CANADIAN SUPERIOR ENERGY INC
Form F-3/A
November 19, 2008
As Filed with the Securities and Exchange Commission on November 19 , 2008

Registration No. 333- 153698

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1 to
FORM F-3
REGISTRATION STATEMENT
UNDER THE
SECURITIES ACT OF 1933

Canadian Superior Energy Inc.
(Exact name of Registrant as specified in its charter)

Alberta (Province or other Jurisdiction of Incorporation or Organization)	Not Applicable (I.R.S. Employer Identification No.)

Suite 3200, 500 - 4th Avenue SW
Calgary, Alberta
Canada, T2P 2V6
(403) 294-1411
(Address and telephone number of Registrants' principal executive offices)

CT Corporation System
111 Eighth Avenue
New York, New York, 10011
(212) 894-8940
(Name, address and telephone number
(including area code) of agent for service)

Copies to:

Christopher W. Morgan, Esq. Riccardo Leofanti, Esq. Skadden, Arps, Slate, Meagher & Flom LLP 222 Bay Street, Suite 1750, P.O. Box 258 Toronto, Ontario, Canada M5K 1J5 (416) 777-4700	John J. Poetker, Esq. Borden Ladner Gervais LLP 1000 Canterra Tower, 400 Third Avenue S.W. Calgary, AB, Canada T2P 4H2 (403) 232-9703

Approximate date of commencement of proposed sale of the securities to the public:
From time to time on or after the effective date of this Registration Statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, please check the following box. x

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a registration statement pursuant to General Instruction I.C. or a post–effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. o

If this Form is a post–effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. o

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The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission acting pursuant to said Section 8(a), may determine.

PART I

INFORMATION REQUIRED IN PROSPECTUS

(Flag)

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

Subject to Completion, dated November 19 , 2008

CANADIAN SUPERIOR ENERGY INC.

13,125,000 Common Shares

This prospectus covers 13,125,000 common shares that may be offered for resale by the selling shareholders named in this prospectus and certain persons to whom the selling shareholders may transfer their shares. The shares include 8,750,000 common shares and an additional 4,375,000 common shares that are issuable upon exercise of warrants that we issued to the selling shareholders on September 3, 2008 in a private placement of units consisting of common shares and warrants. No securities are being offered or sold by us pursuant to this prospectus.

We will not receive any of the proceeds from the sale of the shares by the selling shareholders. We will, however, receive the proceeds from any exercise of the warrants unless the selling shareholders elect to exercise the warrants using a cashless exercise feature that allows the selling shareholders to receive a reduced number of shares rather than paying the exercise price in cash.

Our common shares are listed on the Toronto Stock Exchange and the American Stock Exchange under the symbol “SNG”. On November 17 , 2008, the closing price of our common shares was Cdn$ 1.56 on the Toronto Stock Exchange and US$ 1.28 on the American Stock Exchange.

The selling shareholders may, from time to time, sell, transfer or otherwise dispose of any or all of their common shares directly to purchasers or through broker-dealers or agents. The common shares may be sold in one or more transactions at fixed prices, prevailing market prices at the time of sale, prices related to the prevailing market prices, varying prices determined at the time of sale or negotiated prices. See “Plan of Distribution” beginning on page 20 for more information about how the selling shareholders may sell or dispose of their shares. We do not know when or in what amount the selling shareholders may offer the shares for sale. The selling shareholders may sell any, all or none of the shares offered by this prospectus.

An investment in our common shares involves a high degree of risk. Before purchasing any common shares, you should consider carefully the risks described under “Risk Factors” beginning on page 5.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offence.

The date of this prospectus is , 2008.

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You should rely only upon the information included in this prospectus or incorporated by reference as described under "Documents Incorporated by Reference". We and the selling shareholders have not authorized any other person to provide you with different or inconsistent information, and you should not rely upon any such information.

The information contained in this prospectus is accurate only as of the date of this prospectus, and the information contained in any document incorporated by reference in this prospectus is accurate only as of the date of that document, regardless of the time of delivery of this prospectus or any sale of the common shares. Our business, financial condition, results of operations and prospects may have changed since those dates.

The selling shareholders are offering to sell, and seeking offers to buy, the shares only in jurisdictions where it is lawful to do so. This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any shares other than the registered shares to which it relates, nor does this prospectus constitute an offer to sell or the solicitation of an offer to buy shares in any jurisdiction to any person to whom it is unlawful to make an offer or solicitation in that jurisdiction.

References in this prospectus to "Canadian Superior," "we", "us", and "our" refer to Canadian Superior Energy Inc. and our subsidiaries, unless otherwise specified. References in this prospectus to "BOE/d" mean a barrel of oil equivalent of natural gas and crude oil on the basis of 1 BOE for 6,000 cubic feet of natural gas, which is the industry accepted norm and is not based on either energy content or current price, and references in this prospectus to "MBOE" mean 1,000 barrels of oil equivalent. We encourage you to read the additional information and cautionary note regarding the presentation of barrels of oil equivalent contained in our Canadian Annual Information Form, or AIF (which forms a part of our Annual Report on Form 40-F for the fiscal year ended December 31, 2007 and is incorporated by reference in this prospectus) under "Statement of Reserves Data and Other Oil and Gas Information". See "Documents Incorporated by Reference".

CAUTIONARY NOTE TO UNITED STATES INVESTORS

Under a multi-jurisdictional disclosure system adopted by the United States and Canada, we are permitted to prepare our continuous disclosure documents and other information, including most of the documents incorporated by reference in this prospectus, in accordance with the disclosure requirements of Canada. You should be aware that Canadian disclosure requirements are different from those of the United States.

Unless otherwise indicated, all financial information included and incorporated by reference in this prospectus is reported in Canadian dollars and has been prepared in accordance with Canadian generally accepted accounting principles, or Canadian GAAP. To the extent applicable to our consolidated financial statements, these principles conform in all material respects with generally accepted accounting principles in the United States, or U.S. GAAP, except as described in the notes to our consolidated financial statements, which are incorporated by reference in this prospectus.

We have also incorporated by reference in this prospectus the consolidated financial statements of Seeker Petroleum Limited, which we acquired on March 26, 2008, together with unaudited pro forma consolidated financial information that illustrates, on a pro forma basis, the effects of our acquisition of Seeker Petroleum on our consolidated financial statements. Seeker Petroleum's consolidated financial statements are reported in Canadian dollars and have been prepared in accordance with Canadian GAAP. To the extent applicable to Seeker Petroleum's consolidated financial statements, these principles conform in all material respects with U.S. GAAP, except as described in the notes to Seeker Petroleum's consolidated financial statements. The unaudited pro forma financial information included in this prospectus is reported in Canadian dollars, has been prepared in accordance with Canadian GAAP and has been reconciled to U.S. GAAP as set forth in the notes to the unaudited pro forma financial information.

Unless otherwise indicated, all reserve and resource estimates included or incorporated by reference in this prospectus have been, and will be, prepared in accordance with National Instrument 51-101 — Standards of Disclosure for Oil and Gas Activities or NI 51-101. NI 51-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes with respect to oil and gas activities and production and reserve information.

Canadian standards, including NI 51-101, differ significantly from the requirements of the SEC, and any reserve and resource information included or incorporated by reference in this prospectus may not be comparable to similar information disclosed by U.S. companies. Under U.S. standards, oil and gas deposits may not be classified as "proved reserves" unless the determination has been made that the oil and gas is reasonably certain to be economically and legally produced and sold under economic conditions prevailing at the time the reserve determination is made. The SEC's disclosure standards normally do not permit the inclusion of information concerning "probable reserves", "possible reserves" or "resources" or other descriptions of the amount of oil and gas deposits that do not constitute "proved reserves" by U.S. standards in documents filed with the SEC. U.S. investors should also understand that "resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of a "resource" will ever be upgraded to a higher category. Investors are cautioned not to assume that all or any part of a "resource" exists or is economically or legally recoverable. The Canadian standards for identification of "proved reserves" are also not the same as those of the SEC, and proved reserves reported by Canadian Superior in compliance with Canadian standards may not qualify as "proved reserves" under SEC standards.

In this prospectus and in any documents incorporated by reference, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. References to "$" or "Cdn$" means Canadian dollars and references to "US$" means U.S. dollars. See "Exchange Rate Information".

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THE COMPANY

Canadian Superior is a crude oil and natural gas exploration and production company with its primary emphasis on the exploration for, and production of, crude oil and natural gas in Western Canada, offshore Nova Scotia, and offshore Trinidad and Tobago.

Further details concerning our business, including information with respect to our assets, operations and development history, are provided in our AIF, which forms a part of our Annual Report on Form 40-F, and the other documents incorporated by reference in this prospectus. See "Documents Incorporated by Reference". You are encouraged to thoroughly review the documents incorporated by reference into this prospectus as they contain important information concerning our business and our prospects.

Our principal and head office is located at 3200, 500 - 4th Avenue S.W., Calgary, Alberta T2P 2V6, and our registered office is located at 3300, 421 - 7th Avenue S.W., Calgary, Alberta T2P 4K9. Our telephone number is (403) 294-1411.

RECENT DEVELOPMENTS

On March 26, 2008, we completed the acquisition of all of the outstanding shares of Seeker Petroleum, a private oil and gas company operating in Western Canada. The purchase price for the acquisition of Seeker Petroleum was approximately $51.2 million which was satisfied by the assumption of approximately $8.0 million of debt, payment in cash of $14.2 million and the issuance of 7,651,866 common shares at a deemed price of $3.72 per share.

On July 9, 2008, we, as operator of the "Bounty" well located on Block 5(c) approximately 65 miles off the east coast of Trinidad, and our partners, BG International Limited, a wholly owned subsidiary of the BG Group plc, and Challenger Energy Corp., agreed to case and flow test the 17,360 foot "Bounty" well. The "Bounty" well is the second well in an initial three well program offshore Trinidad on Block 5(c). On August 13, 2008, we announced the discovery of natural gas in the "Bounty" well. During the testing of the "Bounty" well, production testing equipment capacity was maximized resulting in flow testing being restricted to a stabilized rate of 60 million cubic feet per day of natural gas with a flowing bottom hole pressure of 7,186 pounds per square inch, with the well being capable of initially producing at a rate of approximately 200 million cubic feet per day. Further information regarding the "Bounty" well may be found under "Description of the Business and Principal Properties - Oil and Gas Properties - Trinidad and Tobago" in the AIF, which forms a part of our Annual Report on Form 40-F. See "Documents Incorporated by Reference".

On September 3, 2008, we completed a private placement to the selling shareholders of 8,750,000 units at a price of US $4.00 per unit for gross proceeds of US$35 million. Each unit consisted of one share and one-half warrant with each whole warrant being exercisable to purchase one common share at a price of US $4.75 for a period of one year. We refer to this transaction as the "Private Placement".

RISK FACTORS

Investing in our common shares involves a high degree of risk. In addition to the other information included in this prospectus, you should carefully consider the risks described below and the risk factors described in the documents incorporated by reference before purchasing our common shares. If any of the following risks actually occur, our business, financial condition and results of operations could materially suffer. As a result, the trading price of our common shares could decline, and you might lose all or part of your investment.

An investment in our common shares is speculative due to the nature of our business.

An investment in our common shares is speculative due to the nature of our involvement in the exploration, development and production of oil and natural gas and our present stage of development. Oil and natural gas exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration by us will result in new discoveries of oil or natural gas in commercial quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions, such as over pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations of that data.

Our long-term commercial success depends upon our ability to find, acquire, develop and commercially produce oil and natural gas reserves. We cannot assure you that we will be able to locate satisfactory properties for acquisition or participation. Moreover, if any acquisitions or participations are identified, we may determine that current markets, terms of acquisition and participation or pricing conditions make those acquisitions or participations uneconomic.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. Production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

In addition, oil and gas operations are subject to the risks of exploration, development and production of oil and natural gas properties, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, cratering, sour gas releases, fires and spills. Losses resulting from the occurrence of any of these risks could have a materially adverse effect on future results of operations, liquidity and financial condition.

We might have difficulty obtaining additional capital, which could prevent us from achieving our business objectives. If we are successful in raising additional capital, it may have a dilutive effect on our shareholders.

We anticipate that we will make substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. If our revenues or reserves decline, we may have limited ability to expend the capital necessary to undertake or complete future drilling programs. We cannot assure you that debt or equity financing, or cash generated by operations, will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to us. Failure to obtain additional financing on a timely basis could cause us to forfeit our interest in certain properties, miss acquisition opportunities and reduce or terminate our operations. Moreover, future activities may require us to alter our capitalization significantly. Our inability to access sufficient capital for our operations could have a material adverse effect on our financial condition, results of operations or prospects. Also, if we raise funds by issuing additional common shares or debt securities convertible into common shares, our shareholders will experience dilution, which may be significant, to their ownership interest in us. If we raise funds by issuing shares of a different class of stock other than our common shares or by issuing debt, the holders of such different classes of stock or debt securities may have rights senior to the rights of the holders of our common shares.

We may incur debt to finance the acquisition of assets and other companies. This may impair our ability to obtain future financing to fund our operations or future business opportunities.

From time to time, we may enter into transactions to acquire assets or the securities of other companies. These transactions may be financed partially or wholly with debt, which may increase our debt levels above industry standards. Neither our articles nor our bylaws limit the amount of indebtedness that we may incur. The level of our indebtedness may impair our ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise or to fund our operations.

Declines in the world prices of oil and natural gas may have a material adverse effect on our revenues and net income.

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond our control. World prices for oil and natural gas have fluctuated widely in recent years. Any material decline in prices could result in a reduction of net production revenue and income. Certain wells or other projects may become uneconomic as a result of a decline in world oil prices and natural gas prices, leading to a reduction in the volume of our oil and natural gas reserves. We might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in our future net production revenue, causing a reduction in our oil and natural gas acquisition and development activities. In addition, bank borrowings available to us are in part determined by our borrowing base. A sustained material decline in prices from historical average prices could limit our borrowing base, therefore reducing the bank credit available to us, and could require that a portion of our then existing bank debt be repaid.

In addition to establishing markets for our oil and natural gas, we must also successfully market our oil and natural gas to prospective buyers. The marketability and price of oil and natural gas which may be acquired or discovered by us will be affected by numerous factors beyond our control. We will be affected by the differential between the price paid by refiners for light quality oil and the grades of oil produced by us. Our ability to market our natural gas may depend upon our ability to acquire space on pipelines which deliver natural gas to commercial markets. We will also likely be affected by deliverability uncertainties related to the proximity of our reserves to pipelines and processing facilities and related to operational problems with such pipelines and facilities and extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and other aspects of the oil and natural gas business.

The nature of our business exposes us to substantial risks. To the extent that we incur liability in excess of our insurance coverage, our financial position, results of operations or prospects could be materially affected.

Our involvement in the exploration for and development of oil and natural gas properties may result in our becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards. Our insurance coverage has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, these risks may not, in all circumstances be insurable or, in certain circumstances, we may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of uninsured liabilities would reduce the funds available to us. The occurrence of a significant event that we are not fully insured against, or the insolvency of the insurer of that event, could have a material adverse effect on our financial position, results of operations or prospects.

Future litigation could adversely affect our business and cash position.

From time to time, we may become involved in litigation relating to claims arising from our ordinary course of business. We are unable to determine the ultimate aggregate amount of monetary liability or financial impact in these legal matters. We cannot determine whether these matters will, individually or collectively, have a material adverse effect on our business, results of operations and financial condition. Litigation can be time consuming, expensive, and distract our management from the conduct of our business. To the extent we incur expenses in connection with litigation or regulatory proceedings in the future, which expenses may include substantial fees of attorneys and other professional advisors and potential obligations to indemnify officers and directors who may be parties to such actions, such expenses could adversely affect our cash position if they are not otherwise covered by available insurance.

We are subject to numerous environmental regulations that have become more stringent in the recent past and may result in increased liabilities and increased capital expenditures by us.

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and national, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with environmental legislation and regulation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require us to incur costs to remedy such discharge. We cannot assure you that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect our financial condition, results of operations or prospects.

We will encounter competition in all areas of our business and may not be able to successfully compete with our competitors.

We actively compete for reserve acquisitions, exploration leases, licenses and concessions and skilled industry personnel with a substantial number of other oil and gas companies, many of which have significantly greater financial resources than us. Our competitors include major integrated oil and natural gas companies and numerous other independent oil and natural gas companies and individual producers and operators. The oil and natural gas industry is highly competitive. Our competitors for the acquisition, exploration, production and development of oil and natural gas properties, and for capital to finance such activities, include companies that have greater financial and personnel resources available to them than we do. Certain of our customers and potential customers are themselves exploring for oil and gas, and the results of these exploration efforts could affect our ability to sell or supply oil or natural gas to these customers in the future. Our ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working relationships with our future industry partners and joint operators and our ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment.

Our reserves will be depleted over time and we may be unable to develop or acquire additional reserves.

Our future oil and natural gas reserves, production, and cash flows to be derived therefrom are highly dependent on our successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any of our existing reserves and our production will decline over time as those existing reserves are exploited. A future increase in our reserves will depend not only on our ability to develop any properties we may have from time to time, but also on our ability to select and acquire suitable producing properties or prospects. We cannot assure you that our future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil and natural gas.

Our success depends on our ability to retain the current members of our senior management team and other key personnel.

Our success depends to a significant extent on the continued services of our core senior management team and other key personnel. If one or more of these individuals were unable or unwilling to continue in his present position, our business would be disrupted and we might not be able to find replacements on a timely basis or with the same level of skill and experience. Finding and hiring replacements could be costly and might require us to grant significant equity awards or other incentive compensation, which could adversely impact our financial results. We do not maintain key-person life insurance for any of our management personnel or other key employees.

Our production and revenues may to some extent be dependent on the ability of third party operators.

To the extent we are not the operators of our oil and natural gas properties, we will be dependent on the operators for the success of those properties and we will largely be unable to direct or control the activities of the operators. If, in situations where we are not the operator, the operator fails to perform adequately or becomes insolvent, our revenues may be reduced. Payments from production generally flow through the operator and, where we are not the operator, there is a risk of delay and additional expenses in receiving such revenues.

We may not be able to secure the required licenses and permits for the conduct of our business.

Our operations generally require licenses and permits from various governmental authorities. We cannot assure you that we will be able to obtain or maintain all necessary licenses and permits that may be required to carry out exploration and development at our projects.

Increases in royalties and taxes payable by us will adversely affect our profitability.

In addition to federal regulations, each Canadian province has legislation and regulations which govern land tenure, royalties, production rates, environmental protection and other matters. The royalty regime is a significant factor in the profitability of oil and natural gas production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee. Crown royalties are determined by government regulation and are generally calculated as a percentage of the value of the gross production, and the rate of royalties payable generally depends in part on prescribed reference prices, well productivity, geographical location, field discovery date and the type or quality of the petroleum product produced.

We may not be able to guarantee that title to certain of our properties is free from defect.

We have not obtained a legal opinion as to the title to our freehold properties and cannot guarantee or certify that a defect in the chain of title may not arise to defeat our interest in certain of those properties. Remediation of title problems could result in additional costs and litigation. If title defects are unable to be remedied, we may lose some of our interest in the disputed properties resulting in reduced production. Title reviews that were conducted for past purchases or that we may conduct prior to the purchase of other oil and natural gas producing properties or the commencement of drilling wells, may not discover unforeseen title defects that could adversely affect our title to or proportionate interest in the property or entitlement to revenue from the property.

Certain of our directors and officers may have conflicts of interest.

Certain of our directors and officers are also directors and officers of other oil and natural gas companies involved in natural resource exploration and development, and conflicts of interest may arise between their duties as officers and directors of Canadian Superior and as officers and directors of such other companies. For example, Gregory Noval, our chairman, is also a significant shareholder of Challenger Energy Corp. As a result, potential conflicts of interest could arise when such officers and directors are faced with decisions that could have different implications for us and such other companies. These conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under the Business Corporations Act (Alberta).

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference contain forward-looking statements and forward looking information, within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and Canadian securities laws, which are based upon our current internal expectations, estimates, projections, assumptions and beliefs as at the date of those statements or that information, including, among other things, assumptions with respect to production, future capital expenditures and cash flows. In some cases, words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “may”, “will”, “potential”, “proposed” and other similar words, or statements that certain events or conditions “may” or “will” occur, are intended to identify forward-looking statements and forward-looking information.

Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements or information. In addition, this prospectus and the documents incorporated by reference may contain forward-looking statements and information attributed to third party industry sources. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Such forward-looking statements and information in this prospectus speak only as of the date of this prospectus or as of the date specified in the documents incorporated by reference.

Forward-looking statements and information in this prospectus and the documents incorporated by reference include, but are not limited to, statements with respect to:

- drilling inventory, drilling plans and timing of drilling, re-completion and tie-in of wells;
- plans for facilities construction and completion of the timing and method of funding;
- productive capacity of wells, anticipated or expected production rates and anticipated dates of commencement of production;
- drilling, completion and facilities costs;
- results of our various projects;
- ability to lower cost structure in certain of our projects;
- our growth expectations;
- timing of development of undeveloped reserves;
- our tax horizon;
- the performance and characteristics of our oil and natural gas properties;
- oil and natural gas production levels;
- the quantity of oil and natural gas reserves;
- capital expenditure programs and the timing and funding of those programs;
- supply and demand for oil and natural gas and commodity prices;
- the impact of Canadian federal and provincial governmental regulation on us relative to other oil and gas issuers of similar size;
- weighting of production between different commodities;
- expected levels of royalty rates, operating costs, general and administrative costs, costs of services and other costs and expenses;
- expectations regarding our ability to raise capital and to continually add to reserves through acquisitions, exploration and development;
- treatment under governmental regulatory regimes and tax laws; and
- realization of the anticipated benefits of acquisitions and dispositions.

Although we believe that the expectations reflected in the forward-looking statements and information are reasonable, we cannot assure you that these expectations will prove to be correct. Neither we nor the selling shareholders can guarantee future results, levels of activity, performance or achievements. Consequently we are not making any representation that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements and information. Some of the risks and other factors, some of which are beyond our control, which could cause results to differ materially from those expressed or implied by the forward-looking statements and information contained in this prospectus and the documents incorporated by reference include, but are not limited to:

- general economic conditions in Canada, the United States of America and globally;
- industry conditions, including fluctuations in the price of oil and natural gas;
- liabilities inherent in oil and natural gas operations;
- governmental regulation of the oil and gas industry, including environmental regulation;
- geological, technical, drilling and processing problems and other difficulties in producing reserves;