

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

BETWEEN:

BG INTERNATIONAL LIMITED

Plaintiff

- and -

CANADIAN SUPERIOR ENERGY INC.

Defendant

**RECEIVER'S FOURTH REPORT TO THE COURT
SUBMITTED BY DELOITTE & TOUCHE INC.**

May 21, 2009

INTRODUCTION

1. On the application of BG International Limited ("**BGI**") on February 11, 2009, Deloitte & Touche Inc. (the "**Receiver**") was appointed Receiver of Canadian Superior Energy Inc.'s Participating Interest, as outlined in Article 3.2(c) of a Joint Operating Agreement dated August 11, 2007 among BGI, Canadian Superior Energy Inc. ("**CSEI**") and Challenger Energy Corp. (the "**JOA**") and given exclusive charge of conduct of all Joint Operations as defined in the JOA (the "**Receivership Order**").
2. This Fourth Report of the Receiver (the "**Fourth Report**") provides the Court with an update of the Receiver's activities since the Third Report dated March 5, 2009.

TERMS OF REFERENCE

3. In preparing this Fourth Report, the Receiver has relied upon information provided by CSEI and BGI. The Receiver has not performed an audit or other form of verification of such information.
4. Capitalized terms not defined in this Fourth Report are as defined in the Receivership Order, Amended and Restated Receivership Order or the Receiver's First, Second or Third Report. All references to dollars are in US currency unless otherwise noted.

ACTIVITIES OF THE RECEIVER

5. On or about March 23, 2009, the phase one drilling and demobilization program with respect to Block 5(c) Trinidad (the "**Project**") as defined in the JOA was completed.

6. Operatorship was handed over to BGI by the Receiver, according to contractual arrangements, on April 21, 2009.
7. Since those dates, the activities of the Receiver have primarily been involved with the finalizing of payments to the contractors involved in the Project and monitoring the restructuring and marketing efforts of CSEI and Challenger Energy Corp. ("**Challenger**").
8. The Receiver entered into an agreement with CSEI for CSEI to process the remaining VAT refund applications on the Receiver's behalf. These VAT refund applications have been submitted and CSEI's experience is that the receipt of the VAT refunds could take up to 6 months from the date of submission. BGI has indicated it will work closely with the Receiver to expediate payment by the Trinidad Government of these refunds.
9. The Receiver has entered into an agreement with CSEI that ensures the Receiver will receive the Trinidad VAT refunds for the months of December 2008 through to and including April 2009. The December refund has been received by the Receiver in Trinidad dollars. BGI has agreed to purchase most of these Trinidad dollars from the Receiver for US dollars.
10. JIBs for the period through to the end of April 2009 have been prepared and distributed to the JOA participants. Since prior to the appointment of the Receiver, neither CSEI nor Challenger have been able to fund their respective JOA obligations and JOA obligations of those two companies had been funded since the Receivership through Receiver's Borrowings or remain outstanding.

11. On May 15, 2009, BGI was JIB'd approximately \$1.7 million for the April period, which payment is due June 15, 2009. To assist the Receiver in having funds to pay the third party vendors, BGI has agreed to accelerate payment of that JIB.
12. When the Receiver was appointed, it was estimated that a borrowing limited to US\$47 million would be adequate to complete the Project. Increased costs and potential timing of the VAT refunds necessitate that limit being increased.
13. CSEI and BGI have worked closely with the Receiver in an effort to determine the amounts that remain outstanding to third party vendors on the Project.
14. Attached as Schedule A is a Statement of Cash Receipts and Cash Disbursements for the Period Ending May 21, 2009 prepared by the Receiver showing current US dollar equivalent cash on hand of approximately \$10.4 million.
15. The Estimated Additional Borrowing Requirements statement as of May 21, 2009 prepared by the Receiver is attached as Schedule B.
16. But for the fact that the Receiver expects delays in receipt of VAT refunds, the Receiver estimates an additional \$1.8 million borrowing authorization would be sufficient to complete the engagement (assuming CSEI and Challenger are able to retire the Receiver's Borrowing Charge and Receiver's Charge voluntarily through sale of assets as anticipated in their respective CCAA proceedings).
17. The Receiver is optimistic that it will receive but currently has not obtained a commitment from BGI or any other party to fund the additional borrowings.

18. The difference between the \$1.8 million estimated addition borrowing requirement as shown on Schedule B and the additional \$5 million increase requested is to take into account, in part, the anticipated timing of the VAT refund receipts. In the event that the Trinidad Government disallows any of the VAT refunds applications, the Receiver may be required to seek a further increase in authorized borrowings.

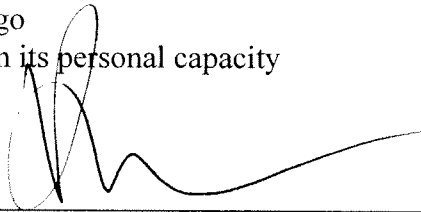
All of which is respectfully submitted this 21st day of May, 2009.

DELOITTE & TOUCHE INC.,

In its capacity as Receiver of
CSEI's Participation Interest in Block 5C Trinidad
and Tobago

And not in its personal capacity

Per:



Victor Kroeger, CA • CIRP, CFE
Senior Vice President

SCHEDULE A

Canadian Superior Energy Inc. - Block 5C in Receivership
Statement of Cash Receipts & Cash Disbursements for the Period Ending May 21, 2009
All Amounts in US Dollars

Cash Receipts:

BGI JIB Payments Received

3/3/2009 December JIB	\$5,741,717.47	
3/3/2009 January JIB	5,888,669.50	
4/15/2009 February JIB	7,368,089.74	
5/20/2009 March JIB	<u>4,099,532.29</u>	\$ 23,098,009.00

Receiver Certificates

2/19/2009 Certificate 1	962,280.00	
3/3/2009 Certificate 2	2,000,000.00	
3/3/2009 Certificate 3	4,000,000.00	
3/3/2009 Certificate 4	33,037,720.00	
4/7/2009 Certificate 5	<u>7,000,000.00</u>	47,000,000.00

Other receipts

2/23/2009 re: Carl Thome Vessel	873,452.62	
5/19/2009 *December VAT Refund	<u>2,273,487.84</u>	3,146,940.46

Total Cash Receipts

73,244,949.46

Cash Disbursements:

Block 5C Costs	62,494,850.14
Administration costs	<u>344,259.26</u>

Total Cash Disbursements

62,839,109.40

Excess of Cash Receipts over Cash Disbursements

\$ 10,405,840.06

Represented by:

US Dollar Bank Account	\$ 8,042,332.22
** CDN Dollar Bank Account expressed in USD	10,898.93
*** TT Dollar Bank Account expressed in USD	<u>2,352,609.91</u>
	<u><u>\$ 10,405,841.06</u></u>

* December VAT Refund is \$14,209,299 in TT\$ converted at \$.16

** Canada/US Rate used is \$.79

*** TT Dollar/US Rate used is \$.16

SCHEDULE B

Canadian Superior Energy Inc. Block 5C - in Receivership
Estimated Additional Borrowing Requirements as of May 21, 2009
All Amounts in US Dollars

Total Unpaid Block 5(c) Trinidad Costs	\$	18,222,000
Less Funds on Hand May 21, 2009		<u>10,406,000</u>
Total Additional Funds Required to Pay Unpaid Block 5(c) Trinidad Costs		7,816,000
Allowance for Administration Costs and Contingencies		<u>1,544,000</u>
Total Estimated Cash Requirement		9,360,000
Less Estimated Future Cash Receipts		
VAT Refund Claims Filed	\$	5,863,000
BGI May 15, 2009 JIB		<u>1,721,000</u>
		7,584,000
Estimated Additional Borrowings Required as of May 21, 2009	\$	<u><u>1,776,000</u></u>

Action No.: 0901-02012

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Defendant

**RECEIVER'S FOURTH REPORT TO THE
COURT SUBMITTED BY DELOITTE &
TOUCHE INC.**

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