

Action No. 0701-12612

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

Canadian Western Bank

and

Fair Sky Resources Inc.

FIRST REPORT OF THE COURT-APPOINTED INTERIM RECEIVER

DELOITTE & TOUCHE INC.

March 20, 2008

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SCHEDULES

Schedule 1	Statement of Receipts and Disbursements for the Interim Period December 3, 2007 to March 18, 2008
Schedule 2	AJM Detailed Economic Summary Report – Before Tax
Schedule 3	Marketing Materials – One Page Purchase Opportunity Summary
Schedule 4	Marketing Materials – January 29, 2008 Daily Oil Bulletin Advertisement

INTRODUCTION AND BACKGROUND

Introduction

1. On December 7, 2007, Canadian Western Bank ("CWB" or the "Bank") filed an application with the Court of Queen's Bench of Alberta (the "Court" or "Honourable Court") to appoint Deloitte & Touche Inc. as Interim Receiver ("Receiver") over all of the assets, undertakings and properties of Fair Sky Resources Inc. ("Fair Sky" or the "Company") and such an order (the "Receivership Order") was subsequently granted by this Honourable Court.

Notice to Reader

2. This report constitutes the Receiver's First Report to the Court.
3. Capitalized terms utilized herein and not otherwise defined have the same meaning as in the Receivership Order.

Background

4. Fair Sky is an Alberta corporation carrying on business in the province of Alberta. The Company was incorporated in late 2004, and immediately began an active capital program to develop oil & gas reserves.
5. Fair Sky Resources is a publicly traded oil and natural gas company with operations in northwestern and central Alberta and central Saskatchewan. The Company's maintains its head office in the city of Calgary, Alberta. Fair Sky also holds over 500 mineral leases on undeveloped lands in Alberta and Saskatchewan. For the purposes of this report, these assets are collectively referred to as the "Oil and Gas Assets."
6. Through Fair Sky Minerals Ltd, a Nevada corporation and a 100% owned subsidiary of Fair Sky, the Company holds lode mining claims and other land holdings located in the southern Wah Wah Mountain Range in Iron and Beaver Counties, Utah, USA (the "Mining Assets").

INTERIM RECEIVER'S APPOINTMENT

Possession and Control

7. Immediately after its appointment, the Receiver attended at the Company's office and secured all of the assets located therein.
8. The Receiver also took possession of the Company's books and records, including obtaining a computer back-up as at December 7, 2007. No employees were on site at the time of taking

possession as they had all resigned prior to the Receivership Order. The landlord for the leased premises was notified of the Receiver's appointment. Rent for the premises was paid for the month of December 2007. The Receiver arranged for the books and records to be relocated to its office, and for the Fair Sky office furniture and equipment to be sold at auction. The Receiver vacated the premises as at December 31, 2007.

9. The Receiver contacted the Company's external field operators who manage the day to day operations of the oil and gas properties to review the status of each well property. The Receiver continued operations of the producing properties in order to maximize the sale value of the Oil and Gas Assets.
10. The Receiver met with the Company's external joint venture accountant to continue service and to ensure that all required statutory filings and remittances are maintained throughout the course of the receivership.
11. The Receiver contacted the Company's insurance provider to advise them of the Receiver's appointment and to add the Receiver as a loss payee to the policy. Insurance premiums had been paid in full prior to the date of receivership. This policy expired early in March 2008. Prior to the expiry date, the Receiver paid insurance premiums to renew the policy for a two month period to May 8, 2008.
12. The Receiver met with the Company's land consultant to review and arrange for continuation of certain leases with value and that were due to expire. The Company's land management records have been updated for leases that were renewed or that expired through March 31, 2008.
13. The Company also has a second leased location in the City of Calgary which it sub-leases to a sub-tenant. In January 2008 the Receiver sent notice to both the landlord and sub-tenant that it would not assume any further lease obligations for that premise.

OPERATIONS

14. The Receiver continued operations of the producing properties.
15. At the date of receivership, these properties were producing approximately 90 barrel of oil equivalent per day ("BOE/D") of natural gas, of which the Company holds an interest of approximately 65% or 60 BOE/D. Between January and February 2008 production rates dropped to approximately 75 BOE/D of which Fair Sky's interest was approximately 50 BOE/D. Annual maintenance work is required to get production rates back up to historical levels.

Statement of Cash Receipts and Disbursements

16. Attached hereto as Schedule 1 is a statement of the Receiver's cash receipts and disbursements for the period December 7, 2007 to March 18, 2008.

17. Since its appointment, the Receiver has collected \$600,873 of cash receipts (including \$100,000 in Receiver's Certificates) since December 7, 2007. Total cash disbursements were \$287,288 resulting in a cash surplus of \$313,585 as at February 28, 2008.

SALES PROCESS

Valuation of Petroleum and Natural Gas Properties

18. The primary assets of the Company are its interests in petroleum and natural gas properties. The Receiver retained AJM Petroleum Consultants Ltd. ("AJM") to prepare an engineering report as at December 31, 2007 (the "Reserve Report").
19. The Reserve Report was issued on January 31, 2008.
20. An excerpt of the Reserve Report summarizing the net present value of the Company's reserves is attached as Schedule 2. The Reserve Report estimates that the net present value of Fair Sky's proven and probable reserves is between \$1.9 and \$2.2 million based on a 20% and 15% discount rate respectively.
21. AJM was not able to corroborate the results of the Reserve Report with the Company management, as all Fair Sky employees had resigned prior to the Receivership Order. Further examination of the Company's records subsequent to the release of the Reserve Report uncovered information that one proven (non-producing) property with a value of approximately \$800,000 (at a 10% discount rate) is restricted from tying-in to the existing pipeline. We are not aware of the costs to construct a new pipeline.

Marketing Program

22. Under the Receivership Order, the Receiver has the authority and mandate to liquidate the assets of Fair Sky, subject to the approval of the Court.
23. The Receiver has conducted a marketing program with respect to the Oil and Gas Assets of Fair Sky. Key elements of the marketing program are as follows:
- a. the Receiver prepared three (3) marketing publications as follows:
 - i. a one page transaction summary was sent to all interested parties who contacted the Receiver or the Plaintiff directly with respect to the sale of Fair Sky's assets. The summary was sent to such interested parties, on or about January 24, 2008. Attached hereto as Schedule 3 is a true copy of the one page transaction summary;
 - ii. a quarter page advertisement was placed in the *Daily Oil Bulletin* on January 29, 2008. Attached hereto as Schedule 4 is a true copy of the *Daily Oil Bulletin* advertisement;

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- iii. a web based advertisement was placed on the Receiver's website;
 - b. the Receiver set up a data room to facilitate interested parties in conducting due diligence on the information contained in the Reserve Report. The data room included financial operating data by property, land files, well production data and other relevant information.
 - c. as a result of the marketing program, sixty seven (67) interested parties contacted the Receiver, of whom fifty two (52) expressed sufficient interest to be sent confidentiality agreements. Thirty nine (39) parties executed confidentiality agreements and received Reserve Reports. Twenty six (26) parties received the one page summary referred to above and nine (9) parties visited the data room.
 - d. the Receiver received eight (8) non-binding offers to purchase various combinations of the assets of Fair Sky. The offer from Canadian Superior Energy Inc. ("Canadian Superior" or the "Purchaser") to purchase all of Fair Sky's Oil and Gas Assets was superior to all of the other bids received in the marketing process. As a result of this program, the Receiver has agreed to a sale of the Oil and Gas Assets to Canadian Superior, subject to certain conditions, including the granting of the Order sought in this application.
24. The Receiver is of the view that the sale contemplated represents a fair and commercially reasonable recovery for the Oil and Gas Assets of Fair Sky and will be to the benefit of the estate and its stakeholders.
25. The value of the Assets is deteriorating and the Oil and Gas Assets will create additional liabilities for the estate if not sold quickly, as an annual lease renewal fee of approximately \$33,000 will be incurred on March 31, 2008.
26. The Receiver reviewed all of the non-binding offers received, the details of which will be outlined in the Confidential Supplementary Report of the Court-Appointed Interim Receiver dated March 20, 2008, and which will be submitted to this Honourable Court on the return of the Notice of Motion. We will request that this Honourable Court seal the Confidential Supplementary Report of the Court-Appointed Interim Receiver dated March 20, 2008 in order to avoid the negative impact that the dissemination of confidential information would have if the recommended transaction with Canadian Superior fails to close, for any reason. Publication of the Canadian Superior purchase price and other bid prices with respect to the assets that form part of the subject matter of the offers would, in our view, undermine the fairness of any resumption of the sales process that may be required if the recommended transaction does not close.
27. The Receiver's legal counsel, Burnet Duckworth and Palmer LLP has prepared an independent review of the Bank's security over the assets of Fair Sky, and have determined that such security is valid and enforceable.

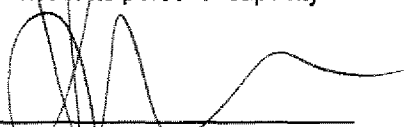
28. Acceptance of the offer from Canadian Superior would not result in any available funds for distribution to the creditors subordinate to CWB (including unsecured creditors), as this offer is insufficient to settle the outstanding secured indebtedness owed to CWB.
29. The Receiver is satisfied that the sales process has been conducted in a proper and sufficient fashion.
30. CWB agrees to the sale of the Oil and Gas Assets to Canadian Superior, subject to the terms outlined in the Supplementary Confidential Report dated March 20, 2008.
31. The effective date for the sale of the Oil & Gas Assets to Canadian Superior will be March 1, 2008.
32. The Receiver recommends that the Court approve the offer to purchase from Canadian Superior.

CONCLUSION

1. The Receiver respectfully requests that this Honourable Court grant an order which provides for the following:
 - a. Approval of Receiver's conduct to date;
 - b. Approval of the sale of the Oil and Gas Assets to Canadian Superior
 - i. vesting title to the lands in the Purchaser free from all rights and equity of redemption on the part of CWB, or any person claiming through or under the Bank;
 - ii. authorizing and directing the Receiver to execute all such documents and to carry out such actions as may be required to complete the sale to the Purchaser;
 - c. Such further and other relief as counsel may advise and this Honourable Court may permit.
2. The Receiver will make a separate application to the Court for an order to distribute the proceeds from the sale of Fair Sky's assets, at such later date as it deems appropriate.

All of which is respectfully submitted this 20th day of March, 2008.

DELOITTE & TOUCHE INC.,
in its capacity as Court-Appointed Interim Receiver of
Fair Sky Resources Inc..
and not in its personal capacity



Victor P. Kroeger, CA-CIRP, CFE
Senior Vice-President

Fair Sky Resources Inc. - In Receivership
Statement of Receipts and Disbursements
For the interim period December 7, 2007 to March 18, 2008

	Notes	Dec. 7/07 to Mar. 18/08
	1	
Receipts		
GST Refund		\$ 241,954
Sale of Assets		\$ 138,241
Receiver's Certificate		\$ 100,000
Production Receipts		\$ 57,537
Alberta Minister of Finance		\$ 43,855
Accounts Receivable		\$ 9,621
Sub Lease Rent Collected		\$ 4,930
Misc. Refund		\$ 4,236
Interest Received		\$ 499
Total receipts		\$ 600,873
 Disbursements		
Trustee's Fees	2	\$ 81,736
Surface Leases & Mineral Claims	3	\$ 68,189
Operating Expenses		\$ 44,755
Per-Receivership Operating Expenses		\$ 39,762
AJM Engineering Report		\$ 27,628
Consulting Fees		\$ 8,680
GST Paid		\$ 4,650
Rent		\$ 4,241
GST on Trustee's Fees		\$ 4,087
Legal Fees		\$ 2,867
Other		\$ 416
Other Advertising		\$ 252
Bank Charges		\$ 26
Total disbursements		\$ 287,288
 Excess of receipts over disbursements represented by cash in bank		\$ 313,585

Notes:**1. Legal Fees**

· This statement does not include any legal fees for Burnet Duckworth & Palmer LLP
· Estimated at \$11,687.50 dollars as at March 18, 2008. Does not include GST

2. Trustee's Fees

· For the period of December 10, 2007 to February 2, 2008
· Unbilled fees incurred of ~\$62,568.00 to March 18, 2008

3. Property Expenses

· Expecting \$30,000 refund from Alberta Energy in April 2008

FAIR SKY RESOURCES INC.
TABLE 1
DETAILED ECONOMIC SUMMARY REPORT - BEFORE TAX
AJM December 31, 2007 Forecast Pricing
Canada

Effective December 31, 2007

Page 1 of 1

		Proved Developed Producing	Proved Developed Non-Producing	Proved Undeveloped	Proved	Probable Additional	Proved Plus Probable Additional
Light and Medium Oil							
	Mstb						
Ultimate Remaining		0.0	0.0	0.0	0.0	0.0	0.0
WI Before Royalty		0.0	0.0	0.0	0.0	0.0	0.0
WI After Royalty		0.0	0.0	0.0	0.0	0.0	0.0
Royalty Interest		0.0	0.0	0.0	0.0	0.0	0.0
Total Net		0.0	0.0	0.0	0.0	0.0	0.0
Heavy Oil							
	Mstb						
Ultimate Remaining		0.0	0.0	0.0	0.0	0.0	0.0
WI Before Royalty		0.0	0.0	0.0	0.0	0.0	0.0
WI After Royalty		0.0	0.0	0.0	0.0	0.0	0.0
Royalty Interest		0.0	0.0	0.0	0.0	0.0	0.0
Total Net		0.0	0.0	0.0	0.0	0.0	0.0
Total Oil*							
	Mstb						
Ultimate Remaining		0.0	0.0	0.0	0.0	0.0	0.0
WI Before Royalty		0.0	0.0	0.0	0.0	0.0	0.0
WI After Royalty		0.0	0.0	0.0	0.0	0.0	0.0
Royalty Interest		0.0	0.0	0.0	0.0	0.0	0.0
Total Net		0.0	0.0	0.0	0.0	0.0	0.0
Sales Gas							
	MMcf						
Ultimate Remaining		529.4	944.7	0.0	1,474.1	268.3	1,742.3
WI Before Royalty		264.4	544.7	0.0	809.1	144.0	953.1
WI After Royalty		209.5	445.0	0.0	654.5	114.1	768.6
Royalty Interest		0.0	0.0	0.0	0.0	0.0	0.0
Total Net		209.5	445.0	0.0	654.5	114.1	768.6
NGLs							
	Mstb						
Ultimate Remaining		0.0	0.0	0.0	0.0	0.0	0.0
WI Before Royalty		0.0	0.0	0.0	0.0	0.0	0.0
WI After Royalty		0.0	0.0	0.0	0.0	0.0	0.0
Royalty Interest		0.0	0.0	0.0	0.0	0.0	0.0
Total Net		0.0	0.0	0.0	0.0	0.0	0.0
Sulphur							
	Mit						
Ultimate Remaining		0.0	0.0	0.0	0.0	0.0	0.0
WI Before Royalty		0.0	0.0	0.0	0.0	0.0	0.0
WI After Royalty		0.0	0.0	0.0	0.0	0.0	0.0
Royalty Interest		0.0	0.0	0.0	0.0	0.0	0.0
Total Net		0.0	0.0	0.0	0.0	0.0	0.0
Mboe							
	Mboe						
Ultimate Remaining		88.2	157.4	0.0	245.7	44.7	290.4
WI Before Royalty		44.1	90.8	0.0	134.8	24.0	158.8
WI After Royalty		34.9	74.2	0.0	109.1	19.0	128.1
Royalty Interest		0.0	0.0	0.0	0.0	0.0	0.0
Total Net		34.9	74.2	0.0	109.1	19.0	128.1
Net Present Values							
	M\$						
Before Income Tax							
Not including ARTC							
Undiscounted		497.8	2,575.1	0.0	3,072.9	726.5	3,799.4
Discounted at 5%		530.4	1,997.6	0.0	2,528.0	589.5	3,117.6
Discounted at 10%		536.3	1,583.9	0.0	2,120.2	489.7	2,609.9
Discounted at 12%		534.5	1,451.2	0.0	1,985.7	457.3	2,443.0
Discounted at 15%		528.8	1,279.4	0.0	1,808.2	415.2	2,223.3
ARTC							
Undiscounted		0.0	0.0	0.0	0.0	0.0	0.0
Discounted at 5%		0.0	0.0	0.0	0.0	0.0	0.0
Discounted at 10%		0.0	0.0	0.0	0.0	0.0	0.0
Discounted at 12%		0.0	0.0	0.0	0.0	0.0	0.0
Discounted at 15%		0.0	0.0	0.0	0.0	0.0	0.0
Including ARTC							
Undiscounted		497.8	2,575.1	0.0	3,072.9	726.5	3,799.4
Discounted at 5%		530.4	1,997.6	0.0	2,528.0	589.5	3,117.6
Discounted at 10%		536.3	1,583.9	0.0	2,120.2	489.7	2,609.9
Discounted at 12%		534.5	1,451.2	0.0	1,985.7	457.3	2,443.0
Discounted at 15%		528.8	1,279.4	0.0	1,808.2	415.2	2,223.3

Report Time: Thu, 24 Jan 2008 13:26

Economic Case: AJM December 31, 2007 Forecast Pricing

Hierarchy: Reserves

DB: fsc000v24 : mcs2prod Version: 2.4.5.8601

For reference only: 1 boe = 1 bbl Oil = 5 mcf Gas = 1 bbl NGL

*If the Total does not equal the sum of Light and Heavy oil, it includes oil volumes classified as Undefined



FAIR SKY RESOURCES INC.
AJM December 31, 2007 Forecast Pricing
PRODUCTION AND CASH FLOW FORECASTS

Selection: Canada

Effective December 31, 2007

Total Proved Plus Probable Additional Reserves

Page 1 of 1

	COMPANY OIL								COMPANY GAS								SULPHUR			Total
	Wells	Rates	Pool Volumes	WI Volume	RI Volume	Price	Revenue	Wells	Rates	Pool Volumes	WI Volume	RI Volume	Price	Revenue	Total Volumes	Price				
	stb/d	stb	stb	stb	stb	\$/stb	M\$	Mcf/d	MMcf	MMcf	MMcf	MMcf	\$/Mcf	M\$	ll	\$/lt	Mboe/d			
2008	0	0.0	0.0	0.0	0.0	0.00	0.0	5	582	212.9	118.1	0.0	6.88	812.4	0.0	0.00	0.054			
2009	0	0.0	0.0	0.0	0.0	0.00	0.0	4	412	150.3	81.0	0.0	7.73	626.5	0.0	0.00	0.037			
2010	0	0.0	0.0	0.0	0.0	0.00	0.0	8	888	323.5	172.9	0.0	8.04	1,390.9	0.0	0.00	0.079			
2011	0	0.0	0.0	0.0	0.0	0.00	0.0	6	734	267.8	144.2	0.0	8.44	1,217.4	0.0	0.00	0.066			
2012	0	0.0	0.0	0.0	0.0	0.00	0.0	6	571	208.8	113.1	0.0	8.59	971.9	0.0	0.00	0.052			
2013	0	0.0	0.0	0.0	0.0	0.00	0.0	6	445	162.5	88.4	0.0	9.04	799.3	0.0	0.00	0.040			
2014	0	0.0	0.0	0.0	0.0	0.00	0.0	8	349	127.3	69.4	0.0	9.24	641.6	0.0	0.00	0.032			
2015	0	0.0	0.0	0.0	0.0	0.00	0.0	6	269	98.2	54.5	0.0	9.44	514.3	0.0	0.00	0.025			
2016	0	0.0	0.0	0.0	0.0	0.00	0.0	5	196	71.6	42.6	0.0	9.59	408.5	0.0	0.00	0.019			
2017	0	0.0	0.0	0.0	0.0	0.00	0.0	5	154	58.3	33.5	0.0	9.79	328.0	0.0	0.00	0.016			
Sub	0	0.0	0.0	0.0	0.0	0.00	0.0	5	460	1,679.2	917.7	0.0	8.40	7,710.8	0.0	0.00	0.042			
Rem	0	0.0	0.0	0.0	0.0	0.00	0.0	0	58	63.2	35.9	0.0	10.09	356.4	0.0	0.00	0.005			
Total	0	0.0	0.0	0.0	0.0	0.00	0.0	0	367	1,742.3	953.1	0.0	8.46	8,067.2	0.0	0.00	0.033			

	COMPANY CONDENSATE				COMPANY BUTANE				COMPANY PROPANE				COMPANY ETHANE				TOTAL COMPANY NGL		
	WI Volume	RI Volume	Price	Revenue	WI Volume	RI Volume	Price	Revenue	WI Volume	RI Volume	Price	Revenue	WI Volume	RI Volume	Price	Revenue	WI Volumes	RI Volumes	Net Volumes
	stb	stb	\$/stb	M\$	stb	stb	\$/stb	M\$	stb	stb	\$/stb	M\$	stb	stb	\$/stb	M\$	stb	stb	stb
2008	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0
2009	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0
2010	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0
2011	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0
2012	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0
2013	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0
2015	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0
2016	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0
2017	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0
Sub	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0
Rem	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0

Company Revenue	Crown Royalty	Freehold Royalty	ORR Royalty	Mineral Tax	Total Royalty Burden	Net Rev After Royalties	Other Income	Seek Corp Cap Tax	Fixed Oper Expense	Variable Operating Expense	Other Expenses	Total Operating Costs	Abandon Cost	Net Operating Income	Total Invest.	NET Cash Flow	CUM Cash Flow	DISC Cash Flow (10%)	
M\$	M\$	M\$	M\$	M\$	%	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	
2008	812.4	190.1	1.3	12.8	0.1	25.1	608.1	0.0	0.0	99.4	57.0	0.0	156.5	66.8	384.9	0.0	384.9	384.9	365.6
2009	626.5	187.3	1.3	10.5	0.1	23.9	477.0	0.0	0.0	69.5	39.1	0.0	108.6	78.1	290.3	0.0	290.3	675.2	249.6
2010	1,390.9	269.8	0.2	41.5	0.0	22.4	1,078.4	0.0	0.0	111.9	95.2	0.0	207.1	76.6	795.7	197.6	598.1	1,273.3	482.4
2011	217.4	204.6	0.0	38.2	0.0	19.9	974.6	0.0	0.0	119.7	82.1	0.0	201.8	63.7	709.1	0.0	709.1	1,982.4	508.0
2012	971.9	141.2	0.0	31.6	0.0	17.8	799.0	0.0	0.0	122.4	65.7	0.0	188.1	58.5	651.3	0.0	551.3	2,533.8	358.0
2013	799.3	101.3	0.0	27.0	0.0	16.0	671.0	0.0	0.0	124.5	52.4	0.0	177.0	51.5	442.6	0.0	442.6	2,976.4	262.0
2014	641.6	71.6	0.0	22.4	0.0	14.6	547.7	0.0	0.0	127.0	42.1	0.0	169.1	61.9	316.6	0.0	316.6	3,293.0	170.4
2015	514.3	51.7	0.0	18.5	0.0	13.5	444.6	0.0	0.0	128.9	33.7	0.0	162.6	53.8	228.3	0.0	228.3	3,521.2	117.7
2016	408.5	36.7	0.0	15.4	0.0	12.7	356.4	0.0	0.0	129.4	28.9	0.0	156.3	38.1	162.1	0.0	162.1	3,683.3	72.1
2017	328.0	26.9	0.0	12.8	0.0	12.1	288.4	0.0	0.0	131.8	21.6	0.0	153.2	17.9	117.2	0.0	117.2	3,800.5	47.4
Sub	7,710.8	1,290.4	2.6	231.2	0.3	15.0	6,246.2	0.0	0.0	1,164.3	515.9	0.0	1,680.2	567.9	3,988.1	197.6	3,800.5	3,800.5	2,606.1
Rem	356.4	27.1	0.0	11.7	0.0	10.9	317.6	0.0	0.0	178.7	22.6	0.0	201.3	117.3	-1.1	0.0	-1.1	3,799.4	1.8
Total	8,067.2	1,257.5	2.6	242.9	0.3	18.6	6,563.7	0.0	0.0	1,343.0	538.5	0.0	1,881.5	685.3	3,997.0	197.6	3,799.4	3,799.4	2,609.9

GROSS RESERVES LIFE

	(Years)
Reserves Half Life	3.7
Reserves Life	13.0
RLI (BOE)	8.1

NET PRESENT VALUE BEFORE TAX

Discount Rate	Op Investment	Cash Flow	NPV/BOE	
%	M\$	M\$	M\$	
0	3,987.0	197.6	3,799.4	23.9
5	3,295.8	178.2	3,117.6	19.6
6	2,963.8	167.9	2,798.0	17.8
10	2,771.4	161.5	2,609.9	16.4
12	2,598.5	155.5	2,443.0	15.4
15	2,370.3	147.0	2,223.3	14.0
20	2,057.4	134.3	1,923.1	12.1
25	1,808.6	123.2	1,685.6	10.6

CAPITAL (undisc)

	Unrisked	Risked
Cost Of Production (\$/BOEPD)	3,674	3,674
Cost Of Reserves (\$/BOE)	1.24	1.24
Prob Of Success (%)	0.00	0.00
Chance Of Expend (%)	0.00	0.00

ECONOMIC INDICATORS BEFORE INCOME TAX

	Unrisked	Risked
Discount Rate (%)	10.00	10.00
Payout (years)	0.00	0.00
Discounted Payout (years)	0.00	0.00
DCF Rate of Return (%)	200.00	200.00
NPV/Undisc Invest	13.21	13.21
NPV/Dis Invest	16.16	16.16
NPV/Dis Cap Exposure	26.84	26.84
NPV/BOEPD (\$/boepd)	48,528.02	48,528.02

FIRST 12 MONTHS AVERAGE PERFORMANCE (undisc)

	Unrisked	Risked
Production (boepd)	53.78	53.78
Price (\$/BOE)	41.27	41.27
Royalties (\$/BOE)	10.38	10.38
Operating Costs (\$/BOE)	7.85	7.85
Netback (\$/BOE)	18.51	18.51

For reference only: 1 boe = 1 bbl Oil = 6 mcf Gas = 1 bbl NGL
 Report Time: Thu, 24 Jan 2008 13:29
 Economic Case: AJM December 31, 2007 Forecast Pricing
 Hierarchy: Reserves
 DB: fsk000v24 : msa2prod Version: 2.4.5.8601



Deloitte

Fair Sky Resources Inc., in receivership

Alberta & Saskatchewan Crude Oil & Natural Gas Properties

BID DEADLINE: February 15, 2008 5:00:00 PM (Mountain Standard Time)

Overview

Deloitte and Touche Inc., in its capacity as Interim Receiver ("Receiver") of the assets and undertakings of Fair Sky Resources Inc. ("Fair Sky" or the "Company") is offering for sale the Company's interests in all its oil and gas properties located in Alberta and Saskatchewan (the "Properties"). Recent production from the Properties net to the Company is approximately 60 boe/d.

Wells and Production*

- The Company holds working interests in two producing gas wells and approximately 27 suspended or shut in oil and natural gas wells, the details of which are as follows:

PROPERTY	LAND		WELLS		RECENT PRODUCTION	
	W.I.	Operator	Gas	SI	Mcf/d	boe/d
Abee	25%	Fair Sky	-	1	-	-
Carbondale	50% - 100%	Fair Sky	-	10	-	-
Carbondale	7.50%	Rival Energy	-	1	-	-
Grand Forks	6.25%	Diaz Resources	-	1	-	-
Hairy Hill	25% - 100%	Fair Sky	-	4	-	-
McLean's Creek	100%	Fair Sky	-	3	-	-
Moose Jaw	100%	Fair Sky	-	5	-	-
Spruce Grove	36%	Canetic	-	1	-	-
Westrose	65%	Fair Sky	2	1	360	60

*The Receiver has not reviewed, verified, nor audited the accuracy of the information contained herein.

Reserves and Value*

- A Reserve and Economic Evaluation Report for these properties is available upon request.
- Total proved plus probable reserves from the Properties is estimated to be 953 MMcf, with an estimated net present value between \$2.5 and \$3.05 million using forecast pricing at a 10% discount value, as summarized below.

	COMPANY GROSS RESERVES (before royalties)			PV 10% (before tax) \$M	COMPANY PROD'N (before royalties) boe/d	2008 FORECAST OPERATING INCOME \$
	Oil Mbbbl	Natural Gas MMcf	Total MBOE			
Proved Developed Producing	0	264	44	981	46	386,700
Proved Undeveloped	0	545	91	1,584	0	0
Total Proved	0	809	135	2,565	46	386,700
Probable	0	144	24	484	8	65,000
Total Proved Plus Probable	0	953	159	3,049	54	452,700

*The Receiver has not reviewed, verified, nor audited the accuracy of the information contained herein.

For further information, please contact:

Derrick Taub

Deloitte and Touche Inc. (403) 267-0581
dtaub@deloitte.ca

Opportunity to acquire P&NG properties in Alberta & Saskatchewan

Fair Sky Resources Inc.

Deloitte & Touche Inc., in its capacity as interim receiver of Fair Sky Resources Inc., is offering for sale the company's interests in all its oil and gas leases in Alberta and Saskatchewan.

- Recent production from the properties net to the company is approximately 60 boe/d or 360 mcf/d
- Total proved plus probable reserves estimated between \$2.5 and \$3.05 million

All bids must be submitted before **February 15, 2008** at 5 p.m. Mountain Standard Time. For further information, or to submit a bid, please contact:

Derrick Taub
Deloitte
403-267-0581
dtaub@deloitte.ca

Deloitte.

Audit. Tax. Consulting. Financial Advisory.

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

**IN THE MATTER OF THE
CANADIAN WESTERN BANK
AND
FAIR SKY RESOURCES INC.**

**FIRST REPORT OF THE COURT-APPOINTED INTERIM
RECEIVER
DELOITTE & TOUCHE INC.**

March 20, 2008

Deloitte & Touche Inc.
3000, 700 Second Street SW
Calgary, AB T2P 0S7
(403) 267-1700

