properties amounting to \$9.7 million (2005 - \$25.6 million) were excluded from the depletion and depreciation calculation. Future development costs on proved undeveloped reserves of \$6.1 million (2005 - \$9.2 million) are included in the depletion calculation.

Using the 5% net present value of proved and probable reserves from the independent December 31, 2006 reserve report, the Company recorded a ceiling test impairment of \$52.4 million for the year ended 2006.

During the year, Caribou capitalized approximately \$1.3 million (2005 - \$705,000) of general and administrative expenses directly related to exploration and development activities.

Expected future commodity prices (\$Cdn)	Oil prices per barrel	Gas prices per GJ
2007	62.50	6.85
2008	61.20	7.05
2009	59.80	7.40
2010	58.40	7.50
2011	56.80	7.70
Thereafter	58.00 - 69.30	7.90 - 9.50

Note 4 : Loans

	December 31, 2006	December 31, 2005
\$		
Bank indebtedness	10,828,923	10,545,177
Short-term bridge facility	14,500,000	13,500,000

The Company has a revolving credit facility in the amount of \$13 million with a Canadian chartered bank, bearing interest at prime plus 0.25% per annum. The facility is secured by a \$35 million demand debenture with a first floating charge (with a right to fix) over all the present and future property acquisitions.

The short-term development bridge facility was obtained during the fourth quarter of 2005 from an independent Canadian lending company. The effective interest rate is at bank prime plus three percent with a maturity date being December 31, 2006. The bridge facility is subordinated to the above revolving credit facility. As at December 31, 2006, the Company was in breach of the bridge facility covenants.

In January 2007, the Company closed the \$13 million revolving credit facility, and simultaneously increased the short-term development bridge facility to \$28 million. The short-term development bridge facility is a demand loan and bears interest at bank prime plus three percent, maturing March 30, 2007, and is secured by a \$35 million demand debenture with a first fixed charge over all the present and future property acquisitions. Subsequent to March 30, 2007, the maturity date of the bridge facility was extended pending the outcome of the CCAA process. For the duration of the CCAA process, this facility bears default interest at an additional 5%.

Caribou Resources Corp.
Notes to the Financial Statements

As at December 31, 2006 and December 31, 2005

Note 5 : Asset retirement obligations

\$	December 31,	December 31,
	2006	2005
Balance, beginning of year	4,459,585	2,918,925
Liabilities incurred	39,972	1,253,572
Accretion	402,530	287,088
Balance, end of year	4,902,087	4,459,585

The Company's asset retirement obligations result from net ownerships in petroleum and natural gas assets including well sites, gathering systems and processing facilities. The Company estimates the total undiscounted amount of cash flows required to settle its asset retirement obligations is \$7.3 million, (2005 - \$7.1 million) which will be incurred between 2007 and 2019. The majority of the costs will be incurred between 2010 and 2016. An inflation rate of 2% was used to inflate the costs, and a credit-adjusted risk-free rate of 8.5% was used to calculate the fair value of the asset retirement obligations.

Note 6 : Taxes

The difference between the expected income tax provision based on the combined federal and provincial statutory tax rate of 34.49% (2005 - 37.62%) and the amount actually provided for is as follows:

\$	Year ended December 31,	
	2006	2005
Tax expense (recovery) at 34.49% of net loss before taxes	(25,230,508)	(921,506)
Non-deductible crown payments	298,856	1,337,884
Alberta Royalty Tax Credit	(60,357)	(122,265)
Stock-based compensation	237,918	330,427
Resource allowance	(293,908)	(1,337,899)
Non-deductible expenditures	29,569	5,220
Writedown of goodwill	798,751	-
Writedown of future tax asset	9,477,243	-
Other	165,301	-
Rate reduction	1,648,858	(545,823)
Future income tax (recovery)	(12,928,277)	(1,253,962)

Future income tax liability is comprised of the following temporary differences:

\$	December 31,	December 31,
	2006	2005
Net book value of property, plant and equipment in excess of tax basis	(6,947,363)	12,262,938
Asset retirement obligations	(1,501,702)	(1,499,312)
Writedown of future tax asset	9,477,243	-
Share issue costs	(1,028,178)	(1,181,704)
	-	9,581,922

Caribou Resources Corp.
Notes to the Financial Statements

For the twelve months ended December 31, 2006 and 2005

Note 7 : Share capital

(a) Authorized

Unlimited number of common shares without nominal or par value and an unlimited number of preferred shares issued in series.

(b) Common shares issued and outstanding

	Number of shares	Amount
Balance, at December 31, 2003	67,419,841	5,689,358
Consolidate shares on a 1 for 25 basis	(70,723,053)	-
Write off of deficit against share capital	-	(2,276,240)
Shares issued to repay notes	584,460	1,553,604
Escrow shares cancelled	(1,577)	-
Share for share exchanges on acquisitions	14,944,302	30,579,678
Shares issued for cash	15,904,379	24,842,815
2004 share issue expenses	-	(1,666,399)
Tax effect of share issue expenses	-	599,904
Tax effect of flowthrough shares	-	(5,359,183)
Contributed surplus transfer for options	-	163,606
Balance, at December 31, 2004	28,128,352	54,127,143
Shares issued for cash upon exercise of warrants	42,813	251,982
Issued pursuant to private placement of flow-through shares	3,486,559	10,634,005
Issued pursuant to private placement of units	3,009,200	6,469,778
Exercise of stock options	183,000	441,141
Share issue expenses, net of tax	-	(709,465)
Balance, December 31, 2005	34,849,924	\$ 71,214,584
Issued pursuant to private placement of flow-through shares	3,679,616	10,000,002
Tax effect on renunciation of flow-through shares (September 2005 issue)	-	(3,575,152)
Share issue expenses, net of tax	-	(451,742)
Balance, December 31, 2006	38,529,540	\$ 77,187,692

On January 22, 2004, the Company applied deficit against share capital which was approved by the shareholders at the annual general and special meeting of the shareholders.

Caribou Resources Corp.
Notes to the Financial Statements

For the twelve months ended December 31, 2006 and 2005

(c) Warrants

On February 28, 2003, the Company issued 152,786 share purchase warrants. Each warrant is exercisable into one common share at an exercise price of \$1.75 per share until February 28, 2005, \$2.00 per share until February 28, 2006, \$2.50 per share until February 28, 2007, and \$3.00 per share until February 28, 2008. As at December 31, 2006, 38,813 of these warrants had been exercised at \$1.75 per share, and another 4,000 warrants at \$2.00 per share, leaving a balance of 109,973 warrants outstanding.

On September 8, 2005, the Company issued 3,009,200 units in connection with a private placement. Each unit was issued for \$2.45 and consisted of one common share and one-half of one common share purchase warrant with each full warrant entitling the holder thereof to acquire an additional common share at an exercise price of \$3.00 at any time prior to September 8, 2006.

Balance, December 31, 2005	Exercise price (\$)	Fair value (\$)	Expired (see Note 8)	Issued	Exercised	Expiry Date	Balance, December 31, 2006
109,973	2.50	208,767	-	-	-	February 28, 2008	109,973
1,504,600	3.00	-	1,504,600	-	-	September 8, 2006	-
1,614,573		208,767	1,504,600	-	-		109,973

The fair value of the above warrants was calculated using the Black-Scholes option pricing model with the following assumptions: dividend yield - nil; expected volatility - 77%; risk-free interest rate - 3.5%; weighted average expected life - 1.26 years; and weighted average estimated value of underlying shares - \$2.47. Each warrant entitles the holder to one common share of the Company.

(d) Flow-through shares

Under the terms of the Company's flow-through share agreements, the Company has committed to incur approximately \$6.25 million (2005 - \$11.2 million) of qualifying oil and natural gas Canadian Exploration Expenses ("CEE") between June 8, 2006 and December 31, 2007. Of this amount approximately \$5.7 million is still to be incurred. Caribou will renounce the income tax benefits of these expenditures to the flow-through shareholders.

Caribou Resources Corp.
Notes to the Financial Statements

For the twelve months ended December 31, 2006 and 2005

(e) Per share amounts

The following table summarizes the basis for the determination of basic and diluted per share amounts:

	Year ended December 31,	
	2006	2005
Weighted average common shares outstanding - basic	36,926,639	30,254,873
Weighted average common shares outstanding - diluted	36,926,639	30,343,760
Net loss per share:		
Net loss for the period (\$)	(60,266,125)	(1,292,942)
Basic (\$/share)	(1.63)	(0.04)
Diluted (\$/share)	(1.63)	(0.04)

(f) Stock-based compensation

The Company has a stock option plan that is described below. Compensation costs attributable to share options granted to employees or directors are measured at fair value at the grant date and expensed over the expected vesting time frame with a corresponding increase to contributed surplus. The fair value of each option granted is estimated on the date of grant using the Black-Scholes options pricing model with the following weighted average assumptions:

	Year ended December 31,	
	2006	2005
Fair value of options granted (\$/option)	1.02	0.76
Expected life of options (years)	3.5	3.5
Expected volatility (%)	85	75
Risk free rate of return (%)	3.5	3.5
Expected dividend yield (%)	Nil	Nil

Caribou Resources Corp.
Notes to the Financial Statements

For the twelve months ended December 31, 2006 and 2005

(g) Stock options

The Company's stock option plan provides for granting of options to directors, employees and consultants to a maximum of ten percent of the total issued and outstanding common shares of the Company. These options have a term of five years to expiry and vest 30% as of the date of grant, 20% on each of the first two anniversary dates and 15% on the third and fourth anniversary dates. The Company has reserved common shares for issuance under the stock option plan in the amount of the stock options outstanding from time to time. The following tables summarize the information about options to purchase common shares as at December 31, 2006 and 2005.

	2006		2005	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		(\$/share)		(\$/share)
Balance, beginning of year	2,937,500	2.18	2,092,791	2.12
Granted	487,500	2.01	1,612,500	2.23
Terminated	(682,500)	2.15	(584,791)	2.11
Exercised for cash	-	-	(183,000)	2.06
Balance, end of year	2,742,500	2.16	2,937,500	2.18
Exercisable, end of year	1,335,360	2.15	1,183,600	2.17

	Outstanding options			Exercisable options	
Exercise price	Number of options outstanding	Weighted average remaining contractual life	Number of options exercisable	Weighted average exercise price	
(\$/share)		(years)		(\$/share)	
1.80	50,000	3.09	15,000	1.80	
1.95	120,000	4.23	36,000	1.95	
2.00	20,000	3.43	6,000	2.00	
2.02	35,000	4.27	10,500	2.02	
2.03	320,000	4.10	96,000	2.03	
2.04	5,000	4.58	1,500	2.04	
2.05	740,000	2.86	518,000	2.05	
2.10	120,000	3.31	36,000	2.10	
2.12	7,500	4.62	2,250	2.12	
2.20	35,000	3.84	10,500	2.20	
2.25	541,300	2.46	358,910	2.25	
2.31	28,700	1.85	28,700	2.31	
2.33	680,000	3.71	204,000	2.33	
2.50	40,000	3.21	12,000	2.50	
2.16	2,742,500	3.26	1,335,360	2.15	

Caribou Resources Corp.
Notes to the Financial Statements

For the twelve months ended December 31, 2006 and 2005

Note 8 : Contributed surplus

\$	December 31, 2006	December 31, 2005
Opening balance	1,418,328	603,997
Expiration of 1,504,600 warrants (see Note 7c)	902,761	-
Stock-based compensation	689,816	878,328
Exercise of stock options	-	(63,997)
	3,010,905	1,418,328

Note 9 : Related party transactions

The following transactions with related parties were done on a fair value basis defined as the amounts that would be agreed upon in an arm's length transaction between knowledgeable, willing parties, who are under no compulsion to act.

During the year ended December 31, 2006, the Company's legal counsel invoiced \$244,038 (2005 - \$398,311) for legal work charged. The Company's former Corporate Secretary is a partner in the legal firm. Included in accounts payable at December 31, 2006 is \$82,431 (2005 - \$65,227) due to the Company's legal counsel.

Note 10 : Financial instruments

The Company's financial instruments recognized in the balance sheet consist of accounts receivable, accounts payable and accrued liabilities, bank indebtedness, and short-term bridge facility.

The estimated fair values of the financial instruments have been determined based on the Company's assessment of available market information and appropriate valuation methodologies; however, these estimates may not be necessarily indicative of the amounts that could be realized or settled in a current market transaction.

The carrying value of the Company's financial instruments approximate their fair market value due to their demand nature or relatively short periods to maturity. A substantial portion of the Company's accounts receivable are with customers and joint venture partners in the oil and natural gas industry and are subject to normal industry credit risks. The Company's bank indebtedness and short-term bridge facility are subject to floating interest rates.

Caribou Resources Corp.
Notes to the Financial Statements

For the twelve months ended December 31, 2006 and 2005

Note 11 : Commitments

Under the terms of the Company's flow-through share agreements, the Company has committed to incur approximately \$6.25 million (2005 - \$10.6 million) of qualifying oil and natural gas Canadian Exploration Expenses ("CEE") between June 8, 2006 and December 31, 2007. Of this amount approximately \$5.7 million is still to be incurred.

At December 31, 2006 the Company has 15 months remaining on the lease of the office premises at \$11.50 per square foot plus costs, or approximately \$21,000 per month.

In conjunction with the CCAA process (see Note 1), the Company has committed to the payment of retention bonuses. The retention bonuses will be paid in the following installments: (i) a sum representing 5% of the employees' salary if s/he continues to be actively employed with the Company up to and as of March 31, 2007; and (ii) a sum representing 20% of the employees' salary if s/he continues to be actively employed with the Company up to and as of July 31, 2007 or upon implementation of a court-approved Plan of Arrangement under the CCAA proceedings, whichever occurs first.

In November 2006, the Company entered into the following hedging contracts:

Product	Volume	Period	Contract	Price
Natural gas	1,200 GJ/day	Nov 1/06 - Oct 31/07	Fixed	\$7.14/GJ AECO
Natural gas	1,280 GJ/day	Jan 1/07 - Dec 31/07	Fixed	\$7.70/GJ AECO
Natural gas	1,758 GJ/day	Jan 1/08 - Dec 31/08	Costless collar	\$7.00/GJ to \$9.60/GJ AECO
Natural gas	1,192 GJ/day	Jan 1/09 - Dec 31/09	Costless collar	\$7.00/GJ to \$8.35/GJ AECO
Oil	123 bbls/day	Jan 1/07 - Dec 31/07	Fixed	US\$64.50/bbl WTI
Oil	123 bbls/day	Jan 1/07 - Dec 31/07	Fixed	US\$64.80/bbl WTI
Oil	81 bbls/day	Jan 1/08 - Dec 31/08	Costless collar	US\$65.00/bbl to US\$70.50/bbl WTI
Oil	81 bbls/day	Jan 1/08 - Dec 31/08	Costless collar	US\$65.00/bbl to US\$71.46/bbl WTI
Oil	58 bbls/day	Jan 1/09 - Dec 31/09	Costless collar	US\$65.00/bbl to US\$70.35/bbl WTI
Oil	58 bbls/day	Jan 1/09 - Dec 31/09	Costless collar	US\$65.00/bbl to US\$71.46/bbl WTI

Caribou Resources Corp.
Notes to the Financial Statements

For the twelve months ended December 31, 2006 and 2005

Note 12 : Subsequent events

In January 2007, the Company closed the \$13 million revolving credit facility, and simultaneously increased the short-term development bridge facility to \$28 million. The short-term development bridge facility is a demand loan and bears interest at bank prime plus three percent, maturing March 30, 2007, and is secured by a \$35 million demand debenture with a first fixed charge over all the present and future property acquisitions. Subsequent to March 30, 2007, the maturity date of the bridge facility was extended pending the outcome of the CCAA process. For the duration of the CCAA process, this facility bears default interest at an additional 5%.

On January 30, 2007, the Company obtained creditor protection under the Companies' Creditors Arrangement Act (Canada), ("CCAA"), and has obtained such protection pursuant to an Order from the Alberta Court of Queen's Bench (the "Court"). CCAA protection stays creditors and others from enforcing claims against Caribou and affords Caribou the opportunity to restructure its affairs. The Court initially granted CCAA protection for a period of 30 days, expiring February 28, 2007, which was subsequently extended to May 3, 2007. While under CCAA protection, the Board of Directors maintains its usual role and management of Caribou remains responsible for the day-to-day operations of the Company, under the supervision of a Court-appointed monitor who will be responsible for reviewing Caribou's ongoing operations, assisting with the development and filing of a Plan of Arrangement ("Plan"), liaising with creditors and other stakeholders and reporting to the Court. The Board of Directors and management will also be primarily responsible for formulating the Plan for restructuring Caribou's affairs.

This Plan will describe how Caribou proposes to restructure its affairs. The Plan requires approval by the Court and the requisite number and value of the affected stakeholders.

Although CCAA protection enables Caribou to continue with its day-to-day operations until its CCAA status changes, the implications for the Caribou shareholders are less clear. At the end of the restructuring process, the value of what is left for shareholders will depend upon the terms of the Plan approved by the affected stakeholders. If the affected stakeholders do not approve the Plan in the manner contemplated by law, Caribou will likely be placed into receivership or bankruptcy.

Note 13 : Comparative information

Certain information provided for the previous period has been restated to conform to the current period presentation.

Caribou Resources Corp.

Corporate Information

Directors

Stephen J.A. Fagan, MBA, Chairman
Calgary, Alberta

Christina M. Fehr, BA, MSc
Calgary, Alberta

Gordon A. Robertson, P.Geol ⁽²⁾
Calgary, Alberta

Ross G. Robertson, P.Eng ⁽¹⁾
Calgary, Alberta

Donald J. Rowden, CA ⁽¹⁾⁽²⁾
Bend, Oregon

Gerald D. Sutton ⁽¹⁾⁽²⁾
Oakville, Ontario

⁽¹⁾ Member of the Audit Committee

⁽²⁾ Member of the Compensation Committee

Officers

Christina M. Fehr, BA, MSc
Vice Chairman and CEO

Ross G. Robertson, P.Eng
President and COO

Giles Twogood, CA (SA)
Vice President and CFO

Douglas Patterson, P.Land
Vice President, Land

Corporate Office

1545, 101 - 6th Avenue S.W.
Calgary, Alberta T2P 3P4
Phone: (403) 269-5219
Fax: (403) 269-5221
Website: www.cariboures.com
Contact: Christina M. Fehr
Email: cmfehr@cariboures.com

Registrar and transfer agent

Valiant Trust Company
Calgary, Alberta

Stock Exchange Listing

TSX Venture Exchange
Symbol: CBU

Auditors

PricewaterhouseCoopers LLP
Calgary, Alberta

Legal Counsel

Blake, Cassels & Graydon LLP

Banker

Brookfield Bridge Lending Fund Inc.
Canadian Imperial Bank of Commerce

Evaluation Engineers

McDaniel & Associates Consultants Ltd.

For further information, please contact:

Christina M. Fehr
Vice Chairman and CEO
(403)539-4322

Ross G. Robertson, P.Eng
President and COO
(403)539-4316

Certain information regarding Caribou in this news release including management's assessment of future plans and operations, production estimates, drilling inventory and wells to be drilled, timing of drilling and tie in of wells, productive capacity of new wells, capital expenditures and the timing thereof, may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources. As a consequence Caribou's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward looking statements and, accordingly no assurance can be given that any events anticipated by the forward looking statements will transpire or occur, or, if any of them do so, what benefits Caribou will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhausted. Furthermore, the forward looking statements contained in this news release are made as at the date of this news release and Caribou does not undertake any obligation to update publicly or to revise any of the included forward looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

Natural gas reserves and volumes are converted to barrels of oil equivalent (boe) on the basis of six thousand cubic feet (mcf) per one barrel (bbl) of oil. Boes may be misleading, particularly if used in isolation. The 6:1 boe conversion ratio is based upon an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.



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Price History

Caribou Resources Corp.

Price History for Symbol: CBU-X				
Last: .095 Last Trade: Apr 26, 2007				
Date	Close	High	Low	Volume
Apr 27	0.095	0.095	0.095	0
Apr 26	0.095	0.100	0.090	72,000
Apr 25	0.090	0.090	0.080	187,946
Apr 24	0.080	0.100	0.080	209,000
Apr 23	0.120	0.120	0.120	12,000
Apr 20	0.120	0.130	0.075	168,000
Apr 19	0.120	0.120	0.120	0
Apr 18	0.120	0.125	0.120	29,000
Apr 17	0.120	0.145	0.120	34,012
Apr 16	0.145	0.145	0.145	4,600
Apr 13	0.155	0.155	0.155	0
Apr 12	0.155	0.160	0.130	109,910
Apr 11	0.165	0.165	0.165	0
Apr 10	0.165	0.180	0.165	49,296
Apr 09	0.165	0.175	0.165	75,300
Apr 06	0.195	0.195	0.195	0
Apr 05	0.195	0.195	0.180	18,000
Apr 04	0.175	0.175	0.175	32,500
Apr 03	0.200	0.210	0.185	68,700
Apr 02	0.200	0.200	0.200	1,000
Mar 30	0.165	0.165	0.160	45,500
Mar 29	0.165	0.165	0.165	2,200
Mar 28	0.165	0.165	0.160	20,500
Mar 27	0.160	0.160	0.160	7,629
Mar 26	0.160	0.160	0.150	17,500
Mar 23	0.160	0.160	0.160	38,500
Mar 22	0.170	0.170	0.160	36,030
Mar 21	0.140	0.140	0.130	21,500
Mar 20	0.150	0.150	0.150	1,112
Mar 19	0.130	0.185	0.130	20,300

THIS IS EXHIBIT B referred to in the Affidavit of
CHRIS BRADLEY
 Sworn before me this 29th
 day of April A.D. 2007

A Commissioner for Oaths
 in and for the Province of Alberta

LARRY BOYD ROBINSON
 Barrister & Solicitor

FRAMFIELD OIL & GAS LTD.

#2700, 500 - 4th Avenue S.W. • Calgary, Alberta • T2P 2V6
Phone: (403) 263-5355 • Fax: (403) 263-5360
Email: info@maconresources.com

Andy Crooks, Chairman
Direct: 265-5489, acrooks@nucleus.com

April 5, 2007

Caribou Resources Corp.
1545, 101 - 6th Avenue, S.W.
Calgary, Alberta, T2P 3P4

Attention: Stephen Fagan

Dear Mr. Fagan

As indicated in our recent meeting, I represent Framfield Oil and Gas Ltd., a 7.8% shareholder in Caribou Resources Corp. (CBU)

In addition, I am working with a number of other shareholders who hold approximately 47% of the CBU's outstanding shares and who agree with the requests set forth below. This is a total of 54.8%. I have also discussed the issues set forth below with certain CBU creditors, some secured and some unsecured. The shareholders are prepared, as you have been advised, to invest follow-on capital into CBU to support it and see their value protected.

CBU has chosen to seek protection under the Companies Creditors Arrangement Act (CCAA). That process is intended to preserve value for the creditors, in the first place, and the shareholders in second place. The spirit and policy of the CCAA favours preservation of the company as a going concern. The actions of management are not conforming to the spirit of the CCAA. We know that you have been asked to allow interested parties access to management and information about CBU's management and cost structure. These requests have been denied or frustrated. Information is limited to reserve and technical information. The critical costing and management information is necessary for an evaluation of CBU as a going concern. The on-going resistance to disclosure of critical information impedes the process, delays solutions and erodes value, particularly for the shareholders. All of the actions of management, both current and for the months preceding the CBU CCAA application, are directed to or inclined to asset sales and winding up. For this reason we feel we cannot stand by and wait for a solution to happen.

While we are quite prepared to work with CBU within the context of the CCAA process, you should be aware that if our requests for the following are rejected, it is our intention to appear before the supervising judge to seek an order directing the following:

THIS IS EXHIBIT ".....^C....."
referred to in the Affidavit of
.....CHRIS BRADLEY.....
Sworn before me this.....29th.....
day ofApril..... A.D. 2007.
.....
A Commissioner for Oaths
in and for the Province of Alberta

LARRY BOYD ROBINSON
Barrister & Solicitor

- the Reserve Report, recently completed and released in summary form in a press release, should be disclosed fully and completely immediately and our request is that it be made available to any interested parties;
- the proposed June 27, 2006 shareholders date is unacceptable. A date that has 21 days notice seems more appropriate in the current situation (the niceties of securities laws and rules have been overtaken by CBU's act of insolvency); at the very least the minimum required date to prepare mailing materials, allowing for the fact that we will file an Information Circular contemporaneously with yours. We therefore ask that you take all steps necessary, including an application under the CCAA process, to hold a shareholders meeting at the earliest possible time;
- as the cut off for creditor disclosure submissions has passed, CBU should post on the website a full listing of all creditors and the amounts due in the company's view and an indication as to their security status; and
- CBU should waive any restrictions imposed on any party who has signed a Confidentiality Agreement within the last 12 months limiting or prohibiting discussions with creditors or shareholders.

Let me comment on the above and our rationale for requesting same.

The Reserve Report is a Material Fact in the context of the insolvency processes in which CBU is involved. Such a report would be a Material Fact in the normal course, but in these circumstances materiality is highlighted and therefore, as a matter of securities law, ought to be disclosed immediately. Additionally, in the context of the insolvency processes which CBU has engaged, the full and complete disclosure of this information will more expeditiously and quickly allow all stakeholders to assess where they stand and how best they can proceed towards an appropriate conclusion. Prudence and good judgment in this circumstance would compel an immediate release.

The June 27, 2007 proposed shareholders meeting date is too far away. The extension under the insolvency processes on which you are embarked expires May 3, 2007. You may take it from me that a majority of the shareholders are likely to attend at that meeting and will vote for a new slate of directors. Additionally, major creditors have expressed their dissatisfaction with the way in which CBU has approached this situation and the lack of credibility which exists regarding the current management team. We believe that this lack of trust will inhibit the ability of CBU's current management to resolve matters effectively and on a timely basis. We think that you should apply to the court to have the court set a meeting process for an immediate shareholder meeting, 21 days notice under the ABCA would seem appropriate.

It is therefore incumbent upon CBU to seek the earliest possible shareholder meeting date. The earliest possible date may even supervene the normal securities law requirements for the calling of public company shareholders meetings. Unless CBU makes the date change, and applies to the court to abridge the normal time frames, we intend to seek an earlier date before the judge charged with the responsibilities of

administering the insolvency processes in which the Company is involved. We therefore encourage you to identify the earliest possible date, and if necessary seek court approval for that early date so that the shareholders may receive their appropriate input to the ultimate resolution before the assets become thoroughly eroded by the huge on-going costs of delays.

In regards to the shareholder meeting, I can advise that we have assembled a preliminary slate of directors. I have also asked if you would stand for re-election suggesting that some continuity would be advisable to assist us in preserving the value of CBU. I hope that you will agree that the other members of the proposed slate would easily qualify to sit on this Board, and that you would enjoy working with them.

The shareholders and all creditors are entitled to a full disclosure of the creditors list and their amounts and CBU's view as to the status of their security in order to make an informed decision in the context of the insolvency processes in which the company is involved. Time is of the essence and no interest is served by withholding this information. Immediate disclosure is therefore requested and, as mentioned above in respect of the other matters discussed herein, it is our intention to apply to the court to compel disclosure should the company not do so on its own volition.

To the extent that CBU's Confidentiality Agreements, which govern all parties who have requested and been granted access to the Data Room, contain restrictions on discussions and interactions with both creditors and shareholders, we are now requesting that those restrictions be waived in writing. In the normal course with a company which is not subject to "going concern" qualifications, this restriction may seem prudent. Although even in the normal course, many would argue that such a restriction is unwise and inappropriate. In the current circumstances facing CBU, these restrictions are completely inappropriate. It is our view, therefore, that the directors, exercising prudence in current circumstances, must contact all parties who have signed these Confidentiality Agreements, and serve them notice that the CBU waives any restrictions which they are otherwise entitled to enforce, allowing a free and open exchange of views and dialogue between the various stakeholders in the company.

If the Board of Directors of CBU is interested in moving forward with the company as a "going concern", a full and frank exchange of views and information is absolutely required. It is our view that if CBU persists in maintaining these restrictions, the Board of Directors must, on the evidence of its actions, intend for a disorderly liquidation of the company at "fire sale" prices and that is certainly not in the best interests of the creditors or the shareholders. Again, should management fail to respond appropriately we intend to seek the guidance of the court.

The matters discussed in this letter are serious and significant and worthy of due and appropriate deliberation. The circumstances of the company are, however, such that deliberation must be as expeditious as possible. We therefore request a written answer to these questions and issues before Thursday, April 12, 2007. If we have not received a

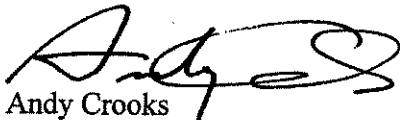
timely and favorable reply, it is our intention to commence applications to the judge charged with oversight of the insolvency processes forthwith.

You will also have noted by now that we have listed ourselves as a "Party requiring Service". Our lawyer is contacting the other lawyers involved giving them an outline of our position.

We are sensitive to the concerns of the Board of Directors and the possible liability that they may face. It is, however, our view that all of the actions that could attract any liability have occurred. To mitigate any further liability, the steps that we have proposed in this letter ought to be undertaken immediately.

Yours,

FRAMFIELD OIL & GAS LTD.


Andy Crooks
Chairman

AJC/pdw

cc: Guy Odhams, Larry Robinson

Robinson, Larry B.

From: Guy W.L. Odhams [godhams@alger.ca]
Sent: April 29, 2007 9:44 AM
To: Robinson, Larry B.; cbradley@maconresources.com; Hutchison, Dean
Subject: FW: Caribou

fyi

Guy W.L. Odhams
 Senior Vice President
 Email: godhams@alger.ca
 Direct: (403) 296-3143
 Main: (403) 298-5800
 Fax: (403) 296-2988
 Suite 400, 602 11th Avenue SW
 Calgary, Alberta
 T2R 1J8



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This message is intended only for the use of the addressee and may contain information that is privileged and confidential. If you are not the intended recipient, you are hereby notified that any dissemination of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately. Thank you

THIS IS EXHIBIT "D"
 referred to in the Affidavit of
 CHRIS BRADLEY
 Sworn before me this 29th
 day of APRIL A.D. 2007
 A Commissioner for Oaths
 in and for the Province of Alberta

LARRY BOYD ROBINSON, Barrister & Solicitor

From: Andy Crooks [mailto:acrooks@nucleus.com]
Sent: April 13, 2007 3:22 PM
To: Jim Reid
Subject: Caribou

On behalf of Framfield and other shareholders, I have submitted a letter to the Board of Directors of Caribou asking for three things:

1. The earliest possible setting of a shareholder meeting date;
2. A waiver of all restrictions on conversations amongst any party that has signed a Confidentiality Agreement, to allow such parties to freely deal with shareholders (such as ourselves) and creditors; and
3. Immediate release of all details and particulars relating to the recent reserve study.

I am anticipating that the Board of Directors will reply to these requests in the negative. We will continue to press forward for the earliest possible shareholder meeting date. I have advised the company that we now have a slate of directors and an interim management team prepared to step in immediately after the shareholders meeting. I continue to speak with some confidence about the results of a shareholders meeting, inasmuch as our group now holds 54.6% of the voting shares of the company. Although we do not have a formal agreement whereby each of the shareholders will vote in a certain direction, each of the shareholder groups has put forth the names of director nominees who have agreed to stand on the proposed new board of Caribou.

The board of directors of Caribou, and in particular its Chairman, are taking our letter request very

seriously. They are meeting on Tuesday, April 10, 2007 to consider our requests and I expect answers during that week.

You will no doubt have learned by now that the company has extended its cutoff date for receipt of proposals from parties that have been through their data room. This date has been extended to April 17, 2007.

We are not at all confident that management of Caribou is working on refinancing or other proposals which would preserve the company as a going concern, and amongst other things, preserve the tax loss carryforwards. WE continue therefore to work on an alternative proposal. To that end, I have been in meetings with Paramount Resources and other creditors. In addition, we continue our dialogue with potential new sources of capitalization. We continue to hope in the near future to move forward with an alternative proposal, which may include a possible inclusion of Brookfield's restructuring fund.

Of course my principal hope is that management succeeds in developing a plan whereby the company discharges all of its debt obligations and protects shareholder value. But in case they are not working to that end, we continue to do so.

If you have any questions, please call me.

This has been sent by
Andy Crooks
His contact information is:
#404, 602 11th Ave. SW
Calgary, Alberta T2R 1J8
Phone: 403-265-5489
Fax: 403-537-6088
1-800-447-1833

Action No. 0701-01113

A.D. 2007

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 CARIBOU
RESOURCES CORP.

AFFIDAVIT

McCARTHY TÉTRAULT LLP

Barristers & Solicitors
Suite 3300, 421 – 7th Avenue SW
Calgary, AB T2P 4K9

Larry B. Robinson Q.C.

Dean Hutchison

Phone: (403) 260-3561

Fax: (403) 260-3501

File No. 202585-389027

