

C A N A D A  
PROVINCE OF QUEBEC  
DISTRICT OF MONTRÉAL  
COURT. No.: 500-11-048311-159

SUPERIOR COURT  
Commercial Division

**IN THE MATTER OF THE PLAN OF  
COMPROMISE OR ARRANGEMENT OF:**

**MAUDORE MINERALS LTD.**, a legal person, duly  
constituted under the *Canada Business Corporations Act*,  
having its principal place of business at 1495, 4e Rue, Val-d'Or,  
Quebec, J9P 6X1

Debtor

– and –

**SAMSON BÉLAIR/DELOITTE & TOUCHE INC.**  
(Jean-François Nadon, CPA, CA, CIRP, designated person in  
charge), having a place of business at 1 Place Ville Marie,  
Suite 3000, Montréal, Quebec, H3B 4T9

Monitor

**SECOND REPORT TO THE COURT  
SUBMITTED BY SAMSON BÉLAIR/DELOITTE & TOUCHE INC.  
IN ITS CAPACITY AS MONITOR**  
(*Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended)

## INTRODUCTION

1. On February 27, 2015, Maudore Minerals Ltd. (“**Maudore**” or the “**Debtor**”) filed for, and obtained, protection from its creditors under the *Companies' Creditors Arrangement Act* (“**CCAA**”).
2. Pursuant to the initial order granted by this court (the “**Initial Order**”), Samson Bélair/Deloitte & Touche Inc. (“**Deloitte**”) was appointed as monitor (the “**Monitor**”) and a stay of proceedings against the Debtor was granted until March 29, 2015.
3. On March 5, 2015, the Monitor filed its first report, dated March 5, 2015 (the “**First Report**”). The purpose of the First Report was to cover specifically the Cash Flow Statement, in accordance with Paragraph 23(1)(b) of the CCAA.

## PURPOSE OF THE SECOND REPORT

4. This second report (the “**Second Report**”) of the Monitor addresses:
  - (i) the Debtor’s corporate structure and operations;
  - (ii) the Debtor’s current financial situation;
  - (iii) the Debtor’s operations since the Initial Order;
  - (iv) the activities of the Monitor;
  - (v) the extension of the Stay Period; and
  - (vi) the Monitor’s conclusions and recommendations.
5. In preparing this Second Report, the Monitor has relied upon unaudited financial information, the Debtor’s records, the motion for an initial order dated February 27, 2015 (the “**Motion for Initial Order**”) and its discussions with the management of the Debtor and its financial and legal advisors. While the Monitor has reviewed the information, some in draft format, submitted in the abridged time available, the Monitor has not performed an audit or other verification of such information. Forward looking financial information included in the Second Report is based on assumptions of the management of the Debtor regarding future events, and actual results achieved will vary from this information and the variations may be material.
6. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not defined in this Second Report are as defined in the First Report and in the Motion for Initial Order.
7. A copy of this Second Report and all further reports of the Monitor will be available on the Monitor’s website at <http://www.insolvencies.deloitte.ca/en-ca/Pages/Maudore-Minerals-ltd.aspx>

## DEBTOR’S CORPORATE STRUCTURE AND OPERATIONS

8. Maudore, a publicly owned company listed as MAO on the TSX Venture Exchange (TSX-V), is a Quebec junior gold company with 13 exploration projects located near the towns of Amos, Lebel-sur-Quévillon, and Matagami (refer to Appendix A for a list of the exploration projects). Maudore is only a corporate head office which does not generate liquidity.
9. Maudore is the majority shareholder (50.9%) of Aurbec Mines Inc. (“**Aurbec**”), whose principal assets are the Sleeping Giant mine and processing facility 80 km north of Amos (“**Sleeping Giant**”), and the Vezza project about 25 km south of Matagami (“**Vezza**”).
10. FBC Holdings S.à.r.l., controlled by Cyrus Capital Partners L.P. (collectively “**Cyrus**”), is the other shareholder of Aurbec (49.9%). Cyrus is the operating lender and is owed in excess of \$36M. This debt is secured by a first-ranking hypothec over all the assets of Maudore and by a hypothec over all the assets of Aurbec (which is first-ranking except with respect to Vezza) (refer to Appendix B for the corporate structure chart).
11. Both of Aurbec’s main projects, Sleeping Giant and Vezza, have been put into a care and maintenance program and therefore no longer generate liquidity.

12. On September 8, 2014, both Maudore and Aurbec filed notices of their intention to make proposals to their creditors under the *Bankruptcy and Insolvency Act* (“**BIA**”), with Deloitte, agreeing in both instances to act as the proposal trustee.
13. On October 8, 2014, the deadline for Maudore and Aurbec to file their proposals was extended by the court in the district of Abitibi for a period of 44 days, ending on November 21, 2014.
14. On October 14, 2014, a sale process undertaken by Aurbec to maximize recovery for creditors generated an offer for various equipment no longer required by Aurbec, which sale was approved by the court in the district of Abitibi on November 7, 2014.
15. On November 21, 2014, the deadline for Maudore and Aurbec to file their proposals was extended by the court in the district of Abitibi for a period of 45 days, ending on January 6, 2015.
16. On December 17, 2014, with the consent of both Aurbec and Maudore, Deloitte was appointed receiver of all the assets of Aurbec (“**Receiver**”) subject to the secured lender’s security, Cyrus (with the exception of Vezza, in respect of which Cyrus was only the second-ranking secured creditor behind two creditors ranking *pari passu* who had been granted a hypothec in respect of work performed at Vezza).
17. On January 6, 2015, the court in the district of Abitibi extended the deadline for Maudore to January 14, 2015 to coincide with the court’s availability. No extension of Aurbec’s deadline to make a proposal to its creditors was sought, resulting in the bankruptcy of Aurbec, with Deloitte being appointed as trustee in the estate.
18. On January 14, 2015, the court in the district of Abitibi extended the deadline for Maudore to make a proposal to its creditors to February 27, 2015.
19. As mentioned before, Maudore does not generate liquidity. The Receiver, namely Deloitte, has the authority, as per the receivership order granted on December 17, 2014 (“**Receivership Order**”) and with the prior authorization of Cyrus, to transfer funds from Aurbec to Maudore so that it can honor its obligations. Cyrus is being regularly kept apprised of the funding requirements of Maudore and is highly involved in the restructuring process.

## **DEBTOR’S FINANCIAL SITUATION**

20. Maudore is a corporate office. Its liquidity needs have been funded by Aurbec. Since the appointment of the Receiver, Maudore no longer exercises control, even indirectly, over the assets of Aurbec. However, as mentioned earlier, the Receiver, namely Deloitte, can transfer funds to Maudore.

21. The following table illustrates the liabilities of Maudore as of March 5, 2015, as per Management:

Maudore Minerals Ltd. Estimated liabilities As of March 5, 2015	
<b>Secured creditor</b>	
Cyrus	36,000,000
<b>Unsecured creditors</b>	
Trade payables	
Professional fees	650,708
Balance of sale	1,914,005
Other	116,640
	<u>2,681,353</u>
	<b>38,681,353</b>

22. Cyrus is secured by a hypothec of approximately \$36M over all the assets of Maudore and Aurbec, which is first-ranking on all assets with the exception of Veza, in respect of which Cyrus is in second rank. The amount of \$36M includes an amount of \$14M that represents Aurbec's secured debt in favor of Cyrus, guaranteed by Maudore.

#### DEBTOR'S OPERATIONS SINCE THE INITIAL ORDER

23. In light of the bankruptcy of Aurbec, Maudore's only significant asset among its 13 exploration projects is a property named Comtois ("**Comtois Property**"), as it appears unlikely that there will be any significant realization from the other exploration projects (refer to Appendix A for a list of the exploration projects).
24. In late January 2015, a party expressed an interest ("**Interested Party**") in exploiting the Comtois Property, with a confidential business plan being drawn up in February 2015. Since the Initial Order, Management continues to discuss with the potential Interested Party, with the most recent discussions having taken place on Friday, March 20, 2015. The interested party is now assessing its position, and in the event that the Comtois Deposit meets its criteria, a site visit would be arranged for April 2015.

### Highlights of the Debtor's cash flows since the date of filing

Maudore Minerals Ltd. Statement of receipts and disbursements For the period from February 23 to March 15, 2015			
	3-week period ended March 15, 2015		
	Budget (\$)	Actual (\$)	Variance (\$)
<b>Receipts</b>			
Transfers from Mines Aurbec Inc.	10,000	10,000	-
<b>Disbursements</b>			
Salaries	-	-	-
Professional fees	-	-	-
Other consultants	22,138	22,258	(120)
Office and administration costs	520	1,010	(490)
Exploration costs	2,320	431	1,889
	<u>24,978</u>	<u>23,699</u>	<u>1,279</u>
<b>Projected bank balance variation</b>	<b>(14,978)</b>	<b>(13,699)</b>	<b>1,279</b>
Bank balance - beginning	19,876	19,874	(2)
<b>Bank balance - ending</b>	<b>4,898</b>	<b>6,175</b>	<b>1,277</b>

25. The actual receipts and disbursements for the 3-week period ended March 15, 2015 are similar to what had been budgeted.
26. Refer to Appendix C for the amended 13-week period cash flow forecasts.

### ACTIVITIES OF THE MONITOR

27. Since February 27, 2015, the date of the Initial Order, the Monitor has analyzed the receipts and disbursements transacted through the bank accounts.
28. In accordance with the Initial Order, any disbursements for services rendered to Maudore prior or subsequent to the date of the Initial Order were presented to, and approved by, the Monitor.
29. Within five (5) business days, the Monitor made available on its website all public information and documentation related to the Debtor's restructuring process, including the notice to creditors, the creditor listings, press releases, and all Court documentation.
30. Within five (5) business days, the Monitor sent a notice by regular mail to all known creditors of the Debtors.
31. On March 5, 2015, the Monitor completed the First Report and filed it with this Honorable Court, served it to the service list, and made it available on its website.
32. On March 11 and March 18, 2015, the Monitor published a notice with respect to the Initial Order in *Le Citoyen de la Vallée de l'Or/Le Citoyen de l'Harricana*.

### **EXTENSION OF THE STAY PERIOD**

33. Pursuant to the Initial Order, a stay of proceedings against the Debtor was granted until March 29, 2015.
34. The Debtor notified the Monitor of its intention to request an extension of the stay of proceedings to June 29 2015, to allow Maudore to develop and eventually submit a plan of arrangement to its creditors under the CCAA.
35. It is the Monitor's opinion that it is necessary to provide additional time for Maudore to continue discussions with the Interested Party and to evaluate the different options available for the benefit of its stakeholders. The Monitor considers the Debtor's restructuring process to be progressing; however, more time will be required to develop a restructuring plan acceptable to all stakeholders.
36. Upon further investigation into the business and operations of the Debtor, and with additional information provided by and learned through discussions with Management, some changes to the Cash Flow Statement of Maudore, as originally provided in the Initial Order, are required to accurately reflect the financial situation of the Debtor (refer to Appendix C).

### **MONITOR'S CONCLUSION AND RECOMMENDATIONS**

37. It is the Monitor's view that Maudore has acted in good faith and with due diligence in accordance with the Initial Order.
38. It is the Monitor's opinion that an extension of the stay of proceedings to June 29, 2015 will allow Maudore to develop a viable plan of arrangement, for the benefit of all stakeholders, and that the extension will not prejudice any of Maudore's creditors.

The Monitor respectfully submits to the Court this, its Second Report.

DATED AT MONTREAL, this 25<sup>th</sup> day of  
March, 2015.



Jean-François Nadon, CPA, CA, CIRP  
Senior Vice-President

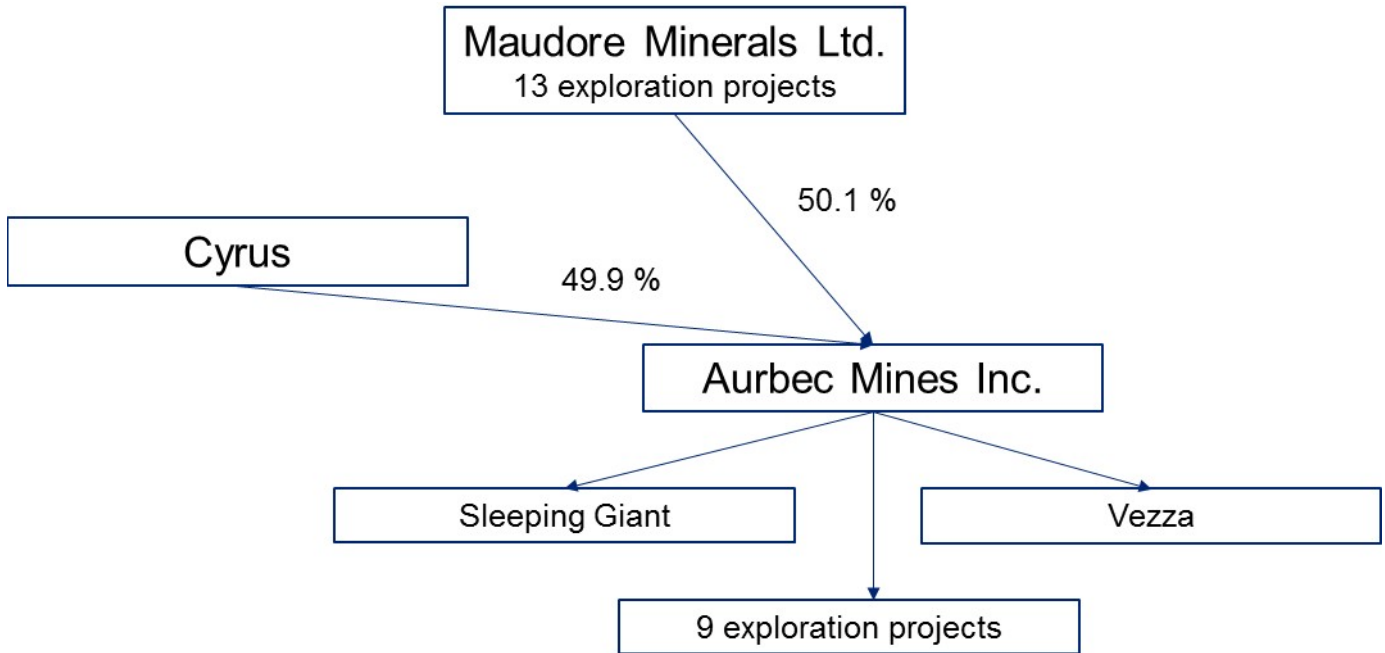
SAMSON BÉLAIR/DELOITTE & TOUCHE INC.  
In its capacity as Court-appointed Monitor

**APPENDIX A**

**List of exploration projects**

- North Shore
- Bell
- Sadie
- Cedar-Rapids
- Pakodji
- Comtois
- Comtois South West
- Bernetz
- Fontaneau-Thémines
- Mazarin-Glandelet
- Dalet

**APPENDIX B**





**APPENDIX C**

**Maudore Minerals Ltd.  
 Projected cash flow**

Week beginning	Week 4 3/16/2015	Week 5 3/23/2015	Week 6 3/30/2015	Week 7 4/6/2015	Week 8 4/13/2015	Week 9 4/20/2015	Week 10 4/27/2015	Week 11 5/4/2015	Week 12 5/11/2015	Week 13 5/18/2015	Week 14 5/25/2015	Week 15 6/1/2015	Week 16 6/8/2015	Total
<b>Receipts</b>														
Transfers from Aurbec	20,000	-	75,000	-	-	35,000	-	10,000	-	-	30,000	-	-	<b>170,000</b>
<b>Disbursements</b>														
Salaries	1,437	-	30,178	-	-	-	-	-	-	-	-	-	-	<b>31,615</b>
Professional fees	0	-	7,500	-	-	-	7,500	-	-	-	7,500	-	-	<b>22,500</b>
Other consultants	-	15,000	13,560	1,800	-	10,000	14,560	1,800	-	-	3,000	15,360	-	<b>75,080</b>
Office and administration costs	5,979	-	1,250	-	-	-	1,250	-	-	-	1,250	-	-	<b>9,729</b>
Exploration costs	-	-	-	18,013	-	-	-	8,694	-	-	-	4,183	-	<b>30,890</b>
	<b>7,416</b>	<b>15,000</b>	<b>52,488</b>	<b>19,813</b>	-	<b>10,000</b>	<b>23,310</b>	<b>10,494</b>	-	-	<b>11,750</b>	<b>19,543</b>	-	<b>169,814</b>
<b>Net cash flow</b>	<b>12,584</b>	<b>(15,000)</b>	<b>22,512</b>	<b>(19,813)</b>	-	<b>25,000</b>	<b>(23,310)</b>	<b>(494)</b>	-	-	<b>18,250</b>	<b>(19,543)</b>	-	<b>186</b>
Opening cash	6,175	18,759	3,759	26,271	6,458	6,458	31,458	8,148	7,654	7,654	7,654	25,904	6,361	6,175
<b>Ending bank balance</b>	<b>18,759</b>	<b>3,759</b>	<b>26,271</b>	<b>6,458</b>	<b>6,458</b>	<b>31,458</b>	<b>8,148</b>	<b>7,654</b>	<b>7,654</b>	<b>7,654</b>	<b>25,904</b>	<b>6,361</b>	<b>6,361</b>	<b>6,361</b>