

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 OF CHRISTINA M. FEHR

I, Christina M. Fehr, B.A., M.Sc., of the City of Calgary, in the Province of Alberta,
MAKE OATH AND SAY AS FOLLOWS:

I. Introduction

1. I am Chief Executive Officer and Vice Chairman of the Board of Directors and a shareholder of Caribou Resources Corp. (hereinafter, "Caribou" or the "Company"), the debtor in these *Companies' Creditors Arrangement Act* R.S.C. 1985, c. C-36 (the "CCAA") proceedings. As such, I have personal knowledge of the matters to which I hereinafter depose, except where stated to be based upon information, in which case, I believe the same to be true.

2. This Affidavit is sworn in order to assist the Court:

- (a) in understanding that it has been Caribou's goal throughout the CCAA process to facilitate all parties' access to information and encourage the making of proposals while at the same time protecting Caribou's value as a going concern enterprise; and
- (b) Caribou has at all times, in consultation with the Monitor, acted and continues to act in good faith and with due diligence with the interest of all stakeholders in mind, and with a view to obtaining the best bid for its business for the benefit of all concerned.

3. In addition, this Affidavit is sworn:

- (a) in furtherance of Caribou's ongoing efforts to encourage the submission on or before court on May 3, 2007, of bids superior to the bid of Brookfield Bridge Lending Fund ("Brookfield") dated April 25, 2007 (the "Brookfield Offer"), a copy of which is attached to the Second Report of the Court-Appointed Monitor, Deloitte and Touche Inc. (the "Monitor") filed on April 27, 2007; and
- (b) based on discussions involving Caribou and Questerre Energy Corporation ("Questerre") which developed late yesterday, to provide Caribou's support for the stay extension application of the Precision Drilling Companies granting a reasonable extension of time (i.e. two weeks) to allow a plan of arrangement or superior offer to be presented. While Caribou wishes to explore all reasonable interest in the possibility of obtaining a superior bid that will result in the payout of Brookfield and potentially some recovery for others, it is not its intent to cause undue prejudice to Brookfield's interests in Caribou's property which is secured in Brookfield's favour having regard to the fact that Brookfield has been cooperative with Caribou as the Company tries to achieve its stated objectives.

II. Certain Caribou Restructuring Efforts

4. Because Caribou is a publicly traded entity, it was not at liberty to give any shareholder advance notice of the application for the Initial Order granted on January 30, 2007 (the "January 30 Initial Order").

5. Since the January 30 Initial Order, Caribou has been working diligently and in good faith to attempt to restructure the Company's affairs. Caribou has appropriately pursued all options to restructure itself to preserve the interests all affected stakeholders including employees, creditors and shareholders. Paragraphs 6 to 19 below illustrate some of the efforts Caribou has undertaken which are outlined in the First Report of the Monitor filed on February 19, 2007 and the Second Report of the Monitor filed on April 27, 2007.

Scotia Waterous Process

6. To advance the interests of affected stakeholders, after the January 30 Initial Order, Caribou continued the extensive marketing and sales process which was begun by Scotia Waterous Inc. ("Scotia Waterous") on January 5, 2007 (the "Scotia Waterous Process").

7. At the outset of the CCAA process, the Company negotiated with Scotia Waterous to exclude commission payable to Scotia Waterous if certain prospective parties made offers. These parties included Macon Resources Ltd. ("Macon") and Framfield Oil & Gas Ltd. ("Framfield") (collectively, the "Other Parties") as indicated in the engagement letter, a copy of which is attached hereto and marked as Exhibit "A" (the "Scotia Waterous Engagement Letter"). The Other Parties were entitled to access the Scotia Waterous virtual dataroom and database and all other relevant materials upon signing a confidentiality agreement to preserve the value of the Company's confidential information. This approach was consistent with the approach taken with parties going through the Scotia Waterous Process.

8. The Scotia Waterous bid documents, comprised of the non-binding bid letter and attached schedules (collectively the "Bid Documents"), copies of which are attached hereto and collectively marked as Exhibit "B" (which for convenience have been consecutively numbered pages 1 to 6), evidence that various transactions were solicited by the Company in the Scotia Waterous Process, including an asset or share transaction or any combination thereof (see pages 3-6 of the Bid Documents). In this connection, Caribou preferred a share over an asset deal [as evidenced by] paragraph 4 of page 1 of the Bid Documents which states that "Caribou's preference is for a share sale which will maximize the benefits associated with Caribou's tax pools, but it will give consideration to all proposals".

9. In support of the Scotia Waterous Process, representatives of Caribou worked extensively with potential bidders who signed a confidentiality agreement, to provide them with information regarding Caribou. Caribou's management met on numerous occasions with its Board of Directors (the "Board") to regularly update the Board of on-going developments and to seek direction.

10. On April 17, 2007, as part of the Scotia Waterous Process, Caribou received non-binding bids from prospective purchasers. It is my understanding that these non-binding bids and another expression of interest are referenced in the Confidential Supplementary Report of the Monitor filed on April 27, 2007 and are currently the subject of a sealing Order granted by the Court on April 30, 2007.

11. The results of the Scotia Waterous Process were extremely disappointing to the Company and I believe are indicative of the current weakness in the oil and gas market generally for companies such as Caribou and its assets.

12. Caribou requested that Scotia Waterous revisit, re-contact and re-solicit interest from any parties who had signed a confidentiality agreement but had not submitted a bid, and continue negotiating with those parties who had submitted bids, in order to encourage any other or higher offers.

The Other Parties

13. Caribou has encouraged proposals from the Other Parties, including Macon and Framfield, with a view to soliciting proposals for the Boards consideration. In response to specific assertions made in the Affidavit of Chris Bradley sworn on April 30, 2007 (the "Framfield Affidavit") regarding access to information, Caribou maintains that consistent with the Scotia Waterous Process, it has made available all reasonable information (technical, financial and corporate) to all interested parties and has participated in numerous meetings and telephone discussions with the Other Parties to solicit offers].

Brookfield Bridge Lending Fund

14. On April 23, 2007, Caribou made a conceptual proposal to Brookfield whereby, among other things, Brookfield would convert a portion of its debt to equity and continue to lend the balance to Caribou. This proposal included a component whereby current shareholders, including Framfield (based upon its expressed interest), could participate in a restructuring and

inject new capital into Caribou in order to best address the interests of all stakeholders. Brookfield declined to accept that proposal, a copy of which is attached hereto and marked as Exhibit "C".

Day-to-Day Operations

15. Throughout the CCAA process, Caribou has been engaged in managing the day-to-day operations of the Company including complying with its public company disclosure obligations, the preparation and filing of its annual financial statements and the filing of its annual reserve report information. During this time, the Company's cash flow has remained positive as outlined in the filed First and Second Monitor's Report. In addition, Caribou has been attending to other additional duties required under the CCAA process, including responding to inquiries by and negotiating prepayment arrangements with certain creditors.

16. One of the challenges faced by the Company throughout the CCAA process relates to employee retention; since the January 30 Initial Order was granted, Caribou has lost 6 office employees or over 40% of its total employees and one of its field contractors, despite having in place an employee retention bonus plan. I am informed by Ross Robertson, the President of the Company, who was informed by Caribou's Ryan Fedechko, that many of the Company's field contractors have been approached regarding other employment opportunities. In my view, the Company cannot keep its field and office contractors/employees in a state of uncertainty much longer without serious risk of losing them.

17. During this time, Caribou has been operating and maintaining the various oil and gas properties over which Caribou has operatorship. I am informed by Ross Robertson, that certain of the Company's Joint Venture partners in various core areas have indicated to the field operators who reported this to Caribou's field operations superintendent, Ryan Fedechko, their intention to challenge Caribou's operatorship status despite the stay provisions of the January 30 Initial Order currently in force.

Claims Process

18. As part of attempting to restructure its affairs and conducting the Scotia Waterous Process, Caribou has been working with the Monitor to effect the claims procedure process outlined in the Claims Procedure Order and the Supplemental Claims Procedure Order granted in these proceedings on February 22, 2007 and April 10, 2007, respectively, and has been involved in the time and labour-intensive job of attempting to reconcile hundreds of claims.

Press Release and New Developments

19. Since receipt of the Brookfield Offer, Caribou has encouraged and continues to encourage and support any potential bids or bidders to come forward prior to court on May 3, 2007 with a bid which is superior to the Brookfield Offer. On Friday April 27, 2007, Caribou issued a press release, a copy of which is attached hereto and marked as Exhibit "D", regarding the details of the Brookfield Offer (the "Press Release"). Upon release of that information, Caribou immediately contacted parties and their counsel who had expressed an interest in submitting a bid to urge them to submit a proposal superior to that of the Brookfield Offer.

20. At 3:00 p.m. on May 2, 2007, the Monitor, Caribou (Ross Robertson and me) and Framfield (Andy Crooks and Chris Bradley) met with 5 representatives of the publicly-traded Questerre, including their President and CEO, Michael Binnion, regarding a possible acquisition of the shares or assets of Caribou. This meeting was in response to communications that were initiated with Questerre by Framfield in connection with the Press Release. Questerre stated at that meeting that it has \$32 million in available cash and felt that \$7 million line of credit should reasonably be available from conventional commercial banking sources in respect to the Caribou assets. In the summer of 2006, Questerre had conducted due diligence on Caribou and stated in yesterday's meeting that its interest had been renewed with the recent disclosure of the Brookfield Offer. Questerre understood that Brookfield needed to be paid out as part of any transaction. Questerre expressed that two weeks would be a reasonable period for it to complete the necessary due diligence to determine whether it would proceed to make an offer. Questerre requested access to the Scotia Waterous virtual dataroom, which access was immediately

facilitated as well as a meeting with McDaniels & Associates regarding the Company's reserve report which we understand is taking place this morning. Questerre stated that it intended to forward a letter regarding its interest in Caribou.

21. At 3:30 p.m. on May 2, 2007, I am informed by Caribou's counsel that it was provided with an unfiled Notice of Motion (which was apparently in the process of being filed) prepared on behalf of the "Precision Companies" as defined therein, a creditor of Caribou, for a stay extension order to afford an opportunity for the submission of proposals in excess of that made by Brookfield.

22. In response to Caribou's inquiries of Framfield for the "draft proposal" referred to in paragraph 20(c) of the Framfield Affidavit, Caribou received an email from Larry Robinson, counsel for Framfield, at 6:30 p.m. on May 2, 2007, a copy of which is attached hereto and marked as Exhibit "E".

III. Conclusion

23. As set out above, Caribou has acted and continues to act in good faith and with due diligence in order to secure an offer or bid that is superior to the Brookfield Offer, in conducting its affairs generally, and in attempting to restructure the Company under the CCAA process.

24. Caribou continues to act, as it has throughout, in the best interests of all concerned, including its secured and unsecured creditors, employees/contractors and shareholders. Caribou supports the granting of a further reasonable period of time (i.e. two weeks), provided Brookfield is not unduly prejudiced, to permit time necessary for Questerre to submit a plan which would pay out Brookfield and potentially provide a greater benefit to the Company's stakeholders than the Brookfield Offer.

SWORN BEFORE ME at the City of)
Calgary, in the Province of Alberta, this)
31st day of May, 2007.)
)
)
)
A Commissioner for Oaths in and for the)
Province of Alberta)

RYAN ZAHARA
Barrister & Solicitor



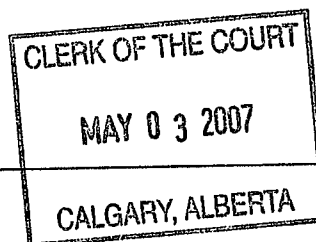
CHRISTINA M. FEHR

Action No: 0701-01113

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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 OF CHRISTINA M. FEHR

BLAKE, CASSELS & GRAYDON LLP

Barristers and Solicitors
3500, 855 - 2nd Street S.W.
Calgary, Alberta T2P 4J8

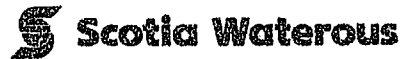
Telephone: 403.260.9600
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Canada T2P 1C5

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STRICTLY CONFIDENTIAL

January 5, 2007

Christina Fehr
Chief Executive Officer & Vice Chair
Caribou Resources Corp.
Suite 1545
101- 6th Ave S.W.
Calgary, Alberta, T2P 3P4

This is Exhibit A referred to in
the affidavit of

Christina Fehr

Sworn before me this 3rd

day of May, A.D. 2007.

[Signature]
A Commissioner of Oaths in and for
the Province of Alberta

Dear Christina;

Scotia Waterous Inc. ("Scotia Waterous") understands that Caribou Resources Corp. (the "Company") is contemplating strategic alternatives for maximizing shareholder value including a possible sale of the Company. For the purposes of this agreement (the "Agreement"), a "Transaction" includes, whether effected in one transaction or a series of transactions: (a) any merger, consolidation, reorganization or other business combination pursuant to which the business of the Company is combined with that of a purchaser, or (b) the acquisition, directly or indirectly, by a purchaser of all or a portion of the capital stock or assets of the Company or the acquisition of an interest in the Company by way of a negotiated purchase or otherwise. Notwithstanding anything in this Agreement, any (a) merger, consolidation, reorganization or other business combination pursuant to which the business of the Company is combined with that of a purchaser, or (b) the acquisition, directly or indirectly, by a purchaser of all or a portion of the capital stock or assets of the Company or the acquisition of an interest in the Company by way of a negotiated purchase or otherwise involving Macon Resources Ltd.; Framfield Oil & Gas Ltd; the Norm McAllister group; and/or Bone Creek Capital (the "Excluded Parties") does not constitute or fall within the meaning of a "Transaction".

The purpose of this Agreement is to confirm the engagement of Scotia Waterous by the Company, as its financial advisor in respect of the Transaction upon the terms and conditions set forth herein (the "Engagement").

1. **Scope of Engagement.** Scotia Waterous shall act as exclusive financial advisor to the Company, and shall perform such services as the Company may reasonably request, including, to the extent requested, the following:

- (a) Reviewing information related to the business, operations, financial performance and prospects of the Company;
- (b) Reviewing such financial, market and industry information and conduct such other analyses as are relevant and appropriate in the circumstances;

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- (c) Advising and assisting the Company as to the form and structure of the proposed Transaction taking into account the Company's objectives disclosed to Scotia Waterous regarding price, timing, tax implications and strategic benefits;
 - (d) Developing a marketing strategy to effect the Transaction by way of an auction process including:
 - (i) Identifying and contacting both strategic and financial buyers;
 - (ii) Reviewing, preparing and/or distributing any materials necessary, including, as appropriate, the teaser, the non-confidential information memorandum, the confidentiality agreement, management presentations, and forms of definitive agreements;
 - (iii) Assisting with the negotiation of confidentiality and related agreements with potential buyers;
 - (iv) Assisting in setting up and running data room(s);
 - (v) Assisting in evaluating expressions of interest and in selecting qualified buyers for due diligence;
 - (vi) Assisting with buyer due diligence, including arranging site visits, if any, data room visits and management presentations;
 - (vii) Requesting final bids from buyers and assisting the Company in evaluating any bids received;
 - (e) Assisting in negotiating and structuring the sale with potential bidders, leading to the execution of definitive agreements and closing;
 - (f) Assisting in drafting documentation required in relation to the Transaction;
 - (g) Assisting the management of the Company in preparing public and internal announcements and presentations to the board of directors of the Company, as necessary;
 - (h) If requested by the Company, providing an opinion (the "Opinion") to the Board or the Independent Committee as to the fairness or inadequacy of the Transaction consideration, as applicable, from a financial point of view;
 - (i) Such other ancillary financial advisory and investment banking services as the Company and Scotia Waterous agree are appropriate in the circumstances.
 - (i) The execution team will include: Hilary Foulkes (Managing Director), Jeff Bowron (Director, Engineering), Patricia McQuitty (Associate Director, Petroleum Engineering), Bruce Alexander (Associate Director, Geology), Dustin Owen (Associate, Corporate Finance) and Diane Dalkin (Associate). Additional support by individuals will be added as required.

2. Fees. The fees payable to Scotia Waterous by the Company in respect of the Engagement shall be as follows:

- (a) A fee (the "Success Fee") calculated in a manner as described below and at percentages of the Transaction Value (as defined below), as per the following schedule, payable upon closing, completion or consummation of the Transaction during the Term (as hereinafter defined) or within three (3) months thereafter, provided that if a letter of intent or definitive agreements are executed during the Term or within three (3) months thereafter which subsequently lead to such closing, completion or consummation, the Success Fee shall be payable upon such closing, completion or consummation; provided that the buyer or other party to the Transaction signed a confidentiality agreement, during the Term. For clarity, no Success Fee is payable in circumstances where the Company completes a Transaction with a party who did not execute a confidentiality agreement during the Term. During the Term, the Company shall not sign a confidentiality agreement with any party other than through the Scotia Waterous process with the exception of one involving the Excluded Parties.
- (b) Subject to a minimum fee of \$75,000.00, the Success Fee would be calculated as follows:

<u>Transaction Value</u>	<u>Percentage Fee</u>
Up to \$90,000,000	0.70%
On the incremental amount between \$90,000,000 and \$140,000,000	1.20%
On amounts over \$140,000,000	1.75%

For the purposes of this paragraph, "Transaction Value" shall mean the aggregate value of all consideration paid to the Company to acquire, directly or indirectly, including, but not limited to, cash, securities, options or rights or property and the net present value of future obligations assumed (including the assumption of all indebtedness). In the event that the buyer issues its own shares as consideration under the Transaction, such shares shall be valued:

- i) if the buyer is also offering cash, with reference to that cash component
- ii) if the shares are listed on a stock exchange, with reference to the weighted average closing price of the shares for the 20 trading days prior to the announcement of the Transaction; or
- iii) if the shares are not listed on any stock exchange, based on the value of such shares as determined by the Company, in conjunction with Scotia Waterous, acting reasonably.

Any consideration that is not in the form of cash or publicly-traded securities will be assessed at its estimated fair market value at the time of closing for purposes of calculating the Transaction Value, such estimate to be established by Scotia Waterous acting reasonably. The Transaction Value shall also include the aggregate amount of any dividends or other distributions (in cash or otherwise) that are declared by the Company to its shareholders on or after the date of the announcement of the Transaction or otherwise in connection with the Transaction, and any amounts paid by the Company to repurchase any securities of the Company outstanding on the date hereof. Any amounts to be paid to the Company

contingent upon future events are not paid until the contingent event has occurred and the consideration received by shareholders.

- (c) In the event that a transaction is entered into (or a letter of intent or definitive agreements are executed which subsequently lead to a transaction) during the Term other than one involving the Excluded Parties, or within three (3) months thereafter, resulting in an outcome not specifically contemplated herein but similar in effect to the Transaction, including, without limitation, a sale, disposition, joint venture, partnership, merger, asset swap or other analogous arrangement involving the Company, it is the intention of the Company and Scotia Waterous that they shall negotiate in good faith the payment of a success fee in an amount consistent with the fees provided for in this paragraph 2, having regard to the value, size, and complexity of such transaction. For clarity, no Success Fee is payable in circumstances where the Company completes a Transaction with a party who did not execute a confidentiality agreement during the Term. During the Term, the Company shall not sign a confidentiality agreement with any party other than through the Scotia Waterous process with the exception of one involving the Excluded Parties.

3. **Other Services.** If Scotia Waterous or any of its affiliates is requested by the Company to perform services in addition to those described in paragraph 1, then the terms and conditions relating to such services will be outlined in a separate agreement and the fees for such services will be negotiated separately and in good faith and will be consistent with fees customarily paid to investment bankers in North America for similar services.

4. **Expenses.** Scotia Waterous shall be entitled to be reimbursed for all reasonable out-of-pocket expenses (including, without limiting the generality of the foregoing, all travel expenses) incurred by Scotia Waterous in connection with this Engagement and the reasonable fees and disbursements of outside legal counsel retained by Scotia Waterous, such counsel to be engaged with the prior consent of the Company, such consent not to be unreasonably withheld. All such expenses shall not exceed \$35,000 and supporting documentation for any expense shall be provided to the Company upon request. Such expenses shall be reimbursed whether or not any Transaction contemplated herein is consummated and such expenses shall be paid from time to time forthwith upon Scotia Waterous rendering an invoice therefor to the Company.

5. **Taxes.** All amounts payable hereunder to Scotia Waterous may be subject to an additional charge for the federal goods and services tax and any other applicable sales tax.

6. **Access to Information.** The Company agrees to cooperate fully with Scotia Waterous and to provide and to make available to Scotia Waterous, or cause to be provided to Scotia Waterous, all such information, data, advice, agreements and opinions (the "Information") as Scotia Waterous may reasonably request in relation to the Company in order to perform Scotia Waterous's services hereunder. In addition, the Company shall provide Scotia Waterous with reasonable access to the officers, directors, employees, auditors and other advisors of the Company and any of its subsidiaries as Scotia Waterous reasonably requires to complete its services hereunder.

The Company agrees to ensure that Scotia Waterous is fully informed, on a timely basis after the Company becoming informed, of any change in facts or circumstances or new developments affecting the Company which might reasonably be considered material to Scotia Waterous's engagement hereunder. Scotia Waterous shall be under no obligation to investigate whether any changes have occurred in the facts set out in the Information or referred to in any such data or information subsequent to the date thereof but shall consider the impact of any such changes of which it is aware or which are brought to its attention.

In performing its services hereunder, Scotia Waterous shall be entitled to rely upon and assume, without independent verification, the accuracy and completeness of all information and data that is available from public sources and is an accurate reproduction of information provided by the Company and of all Information that has been furnished to Scotia Waterous by or on behalf of the Company, and Scotia Waterous shall have no obligation to verify the accuracy or completeness of any such data and Information or to conduct any appraisal of any assets.

7. **Opinion.** If Scotia Waterous is requested to provide the Opinion, the form of the Opinion and the nature and scope of any analysis and investigation Scotia Waterous undertakes in order to render such Opinion shall be such as Scotia Waterous considers appropriate in the circumstances, and the delivery of the Opinion shall be contingent on Scotia Waterous's standard internal processes and approvals. In support of the Opinion, the Company shall provide an officer's certificate in a form satisfactory to Scotia Waterous. If Scotia Waterous is advised by the Company of any material change or otherwise becomes aware of any material change in the business or affairs of the Company [or Subject Assets], or a material change in any of the material factors upon which the Opinion is based, Scotia Waterous shall be entitled at any time prior to the completion of a Transaction to modify, supplement or withdraw its Opinion in the event that Scotia Waterous reasonably concludes that such modification, amendment or withdrawal is required as a result of thereof. The Opinion will be made subject to any reasonable assumptions, limitations, qualifications and reservations as Scotia Waterous, in its sole judgement, deems necessary or prudent in the circumstances.

8. **Confidentiality.** Scotia Waterous agrees to keep confidential all Information (including the existence of this Engagement) provided to it by the Company and any information, data, advice or opinions derived therefrom (the "Derivative Information") and will not, without the consent of the Company, disclose or use, for any purpose other than providing its services hereunder, any of the Information, unless required by law or compelled by a regulatory body to disclose the Information, provided that Scotia Waterous will promptly notify the Company of any such requirement so that it may seek a protective order or other appropriate remedy prior to disclosure. In the event such protective order is not obtained, the Company agrees that such disclosure may be made without liability hereunder. In connection with performing Scotia Waterous's services hereunder, the Company may from time to time specifically authorize Scotia Waterous to discuss the Information or deliver it to third parties, but any such communication of Information will be similarly confidential. If requested, and subject to obtaining the prior consent of the Company as to the form, content and timing of any such disclosure, Scotia Waterous shall be entitled to display information respecting the Company on the Internet web site www.scotiawaterous.com (the "Web Site") which is hosted by Scotia Waterous. Access to such information will be controlled by Scotia Waterous and will not occur until the party wishing to access such information signs a confidentiality agreement. The Company acknowledges and understands that in no way is Scotia Waterous representing, guaranteeing or promising that, by providing access to Information respecting the Company on the Web Site: (i) the Transaction is exempt from registration under Canadian provincial or US federal or state securities laws (or the securities laws of any other jurisdiction); or (ii) the Transaction satisfies the laws of any applicable jurisdiction. The Company represents and warrants to Scotia Waterous that the disclosure of the Information to third parties will not result in any breach of, or constitutes default under, any agreement or instrument to which the Company is party or by which it may be bound.

This paragraph does not apply to any Information which is or becomes generally available to the public at or prior to the time of disclosure or use by Scotia Waterous other than as a result of the disclosure by Scotia Waterous in violation of this Agreement or Information that was available to Scotia Waterous on a non-confidential basis prior to its disclosure to Scotia Waterous by the Company or its agents or becomes available to Scotia Waterous on a non-confidential basis or as to any information, data, advice or opinion formulated by Scotia Waterous without use of the Information.

Scotia Waterous will safe guard and strictly control the dissemination of the Information and Derivative Information and restrict the dissemination to such of Scotia Waterous's directors, officers, employees, representatives, affiliates, counsel or other agents (collectively, the "Agents") who need to know the Information or Derivative Information for the purposes of this Engagement (it being understood that those Agents shall be informed by Scotia Waterous of the confidential nature of the Information and shall be directed by Scotia Waterous to treat the Information and Derivative Information confidentially).

9. Disclosure of Advice. Unless required by applicable law or the policies, rules or requirements of securities regulatory authorities, the amount of fees specified herein, the advice rendered by Scotia Waterous, any communication from Scotia Waterous or any information or document prepared for delivery to the Company by Scotia Waterous in connection with the services to be provided hereunder (with exception of the Opinion contemplated by paragraph 1) will not be disclosed, quoted (including Scotia Waterous's name) or referred to in any public disclosure document, report or release prepared, issued or transmitted for dissemination to the public by the Company or any agent or representative thereof, without the prior written consent of Scotia Waterous. If requested by Scotia Waterous, the Company shall agree to a mutually acceptable reference to Scotia Waterous in any press release or other public announcement made by the Company regarding the matters described in this Agreement. Scotia Waterous shall have no responsibility or liability for any loss occasioned to the Company or its subsidiaries or affiliated companies or other stakeholders or any other party as a result of the unauthorized circulation, publication, reproduction or use of the material circulated by any party other than Scotia Waterous or its Agents, and in the case of advice, by the Company, contrary to the provisions of this paragraph.

10. Financing Activity. The Company acknowledges that Scotia Capital Inc., or affiliates of Scotia Capital Inc., may have ongoing relationships with certain of the prospective purchasers of the Company. The Company hereby consents to Scotia Capital Inc., or affiliates of Scotia Capital Inc., acting as a lender or underwriter of equity, equity-related or debt securities, including as lead arranger or underwriter and including providing advice in relation thereto, in connection with the financing of a Transaction by another prospective purchaser.

11. Indemnity and Legal Proceedings. Scotia Waterous and its Agents shall be indemnified by the Company to the extent and manner set out in Schedule A attached hereto, which is incorporated herein by reference and the consideration for which is the entering into of this Agreement. The indemnity shall be in addition to, and not in substitution for, any other liability that any party may have, or any right that Scotia Waterous or any of the Indemnified Parties (as defined in Schedule A) may have, apart from that indemnity. The indemnity shall apply to all services provided by Scotia Waterous in connection with this Agreement (including without limitation any additional services contemplated by paragraph 3 above), irrespective of the formal date of this Agreement.

12. Termination. Term and Termination. The term of this Agreement shall commence on January 5, 2007 and end on the date it is terminated by either party as provided for herein (the "Term"). This Agreement may be terminated by either party at any time with or without cause, upon written advice to that effect to the other party. Notwithstanding any termination, Scotia Waterous will continue to be entitled to any fees and permitted expenses applicable under paragraphs 2, 3, 4 and 5, subject to all of the terms and conditions of such paragraphs, in the event (i) the Company terminates this Agreement other than as a result of a material breach of this Agreement by Scotia Waterous, or (ii) Scotia Waterous terminates this Agreement in circumstances where the Company has materially breached this Agreement. For clarity, Scotia Waterous shall not be entitled to a fee or permitted expenses applicable under paragraphs 2, 3, 4 and 5 (except in respect in respect of fees that have become payable, or expenses incurred, prior to a termination of this Agreement) in the event (i) the Company terminates this Agreement as a result of a material breach of this Agreement by

Scotia Waterous, or (ii) Scotia Waterous terminates this Agreement in circumstances where the Company has not materially breached this Agreement,

13. **Survival.** The provisions contained in paragraphs 2, 3, 4, 5, 8, 9, 10, 11, 13 and 21 of this Agreement and in the indemnity schedule shall survive, and shall continue in full force and effect, subsequent to the termination of this Agreement. In the event that any indemnity or provision thereof shall be determined to be invalid or unenforceable in any respect, such determination shall not affect such provision in any other respect or any other provision hereof, all of which shall remain in full force and effect.

14. **Compliance with Laws.** The Company agrees to comply in all material respects with all laws, regulations and stock exchange rules applicable to the Transaction and any disclosure document prepared and delivered in connection therewith and this agreement. In the conduct of its services hereunder, Scotia Waterous agrees to comply in all material respects with all applicable laws, regulations and stock exchange rules.

15. **Advisor Solely to the Company.** The Company expressly acknowledges that Scotia Waterous has been retained as advisor solely to the Company and not advisor to or agent of any other person, and that the Company's engagement of Scotia Waterous is not intended to confer rights upon any persons not a party hereto (including shareholders, employees or creditors of the Company) as against Scotia Waterous, its affiliates or its directors, officers, agents and employees.

16. **Acknowledgement of Scotia Waterous's Activities.** Scotia Waterous is wholly-owned by The Bank of Nova Scotia which, together with its affiliates (collectively, "Scotiabank"), is a full-service financial institution that conducts a full range of investment banking, merchant banking, corporate banking and securities brokerage activities. Scotiabank provides loans, structured products, investment banking and financial advisory services to governments, corporations and institutions. In addition, Scotiabank has an active proprietary trading book that trades securities on behalf of Scotiabank. In the ordinary course of its activities and subject always to compliance with applicable securities laws, Scotiabank may hold long or short positions, may trade or otherwise effect transactions for its own account or for the account of Scotiabank's clients, in debt or equity securities or related derivative securities of the Company or any potential purchaser.

17. **Advertisements.** Notwithstanding paragraph 8, following the completion of a Transaction, Scotia Waterous may publish, at its own expense, such advertisement or announcements relating to its services hereunder in such newspapers or other publications, as it considers appropriate, subject to prior review and consent by the Company, not to be unreasonably withheld.

18. **Notices.** Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be sufficiently given, if it is:

(a) in the case of notice to the Company addressed to:

Christina Fehr
Chief Executive Officer & Vice Chair
Caribou Resources Corp.
Suite 1545
101-6th Ave S.W.
Calgary, Alberta
T2P 3P4
Facsimile: (403) 269-5221

or

(b) in the case of notice to Scotia Waterous addressed to:

Hilary Foulkes
Managing Director
Scotia Waterous Inc.
Suite 500, Bankers Hall
301-8th Avenue S.W.
Calgary, Alberta
T2P 1C5

Facsimile: (403) 269-8355

and in all cases delivered personally to the addressee or a responsible officer or employee or person residing at the address of the addressee or sent by facsimile (receipt confirmed) to the addressee as aforesaid.

Any notice so given shall be deemed conclusively to have been given and received when so personally delivered or so faxed. Either party hereto may change its address by notice to the other in the manner aforesaid.

19. **Entire Agreement; Amendments.** This Agreement including Schedule A constitutes the entire agreement between the Company and Scotia Waterous on the matters herein set forth and supersedes all prior discussions and understandings on such matters including without limitation, the letter agreement between the parties dated June 20, 2006. This Agreement and the indemnity schedule may not be amended or otherwise modified unless in writing and signed by each party hereto. No waiver of any provision hereof shall be effective unless in writing and executed by the party against whom such waiver is to be charged.

20. **Currency.** All dollar amounts referred to herein are in Canadian dollars.

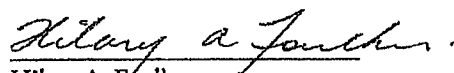
21. **Governing Law.** This Agreement including Schedule A shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of Alberta, Canada. Each of the parties hereto irrevocably submits to the non-exclusive jurisdiction of the Province of Alberta over any action or proceeding arising out of or relating to the Engagement and the parties hereto irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in such courts of the Province of Alberta and all courts competent to hear appeals therefrom.

If the foregoing is in accordance with your understanding of our agreement in respect of the Engagement, would you please acknowledge the same by signing the form of acceptance indicated below and return the enclosed copy of this Agreement.

Yours truly,

SCOTIA WATEROUS INC.

By:


Hilary A. Foulkes
Managing Director

Caribou Ressources Corp.
January 5, 2007
Page 9

Confirmed and agreed as of _____, 2006. ⁷ *CF*

CARIBOU RESOURCES CORP.

By: _____
Christina Fehr
Chief Executive Officer and Vice Chair

SCHEDULE A: INDEMNITY

- 10 -

In connection with the engagement (the "Engagement") of Scotia Waterous Inc. ("Scotia Waterous") pursuant to an engagement agreement (the "Agreement") dated as of June 20, 2006 between Scotia Waterous and Caribou Resources Corp. (the "Company"), the Company agrees to indemnify and hold harmless Scotia Waterous and its affiliates, and each of their respective directors, officers, employees, partners, agents and shareholders (each, an "Indemnified Party") from and against all losses, claims (including shareholder actions, derivative or otherwise) damages, expenses, actions or liabilities, joint or several, of any nature (including the reasonable fees and expenses of their respective counsel and other reasonable out-of-pocket expenses), incurred in investigating, defending and settling any pending or threatened action, suit, proceeding, investigation or claim that is made or threatened against any Indemnified Party or in enforcing this indemnity (collectively, the "Claims"), to which an Indemnified Party becomes subject or otherwise involved in any capacity insofar as the Claims arise out of or are based upon, directly or indirectly, the Engagement. This indemnity shall not apply to the extent that any losses, claims, damages, expenses or liabilities are determined by a final non-appealable judicial determination of a court of competent jurisdiction to have resulted solely from the gross negligence or willful misconduct of the Indemnified Party.

The Company hereby constitutes Scotia Waterous as trustee for the other Indemnified Parties of the Company's covenants under this indemnity with respect to such persons and Scotia Waterous agrees to accept such trust and to hold and enforce such covenants on behalf of such persons.

The Company also agrees that no Indemnified Party shall have any liability (either direct or indirect, in contract, tort or otherwise) to the Company or any person asserting claims on the Company's behalf or in right for or in connection with the Engagement, except to the extent that any losses, claims, damages, expenses, actions or liabilities incurred by the Company are determined by a court of competent jurisdiction in a final judgment that has become non-appealable to have resulted from the gross negligence or willful misconduct of an Indemnified Party.

Promptly after receiving notice of an action, suit, proceeding or claim against Scotia Waterous or any other Indemnified Party or receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Company, Scotia Waterous or any such other Indemnified Party will notify the Company in writing of the particulars thereof, provided that the omission to so notify the Company shall not relieve the Company of any liability which the Company may have to Scotia Waterous or any other Indemnified Party except and only to the extent that any such delay in or failure to give notice as herein required materially prejudices the defense of such action, suit, proceeding, claim or investigation or results in any material increase in the liability which the Company has under this indemnity. The Company may at its election and at its own expense, assume the defense of any action, suit, proceeding or claim in respect of which indemnity may be sought hereunder. If the Company undertakes, conducts and controls the settlement or defence of any action, suit, proceeding or claim, an Indemnified Party shall have the right to participate in the settlement or defence of same. Any Indemnified Party may retain counsel of its own choice to separately represent it in the defense of a Claim, which shall be at the Company's expense if: (i) the Company does not promptly assume the defense of the Claim; (ii) the Company agrees to separate representation; or (iii) such Indemnified Party is advised by counsel in writing that there is an actual or potential conflict in the Company's and such Indemnified Party's respective interests or additional defenses are available to such Indemnified Party such that representation by the same counsel would be inappropriate. The Company will not, without Scotia Waterous's prior written consent, not to be unreasonably withheld, settle, compromise, consent to the entry of any judgment in or otherwise seek to terminate any action, suit, proceeding, investigation or claim in respect of which indemnification may be sought hereunder (whether or not any Indemnified Party is a party thereto).

If for any reason the foregoing indemnity is unavailable in whole or in part (other than in accordance with the terms hereof) to Scotia Waterous or to any other Indemnified Party, or is insufficient to hold Scotia Waterous or any other Indemnified Party harmless in respect of any Claim, the Company shall contribute to the amount paid or payable by Scotia Waterous or the other Indemnified Party as a result of such Claim in such proportion as is appropriate to reflect not only the relative benefits received by the Company on the one hand and Scotia Waterous or any other Indemnified Party on the other hand but also the relative fault of the Company, Scotia Waterous or any other Indemnified Party as well as any relevant equitable considerations, provided that the Company shall in any event, to the extent permitted by the applicable law, contribute to the amount paid or payable by Scotia Waterous or any other Indemnified Party as a result of such Claim any excess of such amount over the amount of fees received by Scotia Waterous under the Agreement.

The Company also agrees to reimburse Scotia Waterous for the time spent by its personnel (at reasonable per diem rates) in connection with any Claim for which the Company has agreed to indemnify Scotia Waterous hereunder.

DATED as of June 20, 2006

SCOTIA WATEROUS INC.

By: 

CARIBOU RESOURCES CORP.

By: 



February 6, 2007.

Hilary A. Foulkes
Managing Director
Scotia Waterous Inc.
Suite 1800, Scotia Centre
700-2nd Street S.W.
Calgary, Alberta
T2P 2W1

Dear Ms. Foulkes:

Re: Caribou Resources Corp. (the "Company")

This is further to the Company's retainer of Scotia Waterous Inc. ("Scotia Waterous") pursuant to the letter agreement between the Company and Scotia Waterous dated January 5, 2007 (the "Agreement"). On January 30, 2007, the Company sought and obtained from the Court of Queen's Bench of Alberta (the "Court") an order (the "Initial Order") under the *Companies' Creditors Arrangement Act* (the "CCAA") staying proceedings against it in order to provide the Company with a period of time to reorganize its affairs (the "CCAA Proceedings").

As a result of the CCAA Proceedings, it is necessary for the Company to make some related revisions to the Letter Agreement as follows (all capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Agreement):

1. The first phrase of numbered paragraph 1 of the Agreement shall be deleted and replaced with the following:
 1. **Scope of Engagement.** Scotia Waterous shall act as exclusive financial advisor to the Company (save and except for such financial advice as Deloitte & Touche Inc. ("Deloitte"), in its capacity as court-appointed monitor (the "Monitor"), may provide to the Company) and shall perform such services as the Company may reasonably request, including, to the extent requested, the following: [balance of paragraph 1 remains unchanged]
2. The first phrase in numbered paragraph 2 of the Agreement shall be deleted and replaced with the following:
 2. **Fees.** It is understood that notwithstanding anything in the Agreement, the closing, completion or consummation of any Transaction is subject to the approval of Deloitte in its capacity as Monitor and/or the Court of any Transaction as more particularly set forth in the Initial Order (collectively the "Approvals") and that no fees shall be payable hereunder unless the Approvals have been obtained. Subject to Court

approval, the fees payable to Scotia Waterous by the Company in respect of the Engagement shall be as follows: [balance of paragraph 2 remains unchanged]

3. The first line of numbered paragraph 9 of the Agreement shall be deleted and replaced with the following:

9. **Disclosure of Advice.** Except in connection with the CCAA Proceedings, unless required by applicable law or the policies, rules or requirements of securities [balance of paragraph 9 remains unchanged]

This agreement constitutes the entire agreement between the Company and Scotia Waterous on the matters herein set forth and supersedes all prior discussions and understandings on such matters: This agreement may not be amended or otherwise modified unless in writing and signed by each party hereto. No waiver of any provision hereof shall be effective unless in writing and executed by the party against whom such waiver is to be charged.

If the foregoing is in accordance with your understanding of our agreement in respect of this matter please acknowledge the same by signing the form of acceptance indicated below and returning the same to us.

Yours truly,

CARIBOU RESOURCES CORP.

By: Christina Fehr

Christina Fehr

Chief Executive Officer and Vice Chair

Confirmed and agreed as of February 7, 2006

SCOTIA WATEROUS INC.

By: Hilary A. Foulkes

Hilary A. Foulkes

Managing Director

1

NON-BINDING BID LETTER

May 1, 2007

Caribou Resources Corp.
c/o Scotia Waterous Inc.
Suite 1800, Scotia Centre
700 – 2nd Street S.W.
Calgary, Alberta
T2P 2W1

RE: **CARIBOU RESOURCES CORP.**
2007 OFFERING

This is Exhibit B referred to in
the affidavit of
Christina Fehr
Sworn before me this 3rd
day of May A.D. 2007
A Commissioner of Oaths in and for
the Province of Alberta

_____ (the "Bidder") hereby expresses an interest in acquiring from Caribou Resources Corp. ("Caribou") its shares or all or certain of its assets as more particularly set out in Schedule "A" hereto for the Purchase Price stated in Schedule "A" (the "Bid"). In this connection, the Bidder understands and acknowledges the following:

1. This Non-Binding Bid Letter and the Bid is made in accordance with and pursuant to the attached bidding procedures hereto as Schedule "B" (the "Bidding Procedures"), and all of the terms and conditions as set out in the Virtual Data Room and the Data Room provided by Scotia Waterous;
2. Unless and until the Bidder and Caribou both execute a mutually acceptable Agreement, subject to court approval, the Bidder shall not be considered the successful purchaser and Caribou is free to negotiate with other interested parties;
3. The Bidder acknowledges that although Caribou will consider and evaluate price, terms, material conditions, risk factors, and proposed timetable of purchase in deciding which bid or bids it chooses to accept, Caribou may, in its sole discretion, use any other evaluation criteria (whether subjective or objective), it deems suitable to evaluate the bids received;
4. While Caribou's preference is for a share sale which will maximize the benefits associated with Caribou's tax pools, it will give serious consideration to all proposals;
5. Although Caribou may reject any Bid that is incomplete, obscure, irregular, which has erasures or corrections in the Bid or in which prices are omitted or are unbalanced, Caribou, at its sole discretion, still reserves the right to waive any non-compliance with the Bidding Procedures;
6. The Bidder shall keep the details of its Bid confidential, and, unless agreed to by Caribou, shall not disclose its Bid or any portion thereof to anyone other than its affiliates, and its and their employees, servants, agents, advisors and consultants who have a need to know for the purpose of appraising the Bid who shall themselves be bound to honour the confidentiality of the Bid; and
7. This Non-Binding Bid Letter will also serve as confirmation that the Bidder is acting as principal, or that it is acting as agent for a party that is identified below, and agrees to provide evidence of this agency agreement if requested by Caribou or Scotia Waterous.

Caribou and Scotia Waterous are asked to contact and correspond with the Bidder, if necessary, regarding the Bid.

Yours truly,

Acting as duly appointed agent for:
(if applicable)

Full Company Name

Company

Officer's Signature

Contact Person

Officer's Printed Name

Date Appointed

Officer's Title

Telephone Number

Facsimile Number

SCHEDULE A: PROPOSAL SUBMISSION FORM CARIBOU RESOURCES CORP. 2007 OFFERING

Caribou Resources Corp. (corporate sale transaction)	Total Value or Enterprise Value C\$ _____ Assumptions and Conditions, please attach.
--	--

**SCHEDULE A: PROPOSAL SUBMISSION FORM
CARIBOU RESOURCES CORP. 2007 OFFERING**

All Assets Northern and Central Alberta (Schedule C,D,E,F,G)	Total Purchase Price C\$ _____ Allocation: Resource Properties (COGPE): C\$ _____ Tangibles (UCC) C\$ _____
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Northern Alberta

Larne (Schedule C)	Total Purchase Price C\$ _____ Allocation: Resource Properties (COGPE): C\$ _____ Tangibles (UCC) C\$ _____
Bistcho (Schedule C)	Total Purchase Price C\$ _____ Allocation: Resource Properties (COGPE): C\$ _____ Tangibles (UCC) C\$ _____
Steen (East and West) (Schedule C)	Total Purchase Price C\$ _____ Allocation: Resource Properties (COGPE): C\$ _____ Tangibles (UCC) C\$ _____
Lessard and Hay River South (Schedule C)	Total Purchase Price C\$ _____ Allocation: Resource Properties (COGPE): C\$ _____ Tangibles (UCC) C\$ _____
Cameron Hills and Indian Cabins (Schedule C)	Total Purchase Price C\$ _____ Allocation: Resource Properties (COGPE): C\$ _____ Tangibles (UCC) C\$ _____
All Northern Properties (Schedule C)	Total Purchase Price C\$ _____ Allocation: Resource Properties (COGPE): C\$ _____ Tangibles (UCC) C\$ _____

SCHEDULE A: PROPOSAL SUBMISSION FORM CARIBOU RESOURCES CORP. 2007 CORPORATE SALE

Central Alberta

Redwater (Schedule D&E)	Total Purchase Price C\$ _____ Allocation: Resource Properties (COGPE): C\$ _____ Tangibles (UCC) C\$ _____
Wizard Lake (Schedule F)	Total Purchase Price C\$ _____ Allocation: Resource Properties (COGPE): C\$ _____ Tangibles (UCC) C\$ _____
Peace River Arch Undeveloped Lands (Jack) (Schedule G)	Total Purchase Price C\$ _____ Allocation: Resource Properties (COGPE): C\$ _____ Tangibles (UCC) C\$ _____
All Central Alberta Properties (Redwater, Wizard Lake and PRA) (Schedule D,E,F,G)	Total Purchase Price C\$ _____ Allocation: Resource Properties (COGPE): C\$ _____ Tangibles (UCC) C\$ _____

SCHEDULE "B"

BIDDING PROCEDURES

Potential purchasers must comply with the following procedure in submitting a Non-Binding Bid:

- Carefully read and submit two (2) fully executed copies of the attached Bid Letter on your company letterhead
- Attach the Bid Sheet (Schedule "A" to the Bid Letter) completed in full
- Potential purchasers that intend to submit a bid for portions of the designated package may do so using the same format as that found in Schedule "A" to the Bid Letter
- Include in a memorandum any other business issues that may be material in evaluating your Bid, including expected timing of final board approval if applicable
- Provide details of the expected financing source(s) to fund the Bid, where possible
- Return two (2) signed originals of the Bid Letter on your company letterhead addressed as follows:

Caribou Resources Corp
c/o Scotia Waterous Inc.
Suite 1800, Scotia Centre
700 – 2nd Street S.W.
Calgary, Alberta
T2P 2W1
Main: (403) 265-8077

Attention: Bruce Alexander, Associate Director
Tel: (403) 218-6784

E-mail: bruce_alexander@scotiawaterous.com

CONFIDENTIAL PROPOSAL DOCUMENTS ENCLOSED

Bid Letters may also be faxed to (403) 221-6497

Submission Deadline: 5:00 pm, April 17, 2007

This is which ... referred to in
the affidavit of
Christina Fehm
Sworn before me this 3rd
May A.D. 2007
A Commissioner of Oaths in and for
the Province of Alberta

**Confidential, Without Prejudice
for Discussion Purposes
Only**

	\$k	\$/share Conversion Price	Number of Shares (#)
Brockfield (BBLF) Currently	\$28,000		
Proposal			
1/ Convert up to new Equity	\$16,000	\$0.10	160000
2/ BBLF maintains RLOC	\$12,000		
3/ BBLF Premium (Restructure Fee + Interest)	\$1,000	\$0.10	10000
4/ BBLF New Equity			
Subtotal	\$29,000		170,000

	\$k	\$/share	Number of Shares (#)
Other Secureds Currently	\$4,000		
Proposal			
1/ Option to Shareholders to pay other Secureds	\$2,000	\$0.10	20000
2/ CBU pays balance of \$2mm from cash on hand	\$2,000		
Subtotal	\$4,000		20000

	\$k	\$/share	Number of Shares (#)
Unsecureds Currently	\$14,500		
Proposal			
1/ Shares Issued by CBU representing \$0.07/dollar	\$1,000	\$0.10	10000
Subtotal	\$1,000		10000

	Shares	% Ownership	Comments
BBLF Shareholding	170,000	82.93%	
Unsecureds	10000	4.88%	
Existing Shareholders	5000	2.44%	
Option to Top Up from Shareholders	20000	9.76%	
	205,000	100.00%	

**Notes; CBU would recommend simultaneous share-rollback on a 10:1 basis
resulting in 20.5mm shares outstanding**

	\$k
New Equity	
Financing A	\$7,000
Financing B	\$6,000
Total	\$13,000

**Notes; Financing A, offer to existing Shareholders, BBLF has option to underwrite
both Financings. Assumes base CF from existing production of \$4.3mm
Caribou's Board of Directors has not reviewed nor approved of this conceptual plan**

Working Calculations for Re-structuring Discussion
 Confidential, Without Prejudice, for Discussion Purposes Only

Concept	\$K	Share Conversion (\$/sh)	Shares (ft)	Cash	New BBLF Equity At Risk
Option to Shareholders to Pay \$2mm of \$4mm to Other Secureds	\$2,000	0.1	20,000	\$0	\$0
BBLF New Equity	\$0	0.1	0	\$0	\$0
BBLF maintains RLOC of \$12mm	\$16,000	0.1	160,000	\$16,000	\$16,000
BBLF converts \$16mm of their secured debt to equity	\$1,000	0.1	10,000	\$0	\$250
BBLF Premium - Default Interest, Restructuring Fee etc	\$1,000	0.1	10,000	\$0	\$0
Unsecureds given shares by SG or CBU			200,000	\$2,000	\$18,250
Total			500		
Existing Shareholders (Rollback 87%)			205,000		
Grand total					

No \$2mm of Cash is used to Pay off Secured

Category	Original Shareholders	SH Group (\$2mm)	Unsecured SH's	BBLF Shares	100.0%
Shares	2,4%	20,000	9.8%	82.9%	
Value	5000	20,000	10,000	170,000	

Notes: CBU would recommend simultaneous share-rollback on a 10:1 basis resulting in 20.5mm shares outstanding

Program	\$K
Summer	\$7,000
Winter	\$11,000
Total	\$18,000
Cash	-\$500
CF (Yearly)	-\$4,300
Delta	\$13,200

Future Financings	\$K
Financing A	\$7,000
Financing B	\$9,000
Total	\$13,000

Notes: Financing A, offer to existing Shareholders. BBLF has option to underwrite both Financings. Assumes base CF from existing production of \$4.5mm

Participation in New Financing					Categories
BBLF 50% Participate	235,000	BBLF 0% Participate	170,000	BBLF 100% Participate	300,000
	335,000		335,000		335,000
	70,15%		30,75%		89,55%
					BBLF Shares
					Total Shares
					BBLF Ownership

NAV Current	
\$47,800	Reserves 2P
0	Land
-\$43,500	Cash
\$4,300	Net Debt
	NAV
\$36,800	shares
\$0.11	NAV \$/sh
89.76%	
\$0.10	80% of NAV
\$0.08	70% of NAV
\$0.06	50% of NAV

NAV New		BBLF Shares		Post Restructure Return	
\$47,800	Reserves 2P, before new capital investment benefits	\$0.18	90% of NAV	\$25,942.83	65.80%
0	Land	\$0.12	70% of NAV	\$20,955.81	28.88%
500	Cash	\$0.11	50% of NAV	\$17,981.85	10.54%
-12000	Debt	\$0.09	50% of NAV	\$14,981.29	-7.88%
36100	NAV				
205,000	shares				
\$0.18	NAV \$/sh				

Juniors were recently trading at 80% of NAV as a group average



This is Exhibit D referred to in
the affidavit of
Chris John Pehr
Sworn before me this 3rd
day of May A.D. 2007
A Commissioner for Oaths in and for
the Province of Alberta

Caribou Resources Corp. Provides Update – CALGARY, ALBERTA – (CCN Matthews – April 27, 2007) – As previously stated in the press release dated January 30, 2007, Caribou Resources Corp. (TSX Venture: CBU) ("**Caribou**") was granted protection under the *Companies Creditors' Arrangement Act* (Canada) (the "CCAA") on that date by an Initial Order of the Alberta Court of Queen's Bench (the "**Court**") which stayed its creditors from enforcing their rights until February 28, 2007. By Court Order granted February 22, 2007, the Court extended the protection of the CCAA stay until 5:00 p.m. on May 3, 2007.

On January 5, 2006, Caribou engaged Scotia Waterous to conduct the sale of some or all of the assets or shares of Caribou, and such process continued in conjunction with the CCAA proceedings. Pursuant to this engagement and the sales process conducted by Scotia Waterous, the deadline for receipt of non-binding bids for some or all of the assets or shares of Caribou was April 17, 2007.

As a result of the sales process, the best offer Caribou has received to date is a binding offer dated April 25, 2007 from its secured lender, Brookfield Bridge Lending Fund ("**Brookfield**"), to purchase all of the assets of Caribou (the "**Brookfield Offer**"). The Brookfield Offer states that the purchase price is the total of all claims in priority to Brookfield's secured claims as against any of the assets plus the outstanding secured debt owing to Brookfield (approximately \$29.0 million inclusive of accrued interest and fees) less \$500,000 which amount shall remain outstanding and owing to Brookfield following closing. It further states that the purchase price shall be paid by payment or assumption of debt of any creditors of Caribou with priority claims over any of the assets in priority to Brookfield and in partial reduction of the Brookfield's secured claims as against the assets to the reduced sum of \$500,000.

Brookfield has advised Caribou that it intends to bring an application before the Court on May 3, 2007 for an order:

- (i) authorizing and directing Caribou to accept and implement the Brookfield Offer;
- (ii) expanding the authority of the Court-appointed Monitor, Deloitte and Touche Inc. (the ("**Monitor**"), to sell the assets, and authorizing and directing the Monitor to accept and implement the Brookfield Offer; or
- (iii) appointing an Interim Receiver, Receiver or Trustee over the assets and undertakings of Caribou (the "**Receiver**") and authorizing or directing any such Receiver to accept and implement the Brookfield Offer (the "**May 3 Court Application**").

The Monitor has advised Caribou that it will be filing its Second Monitor's Report with the Court recommending that the Brookfield Offer be approved by the Court, unless a superior offer is received by the May 3 Court Application. The materials filed to date in the CCAA proceedings are available on the Monitor's website of www.deloitte.ca under the Insolvency and Restructuring link (the "Website") or by contacting the Monitor directly at (403) 267-0505 or by email at caribou@deloitte.ca. The Second Monitor's Report will be available soon on the Website or by contacting the Monitor directly.

Other parties have expressed an interest in making an offer and the Board of Directors of Caribou continues to urge interested parties to submit to Caribou, the Monitor, or the Court by the May 3 Court Application any offers they may wish to make which are superior to that of Brookfield.

Certain information regarding Caribou in this news release including management's assessment of future plans and operations 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, the ability to access sufficient capital from internal and external sources and the uncertainty involved in Court proceedings and the implementation of a Plan of Arrangement under the CCAA. 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 exhaustive. 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. 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. The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

FOR FURTHER INFORMATION PLEASE CONTACT:

Caribou Resources Corp.

Christina M. Fehr
Vice Chairman and CEO
(403) 539-4322
Email: cmfehr@cariboures.com

Ross Robertson
President & COO
(403) 539-4322 (403) 539-4316
Email: rrobertson@cariboures.com

NICHOLSON, CHRISTA

From: Robinson, Larry B. [lrobinson@MCCARTHY.CA]
Sent: Wednesday, May 02, 2007 6:30 PM
To: NICHOLSON, CHRISTA
Cc: Andy Crooks; bdavison@davisonworden.com; Marshall, Barrie
Subject: Caribou.

Attachments: Proposal no name.pdf



Proposal no name.pdf (18 KB)

Christa

This is Exhibit E referred to in
the affidavit of Christa Fehr
Sworn before me this 3rd
day of May A.D. 2007
[Signature]
A Commissioner of Oaths in and for
the Province of Alberta

I mentioned at our meeting this afternoon that I had something from Counsel for the third Party referred to in Mr. Bradley's Affidavit. Without going into detail on what I am not allowed to disclose based on Securities restrictions that Dan will be far more familiar with than I, I have copied the following text from the email received by me today and attach the draft proposal referred to.

"we authorize the release of the attached draft proposal, from which our name and identifying information has been deleted, as well as disclosure of the following to the Court and any representatives of Caribou, the Monitor and creditors of Caribou:

- > That we are a junior oil and gas exploration and development company with senior management highly experienced in the industry.
- > That our shares are publicly listed on a major North American stock exchange.
- > That we are a reporting issuer in Alberta and an SEC registrant.
- > That we have signed a Confidentiality Agreement with Framfield and Macon.
- > That our senior management has had a number of discussion with representatives of Framfield and Macon over a period of several weeks about making a proposal to Caribou and its creditors.
- > That subject only to the conditions precedent and due diligence provisions of the attached proposal, we are negotiating in good faith and have a present intention to make the proposal."

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[Offeror letterhead]

To: Board of Directors, Caribou Resources Corp.
Attention: Gerald D. Sutton, Chairman

and: Deloitte & Touche Inc., Monitor
Attention: Victor Kroeger

From: [Name of Offeror]
[Name and title of Offeror officer]

Date: May 2, 2007

Re: Proposal to Caribou Resources Corp. and to its Creditors

[Name of Offeror] ("Offeror") hereby makes this proposal (the "Proposal") to Caribou Resources Corp. ("Caribou") and to Deloitte & Touche Inc. (the "Monitor") as the monitor under Caribou's Order of protection under the *Companies' Creditors Arrangement Act* (Canada) (the "CCA") on behalf of Caribou's creditors, as follows:

THE PROPOSAL

PART I - CARIBOU SHAREHOLDERS - PLAN OF ARRANGEMENT

Offeror proposes and offers to enter into a formal Arrangement Agreement with Caribou for Offeror to acquire all of the shares of Caribou in exchange for common shares of Offeror on a ratio of one Offeror share for every [10] common shares of Caribou.

A. Terms: Terms of the Arrangement Agreement would include the following:

1. Standard requirements for both preliminary and final approval of the Court of Queen's Bench and approval by a two-thirds majority of the shareholders of Caribou voting at a meeting called for the approval of the Plan of Arrangement at which a quorum is present.
2. Standard "stand-still" requirements for the business, assets, contracts, etc. of Caribou prior to closing.
3. Standard representations and warranties for an agreement of this nature.
4. Offeror will have adequate time to complete due diligence with respect to Caribou's assets, title, environmental issues, financial situation, including the current outstanding liabilities, which must be satisfactory to Offeror in its sole discretion.
5. All outstanding stock options and any other existing rights to acquire common shares of Caribou will terminate at closing if not previously exercised.

**CONFIDENTIAL DRAFT #1
FOR DISCUSSION PURPOSES ONLY**

PART I - CONTINUED

A. Terms - Continued

6. All directors and officers of Caribou and subsidiaries will resign at closing and all employees of Caribou will be terminated at closing. Total severance for all officers, employees and consultants shall not exceed an aggregate of **[\$250,000]**.
7. Offeror will appoint one representative of Caribou to its Board of Directors at closing.

B. Conditions: The Arrangement Agreement would contain the following conditions precedent:

1. Court approval for an extension of time of **[45 days]** under Caribou's CCAA protection Order for Offeror to complete its due diligence contemplated by Part I.A.4 negotiate the formal Arrangement Agreement and any and all formal agreements required under Parts II and III of this Proposal.
2. Standard requirements for both preliminary and final approval of the Court of Queen's Bench and approval by a two-thirds majority of the shareholders of Caribou voting at a meeting called for the approval of the Plan of Arrangement at which a quorum is present.
3. Approval by the requisite majority of Caribou's unsecured creditors to Part II of this Proposal under the CCAA and/or the Plan of Arrangement.
4. Approval by Caribou's secured creditor to Part III of this Proposal under the CCAA and/or the Plan of Arrangement.
5. Approval of the Plan of Arrangement by the holders of Offeror's securities.
6. Approval of the Plan of Arrangement on behalf of Caribou by the TSX Venture Exchange.
7. Approval of the Plan of Arrangement and the issuance of all common shares of Offeror under this Proposal by the [name of stock exchange].

PART II - CARIBOU'S UNSECURED CREDITORS - PAYMENT IN OFFEROR COMMON SHARES

Offeror proposes and offers to the unsecured creditors of Caribou payment of [●]% of all outstanding liabilities by issuance of common shares of Offeror at a stated value of \$● per share.

PART II - CONTINUED

**CONFIDENTIAL DRAFT #1
FOR DISCUSSION PURPOSES ONLY**

- A. Terms:** The terms of the agreement with the unsecured creditors would include the following:
1. The common shares of Offeror would be issued to or on behalf of the unsecured creditors under applicable exemptions from registration and prospectus requirements in the jurisdiction where each such creditor is resident, and subject to any applicable restrictions or "hold periods" under such exemptions.
 2. The common shares of Offeror would be issued as fully paid and non-assessable and would be listed for trading through the facilities of the [name of stock exchange].
 3. In order to facilitate an orderly market, Offeror will work with the Monitor and the creditors for approval by the requisite majority for the shares to be issued pursuant to an escrow arrangement, lock-up agreement or to a trustee on behalf of the creditors with restrictions on the timing and quantity of resale of the shares.
- B. Conditions:** The proposal to the unsecured creditors and any formal agreement(s) created in relation thereto would have the same conditions precedent as the conditions precedent for the Plan of Arrangement with Caribou's shareholders set out in Part I.B.1-7.

PART III - CARIBOU'S SECURED CREDITOR - PAYMENT TERMS

Offeror proposes and offers to Caribou's secured creditor payment in full on terms to be negotiated and mutually agreed upon.

- A. Terms:** The terms could include cash or the issuance of common shares of Offeror or combinations thereof, the issuance of share purchase warrants for the purchase of common shares of Offeror, and amendments to the terms of the credit facility.
- B. Conditions:** The proposal to the secured creditor and any formal agreement(s) created in relation thereto would have the same conditions precedent as the conditions precedent for the Plan of Arrangement with Caribou's shareholders set out in Part I.B.1-7.

We look forward to your favorable consideration of and support for this Proposal, and your Court application for an extension of the CCAA protection for time to finalize the proposed terms and agreements.