No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States of America or to U.S. persons except in transactions exempt from the registration requirements of such Act and applicable state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States of America. See "Plan of Distribution".

SHORT FORM PROSPECTUS

New Issue February 6, 2004

CANADIAN SUPERIOR
ENERGY INC.

Canadian Superior Energy Inc.

7,400,180 Special Warrant Common Shares and 2,466,726 Warrants issuable upon the exercise of 7,400,180 previously issued Special Warrants and 142,857 Flow-Through Special Warrant Common Shares issuable upon the exercise of 142,857 previously issued Flow-Through Special Warrants

This short form prospectus qualifies the distribution of: (a) 7,400,180 common shares ("Special Warrant Common Shares") and 2,466,726 common share purchase warrants ("Warrants") of Canadian Superior Energy Inc. ("Canadian Superior" or the "Corporation") issuable, without additional consideration, upon the exercise or deemed exercise of an aggregate of 7,400,180 special warrants ("Special Warrants") of the Corporation issued on December 16, 2003 (the "Non-Canadian Special Warrant Closing Date"), December 24, 2003 (the "First Canadian Special Warrant Closing Date") and January 12, 2004 (the "Second Canadian Special Warrant Closing Date") (collectively, the First Canadian Special Warrant Closing Date the Second Canadian Special Warrant Closing Date are referred to as the "Canadian Special Warrant Closing Dates") at a price of Cdn.$3.00 per Special Warrant; and (b) 142,857 flow-through common shares ("Flow-Through Special Warrant Common Shares") of the Corporation issuable, without additional consideration, upon the exercise of 142,857 flow-through special warrants ("Flow-Through Special Warrants") of the Corporation issued on December 31, 2003 (the "Flow-Through Special Warrant Closing Date") at price of Cdn. $3.50 per Flow-Through Special Warrant (the "Flow-Through Special Warrant Offering").

The Corporation will incur, and renounce effective on or before December 31, 2003, to each initial subscriber for Flow-Through Special Warrants, Canadian exploration expense ("CEE") in an amount equal to the aggregate purchase price paid by such subscriber. See *"Risk Factors"*.

6,025,180 of the Special Warrants were issued to purchasers resident outside Canada (the "Non-Canadian Purchasers") pursuant to prospectus exemptions under applicable securities legislation (the "Non-Canadian Special Warrant Offering") and 1,375,000 of the Special Warrants were issued to purchasers resident in Canada (the "Canadian Purchasers") pursuant to prospectus exemptions under applicable securities legislation (the "Canadian Special Warrant Offering") (collectively, the Non-Canadian Special Warrant Offering, the Canadian Special Warrant Offering and the Flow-Through Special Warrant Offering are referred to as the "Total Offering"). The Non-Canadian Special Warrant Offering was completed pursuant to a letter agreement (the "Non-Canadian Letter Agreement") dated December 4, 2003 between the Corporation, First Albany Capital and Pritchard Capital Partners, LLC (collectively, First Albany Capital and Pritchard Capital-Partners, LLC are referred to as the "U.S. Agents"). The Canadian Special Warrant Offering was completed pursuant to a letter agreement (the "Canadian Letter Agreement") dated December 23, 2003 between the Corporation and Maison Placements Canada Inc. (the "Canadian Agent") (collectively, the U.S. Agents and the Canadian Agent are referred to as the "Agents"). The price of the Special Warrants was determined by negotiation between the Corporation and the U.S. Agents. The Flow-Through Special Warrants were issued to purchasers pursuant to prospectus exemptions under applicable securities legislation. The Flow-Through Special Warrant Offering was completed pursuant a subscription agreement (the "Flow-Through Special Warrant Subscription Agreement") dated December 31, 2003 between the Corporation and the purchasers of the Flow-Through Special Warrants. The price of the Flow-Through Special Warrants was determined by negotiation between the Corporation and the purchasers of the Flow-Through Special Warrants. The Agents were not involved in the Flow-Through Special Warrant Offering.

The Special Warrants were issued under the terms of a special warrant indenture (the "Special Warrant Indenture") between the Corporation and Computershare Trust Company of Canada, as trustee. Each Special Warrant entitles the holder thereof to acquire, without additional consideration, one Special Warrant Common Share and one-third of one Warrant during the period commencing on the date of issue of the Special Warrant and ending at 4:30 pm (Calgary time) (the "Special Warrant Expiry Time") on the earlier of: (a) the third business day after the date of the final receipt or final Mutual Reliance Review System Decision Document issued for the final prospectus relating to, *inter alia*, the distribution of the Special Warrant Common Shares and Warrants by the Alberta Securities Commission; and (b) the date which is four months plus one day following the applicable Special Warrant Closing Date (the "Special Warrant Expiry Date"). Any Special Warrants not exercised prior to the Special Warrant Expiry Time on the applicable Special Warrant Expiry Date will be deemed to have been exercised immediately prior to the Special Warrant Expiry Time on the applicable Special Warrant Expiry Date without any further action on the part of the holder. Each whole Warrant entitles the holder thereof to purchase one common share ("Warrant Common Share") of the Corporation until March 31, 2004 at a price of Cdn.$3.20 per Warrant Common Share. See *"Plan of Distribution"*.

The Flow-Through Special Warrants are subject to the terms as contained in the flow-through special warrant certificate (the "Flow-Through Special Warrant Certificate") issued by the Corporation. Each Flow-Through Special Warrant entitles the holder thereof to acquire, without additional consideration, one Flow-Through Special Warrant Common Share during the period commencing on the date of issue of the Flow-Through Special Warrants and ending at 4:30 pm (Calgary time) on the earlier of: (a) the third business day after the date of the final receipt or final Mutual Reliance Review System Decision Document issued for the final prospectus relating to, *inter alia*, the distribution of the Flow-Through Special Warrant Common Shares by the Alberta Securities Commission; and (b) the date which is four months plus one day following the Flow-Through Special Warrant Closing Date (the "Flow-Through Special Warrant Expiry Time"). Any Flow-Through Special Warrants not exercised prior to the Flow-Through Special Warrant Expiry Time will be deemed to have been exercised immediately prior to the Flow-Through Special Warrant Expiry Time without any further action on the part of the holder. See *"Plan of Distribution"*.

The outstanding common shares of the Corporation are listed for trading on the Toronto Stock Exchange (the "TSX") under the symbol "SNG" and on the American Stock Exchange (the "AMEX") under the symbol "SNG". On the Non-Canadian Special Warrant Closing Date, the closing price of the common shares on the TSX was Cdn$3.26 and on the AMEX was US$2.47. On the First Canadian Special Warrant Closing Date, the closing price of the common shares on the TSX was Cdn.$3.24 and on the AMEX was US$2.52. On the Second Canadian Special Warrant Closing Date, the closing price of the common shares on the TSX was Cdn.$3.09 and on the AMEX was US$2.42. On the Flow-Through Special Warrant Closing Date, the closing price of the common shares on the TSX was Cdn.$3.26 and on the AMEX was US$2.52. On February 5, 2004, the last trading day prior to the date on which this prospectus was filed, the closing price of the common shares on the TSX was Cdn.$3.48 and on the AMEX was US$2.61. **The Special Warrants, Warrants and Flow-Through Special Warrants will not be listed on any stock exchange and, accordingly, there is no market through which such securities may be sold and purchasers may not be able to resell such securities.**

	Price to the Public	Agency Fee	Net Proceeds to the Corporation[3]
Per Special Warrant sold to Non-Canadian Purchasers	Cdn.$3.00	Cdn.$0.18[1]	Cdn.$2.82
Per Special Warrant sold to Canadian Purchasers	Cdn.$3.00	Cdn.$0.18[2]	Cdn.$2.82
Per Flow-Through Special Warrant	Cdn.$3.50	Nil	Cdn.$3.50
Maximum Total	Cdn.$22,700,540	Cdn.$1,332,032	Cdn.$21,368,508

Notes:

(1) The Corporation paid an agency fee (the "Non-Canadian Agency Fee") to the U.S. Agents equal to 6% of the aggregate gross proceeds received by the Corporation on the sale of the 6,025,180 Special Warrants to the Non-Canadian Purchasers and an additional work fee of Cdn.$25,000.

(2) The Corporation paid an agency fee (the "Canadian Agency Fee") to the Canadian Agent equal to 3% of the aggregate gross proceeds received by the Corporation on the sale of the 1,375,000 Special Warrants and an additional work fee of 2% of the aggregate proceeds received by the Corporation on the sale of the 1,375,000 Special Warrants to the Canadian Purchasers. The Corporation also paid a fee (the "FAC Fee") to First Albany Capital equal to 3% of the aggregate gross proceeds received by the Corporation on the sale of the 1,375,000 Special Warrants to Canadian Purchasers. Collectively, the Non-Canadian Agency Fee, Canadian Agency Fee and FAC Fee and referred to as the "Total Agency Fees".

(3) Before deducting the expenses of the Total Offering estimated to be Cdn.$250,000 which, together with the Total Agency Fees and work fees in Notes (1) and (2), will be paid by the Corporation. See *"Plan of Distribution"*.

Certain legal matters relating to the distribution of the Special Warrant Common Shares, Warrants and Flow-Through Special Warrant Common Shares will be passed upon by McCarthy Tétrault LLP on behalf of the Corporation. Certain legal matters relating to the distribution of the Special Warrant Common Shares and Warrants to Canadian Purchasers will be passed upon by Borden Ladner Gervais LLP on behalf of Maison Placements Canada Inc. Definitive certificates for the Special Warrant Common Shares, Warrants and Flow-Through Special Warrant Common Shares will be available for delivery upon exercise or deemed exercise of the Special Warrants or Flow-Through Special Warrants respectively. All dollar amounts herein are expressed in Canadian dollars unless otherwise noted.

TABLE OF CONTENTS

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated by reference may be obtained on request without charge from the Corporate Secretary of Canadian Superior at 3300, 400 - 3rd Avenue S.W., Calgary, Alberta, T2P 4H2 (telephone (403) 294-1411). These documents are also available through the internet on the System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at www.sedar.com.

The following documents have been filed with the securities commission or similar authority in each of the provinces of Canada and are specifically incorporated by reference in, and form an integral part of, this prospectus:

(a) comparative annual financial statements and auditors' report for the years ended December 31, 2002 and 2001 as contained in the 2002 Annual Report of the Corporation;

(b) management's discussion and analysis of financial condition and results of operations for the years ended December 31, 2002 and 2001 as contained in pages 18 to 21 of the 2002 Annual Report of the Corporation;

(c) management information circular dated January 17, 2003 prepared in connection with a special meeting of the Corporation's shareholders held on February 19, 2003 (excluding the sections entitled "Compensation Committee", "Report on Executive Compensation", and "Performance Graph", which shall be deemed not to be incorporated by reference in this prospectus);

(d) material change report dated January 22, 2003 with respect to an agreement to acquire certain oil and gas assets, production facilities, gas plants and undeveloped lands effective as of October 1, 2002 for a then estimated $59.0 million net of purchase price adjustments.

(e) management information circular dated April 30, 2003 prepared in connection with the annual and special meeting of the Corporation's shareholders held on June 27, 2003 (excluding the sections entitled "Compensation Committee", "Report on Executive Compensation", and "Performance Graph", which shall be deemed not to be incorporated by reference in this prospectus);

(f) renewal annual information form of the Corporation dated as of April 30, 2003 as filed on SEDAR on July 16, 2003 (the "Annual Information Form");

(g) unaudited comparative interim financial statements of the Corporation for the nine month periods ended September 30, 2003 and 2002 as contained in the 2003 Third Quarter Report of the Corporation; and

(h) management's discussion and analysis of the financial condition and results of operations for the nine month period ended September 30, 2003 as contained in pages 7 and 8 of the 2003 Third Quarter Report of the Corporation.

Any documents of the type referred to above (except confidential material change reports) filed by the Corporation with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of this prospectus and prior to the termination of this offering shall be deemed to be incorporated by reference into this prospectus.

Any statement contained in this prospectus or in a document incorporated or deemed to be incorporated by reference in this prospectus shall be deemed to be modified or superseded, for purposes of this prospectus, to the extent that a statement contained in this prospectus or in any other subsequently filed document that also is or is deemed to be incorporated by reference in this prospectus modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this prospectus.

The Special Warrants, Flow-Through Special Warrants, Special Warrant Common Shares, Flow-Through Special Warrant Common Shares, Warrants and Warrant Common Shares have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the "U.S. Securities Act"), and may not be offered, sold or delivered in the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the U.S. Securities Act) except in certain transactions exempt from the registration requirements of the U.S. Securities Act and state securities laws. See *"Plan of Distribution"*.

FORWARD LOOKING STATEMENTS

The Corporation cautions that certain statements in this short form prospectus and the documents incorporated by reference herein including estimates of reserves, estimates of future production as well as other statements about anticipated future events or results are forward-looking statements. Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. The forward-looking statements that are contained in this short form prospectus and the documents incorporated by reference herein involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Some of these risks and uncertainties are identified in "Risk Factors" and the management's discussion and analysis incorporated by reference herein. Additional information regarding these factors and other important factors that could cause results to differ materially may be referred to as part of particular forward-looking statements. The forward-looking statements are qualified in their entirety by reference to the important factors discussed in "Risk Factors" and to those that may be discussed as part of particular forward-looking statements.

ABBREVIATIONS

Oil and Natural Gas Liquids		Natural Gas	
Bbls	barrels	Mmcf	million cubic feet
Boe/d	barrels of oil equivalent per day	Mcf	thousand cubic feet
Bopd	barrels of oil per day	Mcf/d	thousand cubic feet per day
MSTB	thousands of Stock Tank Barrels of oil (oil volume at 60º F and 14.65 PSIA)	Bcf	billion cubic feet
NGL	natural gas liquids		

Other:

BOE	Barrel of oil equivalent of natural gas and crude oil on the basis of 1 Bbl of crude oil for 6 Mcf of natural gas (this conversion factor is not based on either energy content or current prices)
$ or Cdn.$	means Canadian dollars and US$ means United States dollars

CONVERSION

The following table sets forth certain standard conversions from Standard Imperial units to the International System of units (or metric units).

To Convert From	To	Multiplied By
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
Bbls	Cubic metres	0.159
Cubic metres	Bbls oil	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Milometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471
Gigajoules	MMBTU	0.950

THE CORPORATION

The Corporation's head office is located at 3300, 400 – 3rd Avenue S.W., Calgary, Alberta, T2P 4H2 and registered office at 3300, 421 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9. The Corporation also has an east coast office located at 704, 1959 Upper Water Street, Halifax, Nova Scotia, B3J 3N2.

Intercorporate Relationships

The Corporation has no subsidiaries which individually represent more than 10% and in the aggregate represent more than 20% of the total consolidated assets and total consolidated revenues of the Corporation as at the date hereof.

THE BUSINESS OF THE CORPORATION

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 and in the Nova Scotia offshore area.

Recent Developments

In November and December, 2003 Canadian Superior closed the private placement of 4,998,463 flow-through common shares at a price of $3.25 per flow-through common share for proceeds of $15,816,251 net of the agent's commission.

On November 20, 2003, Canadian Superior announced that drilling had commenced on the Canadian Superior El Paso "Mariner" I-85 well offshore Nova Scotia and that El Paso Oil & Gas Canada, Inc., an indirect subsidiary of El Paso Corporation, was participating in the drilling by paying 2/3 of the costs to earn a 50% interest in the "Mariner" Block.

On November 13, 2003, Canadian Superior announced that it had successfully acquired two major exploration licences from the Canada-Nova Scotia Offshore Petroleum Board totalling 370,881 acres for work expenditure bids totalling $14,107,000.

Holdings in the Corporation of Directors and Senior Officers

The directors and senior officers of the Corporation from time to time, including during the waiting period between the preliminary prospectus dated December 23, 2003 and this prospectus, buy and sell common shares in the capital of the Corporation and other securities of the Corporation, including Special Warrants purchased by certain of the directors and senior officers of the Corporation pursuant to the Canadian Special Warrant Offering. Persons may access insider reports which detail the acquisition and disposition of securities of the Corporation as well as the current holdings, both direct and indirect, for each of the directors and senior officers of the Corporation by accessing the System for the Electronic Disclosure by Insiders at www.sedi.ca. The following table outlines the direct and indirect holdings of the directors and senior officers of the Corporation as at January 31, 2004.

Holding of Directors and Executive Officers

Name	Position	Number of Common Shares Held(1)	Percentage of Issued and Outstanding Common Shares as at February 5, 2004
Leigh Bilton	Director and Senior Officer	50,536	0.052%
Dale Blue	Director	0	0.000%
Charles G. Dallas	Director	64,444	0.066%
Thomas J. Harp	Director	0	0.000%
Gregory S. Noval	Director and Senior Officer	3,115,437	3.208%
Robert A. Pilling	Director and Senior Officer	172,061	0.177%
Frederick T. Purich	Director	254,268	0.261%
John R. Woods	Director	46,000	0.047%

Notes:

(1) This table outlines the number of common shares in the capital of the Corporation held directly or indirectly by each director and senior officer of the Corporation including any common shares issuable upon exercise or deemed exercise of any Special Warrants held such director or senior officer. This table does not include any Warrant Common Shares issuable upon exercise or deemed exercise of Warrants underlying any Special Warrants held by any director or senior officer or any common shares issuable upon exercise of any options held by any director or senior officer.

SIGNIFICANT ACQUISITION

On March 21, 2003, Canadian Superior announced that it had successfully completed the acquisition of El Paso Corporation's Drumheller, Alberta area oil and gas assets, production facilities, gas plants and undeveloped lands located in central Alberta (the "El Paso Properties") for approximately $53.3 million, net of purchase price adjustments relating primarily to cash flow from operations between the effective date of the transaction (October 1, 2002) and the closing date (March 21, 2003). The assets purchased included, at the time of acquisition of such assets, production of approximately 2,600 boe/d of company operated sweet gas and light crude oil production, extensive seismic data and key infrastructure consisting of interests in three gas plants, three oil batteries, 20 production facilities and 130 km of company operated pipelines.

Gilbert Laustsen Jung Associates Ltd. ("GLJ"), an independent petroleum engineering firm in Calgary, Alberta, prepared a report dated January 20, 2003 which evaluated as at October 1, 2002 the reserves of the El Paso Properties and the estimated cumulative cash flows from such reserves on a before tax basis utilizing both escalated and constant prices and cost basis (the "GLJ Report").

The Schedule of Revenues, Royalties and Operating expenses of the El Paso Properties for the three years ended December 31, 2000, 2001 and 2002 has been audited by PricewaterhouseCoopers LLP. See *"Schedule of Revenues, Royalties and Operating Expenses"*. The Schedule is summarized in the following table:

El Paso Properties Schedule of Revenues and Expenses

	Years Ended December 31		
	2000	**2001**	**2002**
	($000's)	($000's)	($000's)
Oil and gas sales	25,935	33,415	25,426
Royalties	(5,735)	(7,913)	(5,266)
Operating expenses	(3,463)	(4,261)	(4,841)
Excess of revenues over operating expenses	16,737	21,241	15,319

Actual Production Volumes

The following table sets forth actual production volumes for the El Paso Properties before deductions of royalties payable to others for each of the three years ended December 31, 2000, 2001 and 2002.

	Years Ended December 31		
	2000	**2001**	**2002**
Oil and NGLs (bbls)	153,260	335,936	310,250
Natural Gas (mcf)	3,834,172	4,112,000	3,460,930
Total (BOE)	792,289	1,021,269	887,072

ADDITIONAL RESERVE INFORMATION

Estimated Capital Costs

Chapman Petroleum Engineering Ltd. ("Chapman"), an independent petroleum engineering firm in Calgary, Alberta, prepared a report dated May 12, 2003 which evaluated as at January 1, 2003 the reserves of Canadian Superior and the estimated cumulative cash flows from such reserves on a before tax basis utilizing both escalated and constant prices and cost basis (the "Chapman Report"). The reserves included in the Chapman Report do not include the El Paso Properties.

The total net capital costs required to achieve the net cash flow predicted in the Chapman Report are:

	Years Ended December 31		Total
	2003	**2004**	
	($000's)	($000's)	($000's)
Proven Producing	1,045	0	1,045
Proven Non-Producing	2,123	1	2,124
Probable	1,600	6,023	8,223

The total net capital costs required to achieve the net cash flow predicted in the GLJ Report are:

	Years Ended December 31			Total
	(rem.) 2002	**2003**	**2004**	
	($000's)	($000's)	($000's)	($000's)
Proven Producing	0	0	0	0
Proven Non-Producing	380	661	0	1,094
Probable	0	2,358	1,419	3,777

Proved Producing Reserves on Production

At the time of preparation of the Chapman Report, all of the proved producing reserves were on production. As at the time of the preparation of the GLJ Report, all of the proved producing reserves were on production.

Sources of Data

The Chapman Report and the GLJ Report were prepared using the following sources of data:

(i) ownership and burdens were derived from the Corporation's land records and other information from the Corporation as required for clarification;

(ii) production data was acquired from public data sources except for very recent data on certain wells which was provided directly by the Corporation;

(iii) well data was accessed from the Corporation's well files and from public data sources;

(iv) operating costs were based on actual revenue statements provided by the Corporation;

(v) price differentials were derived from revenue statements, compared to actual posted prices for the appropriate benchmark price over a period of several months; and

(vi) time of development plans and capital estimates were normally determined by discussion with the Corporation together with engineering experience and judgement.

Value Assigned to Undeveloped Net Acreage

The undeveloped lands of 93,596 net acres for the properties evaluated in the Chapman Report were assigned a value of $7,763,488 based predominately on actual bonuses paid for these lands or similar lands in the area in recent land sales.

Chapman Report Forecast Comparison to Actual Production

	Gas (mmcf)		Oil + NGL (MSTB)	
	Proven	**Proven + Probable**	**Proven**	**Proven + Probable**
Annual Forecast[1]	2,067	2,712	29	37
Actual[2]	1,006	1,006	9	9
Difference[3]	1,061	1,706	20	28
Project Deferral[4]	647	1,291	7	16
Production Interruptions[5]	202	202	6	6
Net Variance[6]	212	213	7	6
Total[7]	1,061	1,706	20	28

Notes:

(1) As contained in the Chapman Report.

(2) Annualized production based on accounting reports of actual production to October 1, 2003.

(3) Difference between Annual Forecast and Actual.

(4) The forecast production attributed to projects where the capital allocation and resulting production was deferred. The deferral is principally due to the Corporation electing to allocate more capital resources to its year-round access El Paso Properties.

(5) Unforeseen temporary production interruptions reduced production compared to the forecast.

(6) Net of Project Deferrals and Production Interruptions.

(7) Total of Project Deferral, Production Interruptions and Net Variance.

Management of the Corporation believes it is probable, as a result of various matters including capital expenditure deferrals and well performance being less than anticipated in some instances, that the Corporation's reserves for the western Canadian properties other than the El Paso Properties will be negatively revised in its reserve update to be dated January 1, 2004.

DESCRIPTION OF SECURITIES

The Corporation's authorized share capital consists of an unlimited number of common shares and an unlimited number of first preferred shares, issuable in series. As at February 5, 2004, 97,112,966 common shares and no first preferred shares were outstanding. After exercise or deemed exercise of the Special Warrants and Flow-Through Special Warrants there will be outstanding 104,656,003 common shares.

Common Shares

The common shares in the capital of the Corporation are entitled to notice of and to vote at all meetings of shareholders (except meetings at which only holders of a specified class or series of shares are entitled to vote) and are entitled to one vote per share. The holders of common shares in the capital of the Corporation are entitled to receive such dividends as the Board of Directors may declare and, upon liquidation, to receive such assets of Canadian Superior as are distributable to holders of common shares in the capital of the Corporation.

Warrants

For a description of the Warrants, see *"Plan of Distribution"*. In addition, the Corporation has common share purchase warrants outstanding that were issued in March 2003, see *"Capitalization"*.

Shareholder Rights Plan

The shareholders of the Corporation have adopted a shareholder rights plan (the "Rights Plan"). The Rights Plan is contained in an agreement dated as of January 22, 2001, as amended and restated as of May 17, 2001, between the Corporation and Computershare Trust Company of Canada (the "Rights Plan Agreement"). The effective date of the Rights Plan was January 22, 2001 (the "Effective Date") and it was amended and restated as of May 17, 2001. The Rights Plan continues in effect until January 22, 2011, being ten years from its effective date.

Under the Rights Plan, one right (a "Right") is attached to each common share in the capital of the Corporation. The Rights will separate from the common shares in the capital of the Corporation and become exercisable eight trading days (the "Separation Time") after a person acquires, or commences a take-over bid to acquire, 20% or more of the voting shares or other securities convertible into voting shares of the Corporation, unless the Separation Time is deferred. The acquisition by any person (an "Acquiring Person") of 20% or more of the common shares in the capital of the Corporation, other than in a permitted manner, is called a "Flip-in Event". Any Rights held by an Acquiring Person will become void upon the occurrence of a Flip-In Event.

Eight trading days after a Flip-in Event, each Right will permit the holder (other than an Acquiring Person) to purchase from the Corporation, on payment of the $15 exercise price, common shares in the capital of the Corporation with a market value of $30. The result will be massive dilution of the holdings of the Acquiring Person. The Corporation anticipates that no Acquiring Person will be willing to risk such dilution and so will instead either make a take-over bid that is permitted by the Rights Plan, negotiate with the Board of Directors for a waiver of the Rights Plan, or apply to regulatory authorities for an order rendering the Rights Plan ineffective.

A person will not become an Acquiring Person, and will not trigger the separation and ability to exercise the Rights, by becoming the beneficial owner of 20% or more of the common shares in the capital of the Corporation pursuant to a take-over bid specifically permitted by the Rights Plan (a "Permitted Bid") or in other circumstances provided for under the Rights Plan. Investment advisors (for fully managed accounts), trust companies (acting in their capacities as trustees and administrators) and statutory bodies acquiring 20% of the common shares in the capital of the Corporation are exempted from triggering a Flip-In Event, provided that they are not making, and are not part of a group making, a take-over bid.

The issue of the Rights is not initially dilutive. However, upon a Flip-In Event occurring and the Rights separating from the common shares in the capital of the Corporation, reported earnings per share on a fully diluted or non-diluted basis may be affected. Holders of Rights who do not (or, in the case of an Acquiring Person, cannot) exercise their Rights upon the occurrence of a Flip-In Event will suffer substantial dilution.

This summary is qualified in its entirety by reference to the Rights Plan Agreement. Shareholders may obtain a copy of the Rights Plan Agreement on written request to the Corporate Secretary of the Corporation at the Corporation's head office.

CAPITALIZATION

The following table summarizes the capitalization of the Corporation as at: (i) December 31, 2002; (ii) September 30, 2003; and (iii) September 30, 2003 as adjusted to give effect to the Total Offering. The table should be read in conjunction with the Corporation's annual financial statements, and the notes thereto, and management's discussion and analysis of financial condition and results of operations related thereto incorporated by reference in this prospectus.

	As at December 31, 2002 (audited)	**As at September 30, 2003 (unaudited)**	**As at September 30, 2003 after giving effect to the offering[(2)(3)] (unaudited)**
	(000's)	(000's)	(000's)
Debt			
Revolving Production Loan	$5,150	$25,784	$25,784
Long Term Debt	Nil	Nil	Nil
Shareholders' Equity			
Preferred Shares (unlimited)	Nil	Nil	Nil
Common Shares (unlimited)[(1)(2)]	65,032	89,008	96,551
	($49,927)	($67,881)	($88,892)
Warrants (issued in March 2003)	Nil	4,435	4,435
		($8,870)	($8,870)
Special Warrants	Nil	Nil	2,467
			($7,894)

Notes:

(1) This table does not include common shares in the capital of the Corporation issuable upon the exercise of 5,833,007 directors', officers', employees' and consultants' stock options outstanding as at the date hereof.

(2) This table does not include 4,998,463 flow-through common shares issued by way of private placement at a price of $3.25 per flow-through common share for proceeds of $15,816,251 net of agent's commission in November and December, 2003. This table does not include 1,067,166 common shares issued since September 30, 2003 pursuant to the exercise of 1,067,166 common share purchase warrants (which warrants were issued on March 13, 2003) for total gross proceeds of $2,134,332. In addition, this table does not include 973,832 common shares issued pursuant to the exercise of 973,832 stock options since September 30, 2003 that have been exercised for total proceeds of $1,003,965.

USE OF PROCEEDS

Pursuant to the sale of the Special Warrants and Flow-Through Special Warrants, the Corporation received net proceeds of approximately $21,011,007 after deduction of the estimated expenses of the Total Offering, the Total Agency Fees and the related work fees. The Corporation intends to use the proceeds of the Total Offering primarily for exploration and development of its oil and natural gas properties but may use part of the proceeds for, but not limited to, evaluating potential strategic opportunities that may become available.

PLAN OF DISTRIBUTION

Special Warrant Offering

Non-Canadian Special Warrant Offering

On the Non-Canadian Special Warrant Closing Date, the Corporation completed the private placement of 6,025,180 Special Warrants at a price of $3.00 per Special Warrant resulting in gross proceeds of $18,075,540 to Non-Canadian Purchasers pursuant to prospectus exemptions under applicable securities legislation in accordance with the terms of the Non-Canadian Letter Agreement. The Non-Canadian Letter Agreement provided that the Corporation would pay to First Albany Capital a work fee of $25,000 and would pay to the U.S. Agents the Non-Canadian Agency Fee. In addition, the Non-Canadian Letter Agreement provided that the Corporation would pay the FAC Fee to First Albany Capital in connection with the Canadian Special Warrant Offering.

The obligations of the Corporation and the U.S. Agents under the Non-Canadian Letter Agreement were terminable with or without cause at any time with out liability or continuing obligations, other than compensation paid under the Non-Canadian Letter Agreement and reasonable expenses incurred by the U.S. Agents to the date of termination, upon written notice to the other party. In addition, upon termination, the Corporation had agreed to compensate the U.S. Agents on the occurrence of certain events.

The issue price of $3.00 per Special Warrant was determined by negotiation between the Corporation and the U.S. Agents. The U.S. Agents have not acquired any of the Special Warrants.

Canadian Special Warrant Offering

On the Canadian Special Warrant Closing Dates, the Corporation completed the private placement of 1,375,000 Special Warrants at a price of $3.00 per Special Warrant resulting in gross proceeds of $4,125,000 to Canadian Purchasers pursuant to prospectus exemptions under applicable securities legislation in accordance with the terms of the Canadian Letter Agreement. The Non-Canadian Letter Agreement provided that the Corporation would pay to the Canadian Agent the Canadian Agency Fee and to First Albany Capital the FAC Fee.

The issue price of $3.00 per Special Warrant was determined by negotiation between the Corporation and the U.S. Agents.

Special Warrant Indenture

The Special Warrants were issued under the terms of the Special Warrant Indenture between the Corporation and Computershare Trust Company of Canada, as trustee. Each Special Warrant entitles the holder thereof to acquire, for no additional consideration, one Special Warrant Common Share and one-third of a Warrant at any time prior to the Special Warrant Expiry Time on the Special Warrant Expiry Date. Any Special Warrants not exercised prior to the Special Warrant Expiry Time on the Special Warrant Expiry Date will be deemed to have been exercised immediately prior thereto without any further action on the part of the holder. No fractional Warrants will be issued. As of the date of this Prospectus, no Special Warrants have been exercised. The Special Warrants may not be exercised, and the Special Warrants and Special Warrant Common Shares and Warrants may not be offered, sold or otherwise transferred in the United States or by or on behalf of a U.S. person unless an exemption from the registration requirements in the U.S. Securities Act and applicable state securities laws is available to the holder. The foregoing is a summary only of the terms of the Special Warrants and is qualified by the more detailed provisions of the Special Warrant Indenture.

Warrant Indenture

The Warrants will be issued under the terms of a warrant indenture (the "Warrant Indenture") between the Corporation and Computershare Trust Company of Canada, as trustee. Each whole Warrant entitles the holder thereof to purchase one Warrant Common Share of the Corporation from the date of issue of the Warrant until March 31, 2004 at a price of $3.20 per Warrant Common Share. Any right of acquisition of a Warrant Common Share under any Warrants that has not been exercised at 4:30 pm (Calgary time) on March 31, 2004 will cease and terminate. No fractional Warrant Common Shares or Warrants will be issued. The Warrants may not be exercised, and the Warrants and Warrant Common Shares may not be offered, sold or otherwise transferred in the United States or by or on behalf of a U.S. person unless an exemption from the registration requirements in the U.S. Securities Act and applicable state securities laws is available to the holder. The foregoing is a summary only of the terms of the Warrants and is qualified by the more detailed provisions of the Warrant Indenture.

Flow-Through Special Warrant Offering

On the Flow-Through Special Warrant Closing Date, the Corporation completed a private placement of 142,857 Flow-Through Special Warrants at a price of $3.50 per Flow-Through Special Warrant resulting in gross proceeds of $499,999.50 to purchasers resident in Canada pursuant to prospectus exemptions under applicable securities legislation in accordance with the terms of the Flow-Through Special Warrant Subscription Agreement. The Agents were not involved in the Flow-Through Special Warrant Offering.

The issue price of $3.50 per Special Warrant was determined by negotiation between the Corporation and the purchaser of the Flow-Through Special Warrants.

The Flow-Through Special Warrants are subject to the terms as contained in the Flow-Through Special Warrant Certificate issued by Corporation. Each Flow-Through Special Warrant entitles the holder thereof to acquire, without additional consideration, one Flow-Through Special Warrant Common Share at any time prior to the Flow-Through Special Warrant Expiry Time. Any Flow-Through Special Warrants not exercised prior to the Flow-Through Special Warrant Expiry Time will be deemed to have been exercised immediately prior to the Flow-Through Special Warrant Expiry Time without any further action on the part of the holder. No fractional Flow-Through Special Warrant Common Shares will be issued. The foregoing is a summary only of the terms of the Flow-Through Special Warrants and is qualified by the more detailed provisions of the Flow-Through Special Warrant Certificate.

Expenses of Total Offering

Total expenses, excluding the Total Agency Fees and related work fees, estimated at $250,000 relating to the Total Offering, including the preparation of this prospectus, will be paid by the Corporation. No additional commissions or fees will be paid to the Agents in connection with the issuance of the Special Warrant Common Shares and the Warrants. The proceeds of the Non-Canadian Special Warrant Offering, the Canadian Special Warrant Offering and the Flow-Through Special Warrant Offering were released to the Corporation on or about the respective closing dates.

The Warrants will not be listed on any stock exchange and as a result there will be no market through which the Warrants may be sold and none is expected to develop.

The TSX has conditionally approved the listing of the Special Warrant Common Shares, the Warrant Common Shares and the Flow-Through Special Warrant Common Shares. Listing is subject to the Corporation fulfilling all the requirements of the TSX on or before January 26, 2004 (in the case of the Special Warrant Common Shares and the Warrant Common Shares) and on or before February 13, 2004 (in the case of the Flow-Through Special Warrant Common Shares). The AMEX has approved the listing of the Special Warrant Common Shares, the Warrant Common Shares and the Flow-Through Special Warrant Common Shares. However, the Special Warrants, Flow-Through Special Warrants, Special Warrant Common Shares, Flow-Through Special Warrant Common Shares, Warrants and Warrant Common Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered, sold or delivered in the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the U.S. Securities Act) except in certain transactions exempt from the registration requirements of the U.S. Securities Act and state securities laws.

RISK FACTORS

The Special Warrant Common Shares, Warrant Common Shares and the Flow-Through Special Warrant Common Shares should be considered highly speculative due to the nature of the Corporation's business and the present stage of its development. Before acquiring Special Warrant Common Shares, Warrants, Warrant Common Shares or Flow-Through Special Warrant Common Shares, investors should consider the risks affecting the Corporation in connection with its business which are set out below and set out in management's discussion and analysis of financial condition and results of operations for the years ended December 31, 2002 and 2001 on pages 18 to 21 of the Annual Report of the Corporation for the year ended December 31, 2002 under the heading "Business Risks". An investment in securities of the Corporation should only be made by persons who can afford a significant or total loss of their investment.

Exploration, Development and Production Risks

An investment in the Special Warrant Common Shares, Warrants, Warrant Common Shares or the Flow-Through Special Warrant Common Shares is speculative due to the nature of the Corporation's involvement in the exploration, development and production of oil and natural gas and its 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 the Corporation 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 thereof.

Management will evaluate exploration and development prospects on an ongoing basis in a manner consistent with industry standards. The long-term commercial success of the Corporation depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. No assurance can be given that the Corporation will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Corporation may determine that current markets, terms of acquisition and participation or pricing conditions make such 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. While close well supervision and effective maintenance operations can contribute to maximizing production rates over time, 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.

Insurance

The Corporation's involvement in the exploration for and development of oil and natural gas properties may result in the Corporation becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards. Although the Corporation has obtained insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances be insurable or, in certain circumstances, the Corporation 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 such uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Corporation's financial position, results of operations or prospects.

Prices, Markets and Marketing of Crude Oil and Natural Gas

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond the control of the Corporation. 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. 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 the Corporation's oil and gas reserves. The Corporation might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Corporation's future net production revenue, causing a reduction in its oil and gas acquisition and development activities. In addition, bank borrowings available to the Corporation are in part determined by the borrowing base of the Corporation. A sustained material decline in prices from historical average prices could limit the Corporation's borrowing base, therefore reducing the bank credit available to the Corporation, and could require that a portion of any then existing bank debt of the Corporation be repaid.

In addition to establishing markets for its oil and natural gas, the Corporation must also successfully market its oil and natural gas to prospective buyers. The marketability and price of oil and natural gas which may be acquired or discovered by the Corporation will be affected by numerous factors beyond its control. The Corporation will be affected by the differential between the price paid by refiners for light quality oil and the grades of oil produced by the Corporation. The ability of the Corporation to market its natural gas may depend upon its ability to acquire space on pipelines which deliver natural gas to commercial markets. The Corporation will also likely be affected by deliverability uncertainties related to the proximity of its 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.

Substantial Capital Requirements and Liquidity

The Corporation anticipates that it will make substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. If the Corporation's revenues or reserves decline, the Corporation may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance 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 the Corporation. Moreover, future activities may require the Corporation to alter its capitalization significantly. The inability of the Corporation to access sufficient capital for its operations could have a material adverse effect on the Corporation's financial condition, results of operations or prospects.

Competition

The Corporation actively competes for reserve acquisitions, exploration leases, licences 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 the Corporation. The Corporation's 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 gas industry is highly competitive. The Corporation's 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 the Corporation.

Certain of the Corporation's customers and potential customers are themselves exploring for oil and gas, and the results of such exploration efforts could affect the Corporation's ability to sell or supply oil or gas to these customers in the future. The Corporation's 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 its future industry partners and joint operators and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment.

Environmental Risks

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 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 such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. The Corporation believes that it is in substantial compliance with existing legislation. 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 the Corporation to incur costs to remedy such discharge. No assurance can be given 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 the Corporation's financial condition, results of operations or prospects.

Reserve Replacement

The Corporation's future oil and natural gas reserves, production, and cash flows to be derived therefrom are highly dependent on the Corporation successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves the Corporation may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in the Corporation's reserves will depend not only on the Corporation's ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that the Corporation's future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil and natural gas.

Reliance on Operators and Key Employees

To the extent the Corporation is not the operator of its oil and natural gas properties, the Corporation will be dependent on such operators for the timing of activities related to such properties and will largely be unable to direct or control the activities of the operators. In addition, the success of the Corporation will be largely dependent upon the performance of its management and key employees. The Corporation has no key-man insurance policies, and therefore there is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on the Corporation.

Corporate Matters

To date, the Corporation has not declared any dividends payable on its outstanding common shares. The board of directors of the Corporation will consider the Corporation's dividend policy from time to time to assess whether the declaration of dividends payable on its outstanding common shares is appropriate. Certain of the directors and officers of the Corporation are also directors and officers of other oil and gas companies involved in natural resource exploration and development, and conflicts of interest may arise between their duties as officers and directors of the Corporation and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under the *Business Corporations Act* (Alberta).

Permits and Licenses

The operations of the Corporation may require licenses and permits from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development at its projects.

Additional Funding Requirements

The Corporation's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times. From time to time, the Corporation may require additional financing in order to carry out its oil and natural gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If the Corporation's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect the Corporation's ability to expend the necessary capital to replace its reserves or to maintain its production. If the Corporation's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on favourable terms.

Issuance of Debt

From time to time the Corporation may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase the Corporation's debt levels above industry standards. Neither the Corporation's articles nor its by-laws limit the amount of indebtedness that the Corporation may incur. The level of the Corporation's indebtedness from time to time could impair the Corporation's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Royalties, Incentives and Production Taxes

In addition to federal regulations, each 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.

From time to time the Governments of Canada, Alberta, British Columbia and Saskatchewan have established incentive programs which have included royalty rate reductions, royalty holidays and tax credits for the purpose of encouraging oil and natural gas exploration or enhanced planning projects.

Oil and natural gas royalty holidays and reductions for specific wells reduce the amount of Crown royalties paid by the Corporation to the provincial governments. In Alberta, the Alberta Royalty Tax Credit program provides a rebate on Alberta Crown royalties paid in respect of eligible producing properties. Both of these incentives have the effect of increasing the net income of the Corporation.

Producers of oil and natural gas in the Province of British Columbia are also required to pay annual rental payments in respect of Crown leases and royalties and freehold production taxes in respect of oil and gas produced from Crown and freehold lands, respectively. The amount payable as a royalty in respect of oil depends on the vintage of the oil (whether it was produced from a pool discovered before or after October 31, 1975), the quantity of oil produced in a month and the value of the oil. In specific circumstances, oil produced from newly discovered pools may be exempt from the payment of a royalty for the first 36 months of production.

Land Tenure

Crude oil and natural gas located in the western provinces is owned predominantly by the respective provincial governments. Provincial governments grant rights to explore for and produce oil and natural gas pursuant to leases, licences and permits for varying terms and on conditions set forth in provincial legislation including requirements to perform specific work or make payments. Oil and natural gas located in such provinces can also be privately owned and rights to explore for and produce such oil and natural gas are granted by lease on such terms and conditions as may be negotiated.

Title to Properties

The Corporation has not obtained a legal opinion as to the title to its freehold properties other than the El Paso Properties and cannot guarantee or certify that a defect in the chain of title may not arise to defeat the Corporation's interest in certain of such properties. Remediation of title problems could result in additional costs and litigation. If title defects are unable to be remedied, the Corporation may lose some of its interest in the disputed properties resulting in reduced production.

Although title reviews were conducted prior to the purchase of the EL Paso Properties and may be conducted prior to the purchase of other oil and natural gas producing properties or the commencement of drilling wells, such reviews may not discover unforeseen title defects that could adversely affect the Corporation's title to or proportionate interest in the property or entitlement to revenue from the property.

Flow-Through Special Warrants

An investment in Flow-Through Special Warrant Common Shares by an investor other than an initial subscriber of Flow-Through Special Warrants (a "Subsequent Purchaser") will not entitle such Subsequent Purchaser to receive, and the Corporation will not incur and renounce effective on or before December 31, 2003 to such Subsequent Purchaser, CEE in an amount equal to the purchase price of the Flow-Through Special Warrant Common Shares paid by the Subsequent Purchaser.

Income Tax Consequences

An investor, in order to assess the tax consequences of an investment in the Special Warrant Common Shares, Warrants, Warrant Common Shares or Flow-Through Special Warrant Common Shares, should consult his, her or its own professional advisers to obtain advice on the tax consequences that apply to that investor.

LEGAL MATTERS

Certain legal matters in respect of the offering of the Special Warrants and Flow-Through Special Warrants will be passed upon on behalf of the Corporation by McCarthy Tétrault LLP. Certain legal matters in respect of the offering of the Special Warrants to Canadian Purchasers will be passed upon on behalf of the Canadian Agent by Borden Ladner Gervais LLP. The partners and associates of McCarthy Tétrault LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding common shares in the capital of the Corporation. The partners and associates of Borden Ladner Gervais LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding common shares in the capital of the Corporation.

As of November 26, 2003, the auditors of the Corporation are KPMG LLP, Calgary, Alberta.

Gilbert Laustsen Jung Associates Ltd. and its management, as a group, beneficially own, directly or indirectly, no securities of the Corporation. Chapman Petroleum Engineering Ltd. and its management, as a group, beneficially own, directly or indirectly, no securities of the Corporation.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may only be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CONTRACTUAL RIGHT OF RESCISSION

In the event that a holder of a Special Warrant or Flow-Through Special Warrant, who acquires a Special Warrant Common Share and one-third of a Warrant or Flow Through Special Warrant Common Share, as the case may be, upon the exercise of a Special Warrant or Flow-Through Special Warrant as provided for in this prospectus, is or becomes entitled under applicable securities legislation to the remedy of rescission by reason of this prospectus or any amendment thereto containing a misrepresentation, such holder shall be entitled to rescission not only of the holder's exercise of its Special Warrant or Flow-Through Special Warrant but also of the private placement transaction pursuant to which the Special Warrant or Flow-Through Special Warrant was initially acquired, and shall be entitled in connection with such rescission to a full refund of all consideration paid to the Corporation on the acquisition of the Special Warrant or Flow-Through Special Warrant. In the event such holder is a permitted assignee of the interest of the original subscriber, such permitted assignee shall be entitled to exercise the rights of rescission and refund granted hereunder as if such permitted assignee was such original subscriber.

The foregoing is in addition to any other right or remedy available to a holder of the Special Warrants or Flow-Through Special Warrants under section 130 of the *Securities* Act (Ontario), section 203 of the *Securities Act* (Alberta), section 131 of the *Securities Act* (British Columbia) or otherwise at law.

SCHEDULE OF REVENUES, ROYALTIES AND OPERATING EXPENSES

El Paso Properties

Schedule of Revenues, Royalties and
Operating Expenses
For the years ended December 31, 2002, 2001 and 2000
(in thousands of dollars)

PricewaterhouseCoopers LLP
Chartered Accountants
111 5th Avenue SW, Suite 3100
Calgary, Alberta
Canada T2P 5L3
Telephone +1 (403) 509 7500
Facsimile +1 (403) 781 1825

January 9, 2004

Auditors' Report

To the Directors of
Canadian Superior Energy Inc.

At the request of Canadian Superior Energy Inc., we have audited the schedule of revenues, royalties and operating expenses for the three years ended December 31, 2002, 2001 and 2000 for the **El Paso Properties** purchased by Canadian Superior Energy Inc. under an agreement dated January 10, 2003. This financial information is the responsibility of management. Our responsibility is to express an opinion on this financial information based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial information presentation.

In our opinion, the schedule of revenues, royalties and operating expenses presents fairly, in all material respects, the revenues, royalties and operating expenses for the El Paso Properties for the three years ended December 31, 2002, 2001 and 2000 in accordance with the basis of accounting disclosed in note 1.

PricewaterhouseCoopers LLP

Chartered Accountants

Calgary, Alberta

El Paso Properties

Schedule of Revenues, Royalties and Operating Expenses

For the years ended December 31, 2002, 2001 and 2000

(in thousands of dollars)

	2002 $	2001 $	2000 $
Oil and gas sales	25,426	33,415	25,935
Royalties	(5,266)	(7,913)	(5,735)
	20,160	25,502	20,200
Operating expenses	(4,841)	(4,261)	(3,463)
Excess of revenues over operating expenses	15,319	21,241	16,737

1 Basis of presentation

The Schedule of Revenues, Royalties and Operating Expenses includes the operating results relating to the El Paso Properties acquired by Canadian Superior Energy Inc. under an agreement dated January 10, 2003.

The Schedule of Revenues, Royalties and Operating Expenses does not include any provision for the depletion and depreciation, site restoration, future capital costs, impairment of unevaluated properties, general and administrative costs and income taxes as these amounts are based on the consolidated operations of the vendor of which the selected property forms only a part.

2 Significant accounting policies

Revenue recognition

Revenue from the sale of product is recognized upon delivery to the purchasers and recorded net of transportation costs.

Royalties

Royalties are recorded at the time the product is produced and sold. Royalties are calculated in accordance with the applicable regulations and/or the terms of individual royalty agreements.

Operating costs

Operating costs include amounts incurred on extraction of product to the surface, gathering, field processing, treating and field storage.

Joint venture operations

Some of the El Paso Properties are operated through joint ventures, therefore the Schedule only reflects the vendor's proportionate interest.

PRO FORMA FINANCIAL STATEMENTS

CANADIAN SUPERIOR ENERGY INC.
PRO FORMA COMBINED FINANCIAL STATEMENTS

(Unaudited – See Compilation Report)

As at December 31, 2002 and for the years ended December 31, 2002 and December 31, 2001

COMPILATION REPORT ON PRO FORMA COMBINED FINANCIAL STATEMENTS

To the Directors of Canadian Superior Energy Inc.

We have read the accompanying unaudited pro forma combined balance sheet of Canadian Superior Energy Inc. as at December 31, 2002 and the pro forma combined statements of earnings for the years ended December 31, 2002 and 2001, and have performed the following procedures.

2. Compared the figures in the column captioned "Canadian Superior" to the audited financial statements of Canadian Superior Energy Inc. as at December 31, 2002 and for the years ended December 31, 2002 and 2001, respectively, and found them to be in agreement.

3. Compared the figures in the column captioned "El Paso Properties" in the combined statements of earnings to the audited schedule of revenues, royalties and operating expenses for the years ended December 31, 2002 and 2001, respectively, and found them to be in agreement.

4. Made enquiries of certain officials of the corporation who have responsibility for financial and accounting matters about:

   (a) the basis for determination of the pro forma adjustments; and

   (b) whether the pro forma financial statements comply as to form in all material respects with the applicable requirements of the Securities Acts of Alberta and the related regulations.

The officials:

   (a) described to us the basis for determination of the pro forma adjustments, and

   (b) stated that the pro forma statements comply as to form in all material respects with the applicable requirements of the Securities Acts of Alberta and the related regulations.

5. Read the notes to the pro forma statements, and found them to be consistent with the basis described to us for determination of the pro forma adjustments.

6. Recalculated the application of the pro forma adjustments to the aggregate of the amounts in the columns captioned "Canadian Superior" and "El Paso Properties" as at December 31, 2002, and for the years ended December 31, 2002 and 2001, respectively, and found the amounts in the column captioned "Pro Forma Combined" to be arithmetically correct.

A pro forma financial statement is based on management assumptions and adjustments which are inherently subjective. The foregoing procedures are substantially less than either an audit or a review, the objective of which is the expression of assurance with respect to management's assumptions, the pro forma adjustments, and the application of the adjustments to the historical financial information. Accordingly, we express no such assurance. The foregoing procedures would not necessarily reveal matters of significance to the pro forma financial statements, and we therefore make no representation about the sufficiency of the procedures for the purposes of a reader of such statements.

RED DEER, Alberta — *Signed "Brown Smith Owen LLP"*

February 6, 2004 — CHARTERED ACCOUNTANTS

CANADIAN SUPERIOR ENERGY INC.
PRO FORMA COMBINED BALANCE SHEET
(Unaudited - See Compilation Report)
DECEMBER 31, 2002

(thousands of dollars)

	Canadian Superior	El Paso Properties	Pro Forma Adjustments	Note	Pro Forma Combined
Assets	$	$	$		$
Current assets					
Accounts receivable	4,254				4,254
Prepaid expenses	1,724				1,724
	5,978				5,978
Term deposits	12,032				12,032
Capital assets	31,946	54,160		2(a)(i)	86,106
	49,956	54,160	-		104,116
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	6,312				6,312
Revolving production loan	5,150	20,975		2(a)(iv)	26,125
	11,462	20,975			32,437
Provision for future site restoration	411				411
Future income taxes	5,213				5,213
	17,086	20,975			38,061
Shareholders' Equity					
Share Capital	49,927	20,154		2(a)(ii)	83,112
		13,031		2(a)(iii)	
Retained Earnings (deficit)	(17,057)				(17,057)
	32,870	33,185			66,055
	49,956	54,160	-		104,116

See accompanying notes to unaudited pro forma combined financial statements.

CANADIAN SUPERIOR ENERGY INC.
PRO FORMA COMBINED STATEMENT OF EARNINGS
(Unaudited - See Compilation Report)
FOR THE YEAR ENDED DECEMBER 31, 2002

(thousands of dollars)

	Canadian Superior	El Paso Properties	Pro Forma Adjustments	Note	Pro Forma Combined
	$	$	$		$
Revenue					
Oil and gas	7,741	25,426			33,167
Royalties, net of royalty tax credit	(1,734)	(5,266)			(7,000)
	6,007	20,160			26,167
Expenses					
General and administrative	2,898		400	2(b)(i)	3,298
Production and operating	2,542	4,841			7,383
Interest	158		1,164	2(b)(ii)	1,322
Depletion and amortization	5,599		10,289	2(b)(iii)	15,888
Future site restoration	295		978	2(b)(iv)	1,273
Write down of oil and gas assets	43,000				43,000
	54,492	4,841	12,831		72,164
Earnings (loss) from operations	(48,485)	15,319	(12,831)		(45,997)
Other income					
Interest	454				454
Earnings (loss) before income taxes	(48,031)	15,319	(12,831)		(45,543)
Income taxes					
Current	64		122	2(b)(v)	186
Future (reduction)	(19,922)		1,150	2(b)(vi)	(18,772)
	(19,858)		1,272		(18,586)
Net earnings (loss)	(28,173)	15,319	(14,103)		(26,957)
Earnings (loss) per share	**(0.51)**				**(0.35)**
Diluted earnings (loss) per share	**(0.51)**				**(0.35)**

See accompanying notes to unaudited pro forma combined financial statements.

CANADIAN SUPERIOR ENERGY INC.
PRO FORMA COMBINED STATEMENT OF EARNINGS
(Unaudited - See Compilation Report)
FOR THE YEAR ENDED DECEMBER 31, 2001

(thousands of dollars)

	Canadian Superior	El Paso Properties	Pro Forma Adjustments	Note	Pro Forma Combined
	$	$	$		$
Revenue					
Oil and gas	4,945	33,415			38,360
Royalties, net of royalty tax credit	(867)	(7,913)			(8,780)
	4,078	25,502			29,580
Expenses					
General and administrative	2,291		400	2(b)(i)	2,691
Production and operating	1,054	4,261			5,315
Interest	-		1,164	2(b)(ii)	1,164
Depletion and amortization	992		8,000	2(b)(iii)	8,992
Future site restoration	63		866	2(b)(iv)	929
	4,400	4,261	10,430		19,091
Earnings (loss) from operations	(322)	21,241	(10,430)		10,489
Other income					
Total per schedule	13,499				13,499
Earnings (loss) before income taxes	13,177	21,241	(10,430)		23,988
Income taxes					
Current	140		2,759	2(b)(vii)	2,899
Future	4,928		1,935	2(b)(vi)	6,863
	5,068		4,694		9,762
Net earnings (loss)	8,109	21,241	(15,124)		14,226
Earnings per share	0.20				0.22
Diluted earnings per share	0.19				0.21

See accompanying notes to unaudited pro forma combined financial statements.

1. **Basis of presentation:**

The accompanying unaudited pro forma combined financial statements of Canadian Superior Energy Inc. ("Canadian Superior") have been prepared by management to give effect to the acquisition of the El Paso properties, which have oil and gas production in Canada.

The pro forma combined balance sheet of Canadian Superior as at December 31, 2002 is based on the audited balance sheet of Canadian Superior as at December 31, 2002, and the assumptions outlined in note 2(a).

The pro forma combined statements of earnings of Canadian Superior for the years ended December 31, 2001 and December 31, 2002 are based on the following:

- The audited statement of earnings of Canadian Superior for the years ended December 31, 2001 and December 31, 2002.
- The audited schedule of revenues, royalties and operating expenses of the El Paso properties for the years ended December 31, 2001 and December 31, 2002.

The pro forma combined financial statements may not be indicative of results that actually would have occurred if the events reflected herein had been in effect on the dates indicated or of the results expected in future periods. In preparing these pro forma combined financial statements no adjustments have been made to reflect operating synergies or cost savings that may have been achieved as a result of combined operations of the combined assets.

Accounting policies used in the preparation of the pro forma combined financial statements are in accordance with those disclosed in Canadian Superior's audited financial statements as at and for the period ended December 31, 2002.

The pro forma combined financial statements should be read in conjunction with Canadian Superior's audited financial statements as at and for the period ended December 31, 2001, Canadian Superior's audited financial statements as at and for the period ended December 31, 2002, and the schedule of revenue, royalties and operating expenses of the El Paso properties for the years ended December 31, 2001, and December 31, 2002.

2. **Pro forma adjustments and assumptions**

a) The pro forma combined financial statements have been prepared under the following assumptions:

i) The purchase price of the El Paso properties, net of adjustments, is $54.16 million.

ii) In February 2003, the Corporation issued by way of public offering pursuant to a prospectus dated February 19, 2003, 13,400,000 Common Shares at a price of $1.60 per common share for proceeds of $20,153,600 (net of underwriting fees of $1,286,400).

iii) In March 2003, the Corporation issued by way of public offering pursuant to a prospectus dated March 12, 2003, 9,040,333 units at a price of $1.50 per unit for proceeds of $13,031,000 (net of agency fees of $529,500).

iv) The balance of the net purchase price of the El Paso properties, of approximately $20,975,000, was funded by an increase in the revolving production loan.

b) The pro forma combined statements of earnings for the year ended December 31, 2002 and for the year ended December 31, 2001 have been prepared as if the El Paso properties had been acquired on January 1, 2002 and January 1, 2001, respectively.

Additionally:

i) Incremental general and administrative expenses were assumed to be $400,000 per annum. Actual general and administrative expenses may be higher.

ii) Incremental interest expense relating to the increase in the revolving production loan has been recorded at 5.55% per annum.

iii) Depletion and amortization have been increased as a result of an increase in the oil and gas assets from the acquisition and has been calculated on a combined basis.

iv) Future site restoration charges have been increased as a result of an increase in the oil and gas assets from the acquisition and have been calculated on a combined basis.

v) Current taxes have been increased to record an expected increase in Large Corporations Tax.

vi) Future taxes were adjusted to account for income taxes at the estimated rate of 42.5%.

vii) Current taxes have been increased to account for current income taxes and an increase in Large Corporations Tax.

3. Shares outstanding:

The pro forma per share information has been calculated giving effect to the Canadian Superior shares issued as referred to in 2(a)(ii), and the units issued as referred to in 2(a)(iii).

CERTIFICATE OF CANADIAN SUPERIOR ENERGY INC.

Dated: February 6, 2004

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the provinces of Alberta, British Columbia and Ontario.

(signed) "Gregory S. Noval"
Gregory S. Noval
President and Chief Executive Officer

(signed) "Robert A. Pilling"
Robert A. Pilling
Vice-President and Corporate Secretary
(as Chief Financial Officer)

On behalf of the Board of Directors:

(signed) "Leigh Bilton"
Leigh Bilton
Director

(signed) "Thomas J. Harp"
Thomas J. Harp
Director

CERTIFICATE OF UNDERWRITER

Dated: February 6, 2004

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the provinces of Alberta, British Columbia and Ontario.

Maison Placements Canada Inc.

By: *(signed) "John R. Ing"*
John R. Ing

APPENDIX 1
CONSENT OF BROWN SMITH OWEN LLP

February 6, 2004

Auditors' Consent

We have read the short form prospectus of Canadian Superior Energy Inc. dated February 6, 2004 relating to the qualification for distribution of 7,400,180 common shares and 2,466,726 common share purchase warrants of the Company issuable upon the exercise of 7,400,180 previously issued special warrants and 142,857 common shares of the Company issuable upon exercise of 142,857 previously issued flow through special warrants. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference in the Prospectus, of our report dated April 30, 2003 to the shareholders of Canadian Superior Energy Inc. on the following financial statements:

Balance sheets as at December 31, 2002 and 2001; and
Statements of earnings and retained earnings (deficit) and cash flows for the years then ended.

We also consent to the use in the Prospectus, of our compilation report dated February 6, 2004 to the directors of the corporation on the pro forma combined balance sheet of the Corporation as at December 31, 2002 and the proforma combined statement of earnings for the years ended December 31, 2002 and 2001.

(signed) "Brown Smith Owen LLP"

Chartered Accountants
Red Deer, Alberta, Canada

APPENDIX 2
CONSENT OF PRICEWATERHOUSECOOPERS LLP

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
111 5th Avenue SW, Suite 3100
Calgary, Alberta
Canada T2P 5L3
Telephone +1 (403) 509 7500
Facsimile +1 (403) 781 1825

February 6, 2004

Auditors' Consent

We have read the short form prospectus of Canadian Superior Energy Inc. dated February 6, 2004 relating to the qualification for distribution of 7,400,180 common shares and 2,466,726 common share purchase warrants of the Company issuable upon the exercise of 7,400,180 previously issued special warrants and 142,857 common shares of the Company issuable upon the exercise of 142,857 previously issued flow through special warrants. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned prospectus of our report to the directors of Canadian Superior Energy Inc. on the Schedule of Revenues, Royalties and Operating Expenses for the years ended December 31, 2002, 2001 and 2000. Our report is dated January 9, 2004.

PricewaterhouseCoopers LLP

Chartered Accountants
Calgary, Alberta, Canada