

Court File No: 615-11-001228-107
Estate No. 33-1395340

QUEBEC
SUPERIOR COURT

IN THE MATTER OF THE PROPOSAL OF
NORTHERN STAR MINING CORP.
OF THE CITY OF VAL D'OR IN THE PROVINCE OF QUEBEC

Court File No: 615-11-001229-105
Estate No. 33-1396167

QUEBEC
SUPERIOR COURT

IN THE MATTER OF THE PROPOSAL OF
RESSOURCES JAKE INC./JAKE RESOURCES INC.
OF THE CITY OF VAL D'OR IN THE PROVINCE OF QUEBEC

FOURTH REPORT OF THE PROPOSAL TRUSTEE
Pursuant to Section 50.4(7)(b)(ii) of the *Bankruptcy and Insolvency Act*

(Dated as of January 7, 2011)

1. On August 18, 2010, Northern Star Mining Corp. ("NSM") filed a Notice of Intention to Make a Proposal (the "NSM NOI") pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* (the "BIA") and Samson Belair / Deloitte & Touche Inc. (the "Trustee") was named as Trustee in NSM's proposal proceedings. A copy of the NSM NOI, together with related documents, and the Certificate of Filing of the Notice of Intention to Make a Proposal for NSM, were included in the Report of the Proposal Trustee pursuant to Section 50.4(7)(b)(ii) of the *Bankruptcy and Insolvency Act* filed with this Honourable Court on September 16, 2010 (the "First Trustee Report").
2. On August 19, 2010, Ressources Jake Inc./Jake Resources Inc. ("Jake", and when combined with NSM, the "Companies"), a wholly owned subsidiary of NSM, filed a

Notice of Intention to Make a Proposal (the “**Jake NOI**”) and the Trustee was also named as Trustee in Jake’s proposal proceedings. A copy of the Jake NOI, together with related documents, and the Certificate of Filing of the Notice of Intention to Make a Proposal for Jake were included in the First Trustee Report.

3. The initial 30 day stay period provided for under the NSM NOI was scheduled to expire on September 17, 2010. The initial 30 day stay period provided for under the Jake NOI was scheduled to expire on September 18, 2010.
4. On September 15, 2010, the Companies served their materials in connection with their motion to seek an Order of this Honourable Court to extend the time for each of the Companies to file proposals to their creditors. As the presiding judge in Val d’Or was unable to hear the motion during the week prior to the expiration of the initial 30 day stay periods, the motion was made returnable on September 21, 2010. Accordingly, on September 16, 2010, the Companies sought and obtained from Registrar Johanne Simard an Order that extended the stay periods to September 22, 2010 (the “**First Extension Order**”). A copy of the First Extension Order was attached as Appendix “A” to the Third Trustee Report (as hereinafter defined).
5. The Trustee prepared the First Trustee Report in conjunction with the Companies’ motion for an extension of the time to file their proposals. In the First Trustee Report, the Trustee set out its position that the Companies were acting in good faith and with due diligence and supported the Companies’ motion that the Court extend the time in which the Companies were required to file their proposals.
6. On September 20, 2010, the Honourable Justice Robert Dufresne advised counsel for the Companies that he would be unable to hear the extension motion originally scheduled for September 21, 2010, and the motion was rescheduled for September 28, 2010. On September 20, 2010, Registrar Simard issued an Order extending the stay period to September 29, 2010 (the “**Second Extension Order**”). A copy of the Second Extension Order was attached as Appendix “B” to the Third Trustee Report.

7. On September 29, 2010, the extension motion was heard by the Honourable Justice Jocelyn Geoffroy who issued an Order on October 13, 2010 (the “**Third Extension Order**”) which extended the time for each of the Companies to file proposals to their creditors to November 1, 2010. In the Third Extension Order, Justice Geoffroy also granted a \$250,000 charge (the “**Administrative Charge**”) over the Companies’ assets in favour of the fees and expenses of the Trustee as well as those of its legal counsel and other experts engaged by the Trustee in the performance of the Trustee’s duties. A copy of the Third Extension Order was attached as Appendix “C” to the Third Trustee Report. On October 26, 2010, during a conference call with counsel for the Companies and the Trustee’s counsel, Justice Geoffroy advised counsel that the Third Extension Order would be amended to provide that the Companies’ counsel would participate in the Administrative Charge (the “**Amended Third Extension Order**”). Also on October 26, 2010, Justice Geoffroy extended the date by which the Companies must file proposals to their creditors to November 3, 2010. A copy of the minutes of the hearing of October 26, 2010 and the Amended Third Extension Order were attached as Appendix “D” to the Third Trustee Report.
8. On November 1, 2010, the Companies filed a motion seeking to extend to December 15, 2010 the date by which the Companies were required to file their proposals (the “**November 1 Motion**”).
9. The Trustee prepared its second report (the “**Second Trustee Report**”) in respect of the November 1 Motion which was scheduled to be heard on November 3, 2010. In the Second Trustee Report, the Trustee set out its view that the Companies were continuing to act in good faith and with due diligence in these proceedings and recommended approval of the Companies’ motion that the Court extend to December 15, 2010 the date by which the Companies were required to file their proposals. A copy of the Second Trustee Report, without appendices, was attached as Appendix “E” to the Third Trustee Report. The Second Trustee Report was provided to the Court on November 2, 2010.
10. On November 2, 2010, during a conference call with counsel for the Companies, the Trustee’s counsel, counsel for Red Kite Explorer Trust (“**Red Kite**”), Platinum Partners

Value Arbitrage Fund, L.P. (“**Platinum**”), and Centurion Credit Group Master Fund, LP (“**Centurion**”, and collectively with Red Kite and Platinum, the “**Secured Noteholders**”), and Justice Geoffroy, counsel for the Secured Noteholders indicated that he wished to examine Michael Waldkirch on his affidavit sworn on October 28, 2010 (the “**October 28 Affidavit**”) in support of the November 1 Motion. On that day, Justice Geoffroy, among other things, extended to November 26, 2010 the date by which the Companies were required to file their proposals, and set as November 26, 2010 the date on which the November 1 Motion would be heard. A copy of the Order granting the extension (the “**Fourth Extension Order**”), together with the minutes of the hearing that took place on November 2, 2010, was attached as Appendix “F” to the Third Trustee Report.

11. On November 25, 2010, the Companies served a motion to be heard on November 26, 2010 to seek an Order of this Honourable Court to extend the time for each of the Companies to file proposals to their creditors to January 7, 2011 (the “**November 25 Motion**”).
12. The Trustee prepared its third report (the “**Third Trustee Report**”) in respect of the November 25 Motion. In the Third Trustee Report, the Trustee set out its view that the Companies were continuing to act in good faith and with due diligence in these proceedings. The Trustee further advised that the Companies’ ability to continue to operate during the stay period was predicated on the receipt of certain mining refunds from Revenu Quebec, which NSM had anticipated receiving in mid-December 2010. The Trustee recommended approval of the Companies’ motion that the Court extend to January 7, 2011 the date by which the Companies were required to file their proposals. A copy of the Third Trustee Report, without appendices, is attached hereto as **Appendix “A”**.
13. On November 26, 2010, Justice Geoffroy extended to January 7, 2011 the date by which the Companies were required to file their proposals. A copy of the Order granting the extension (the “**Fifth Extension Order**”) is attached hereto as **Appendix “B”**.

14. On January 7, 2011, the Companies served a motion to be heard on on that day to seek an Order of this Honourable Court to extend the time for each of the Companies to file proposals to their creditors to January 24, 2011 (the "**January 7 Motion**"). This report has been prepared pursuant to section 50.4(7) of the BIA to provide the Trustee's views in connection with the January 7 Motion.
15. This report is to be read in conjunction with the First, Second and Third Trustee Reports. Capitalized terms not defined in this report are as defined in those reports. All dollar values contained in this report are listed in Canadian funds, unless otherwise noted.

Cash Flow Results

16. The Cash Flow Statements filed with the Official Receiver on August 27, 2010 with respect to both NSM and Jake included 13-week cash flow forecasts for the period August 18 to November 20, 2010, in the case of NSM, and the period August 19 to November 20, 2010, in the case of Jake, each of which were appended to the First Trustee Report. On November 10, 2010, the Companies provided to the Trustee updated Cash Flow Statements for the period October 31, 2010 to January 29, 2011 (the "**Updated Cash Flow Statements**"). Copies of those cash flow statements were appended to the Third Trustee Report.
17. Since the Companies' proceedings have extended beyond the period of the initial cash flow forecasts filed, for purposes of this report, the Trustee is providing actual cash flow results for the entire period of the NOI proceedings but is limiting its comments on variances to the period covered by the Updated Cash Flow Statements.

NSM

18. Attached as **Appendix "C"** is a schedule setting out NSM's actual cash flow results for the period August 18, 2010 to January 1, 2011. Attached as **Appendix "D"** is a schedule setting out the comparison of the cash flow forecast as taken from the Updated Cash Flow Statement for NSM (the "**NSM Extended Cash Flow Forecast**") as compared to actual results, for the period October 31, 2010 to January 1, 2011 (the "**NSM Results**").

Period"). During the NSM Results Period, NSM had a net cash outflow of \$175,291 and had a net negative cash position variance of \$1,334,050.

19. The negative cash position variance of approximately \$1.3 million is due to a negative receipts variance of \$1.43 million offset by a positive disbursements variance of approximately \$95,600.
20. The negative receipts variance relates to the receipt of a mining refund from Revenu Quebec. NSM had anticipated receiving refunds totalling \$4.6 million when it prepared the NSM Extended Cash Flow Forecast as it had received confirmation from Revenu Quebec that approximately \$4.81 million of refunds had been approved, but that Revenu Quebec had advised that it intended to offset approximately \$236,000 of mining tax reassessment credits, leaving a net refund payable of approximately \$4.57 million. However, prior to issuing the refund, Revenu Quebec advised that it would be temporarily holding back approximately \$1.45 million of the refund, which amount may be set off against refunds NSM had received in respect of certain input tax credits ("ITC's") prior to the filing of the NOI but for which the accounts payable has not been paid by NSM as at the date of the filing of the NOI. NSM has advised that there are approximately \$650,000 of previously claimed ITC's that may fall into the category identified by Revenu Quebec, and that Revenu Quebec intends to conduct a review of the ITC's in question before releasing any of the holdback funds. Pending Revenu Quebec's review, and based on the above information, it appears that of the \$1.43 million negative receipts variance, approximately \$650,000 represents a permanent variance and \$800,000 represents a timing difference.
21. Variances in excess of \$10,000 that comprise the positive disbursements variance are:
 - a positive temporary variance of approximately \$109,500 resulting from NSM's legal fees being less than forecast. NSM has advised that they have not received an invoice from Gowlings since mid-November 2010;

- a positive variance of approximately \$43,800 in executive salaries as certain salaries included in the NSM Extended Cash Flow Forecast were incurred in the week prior to the NSM Results Period;
- temporary positive variances for Midway maintenance costs of approximately \$36,600 and McKenzie maintenance costs of approximately \$14,900 as invoices for work completed at the mine sites have not yet been received by NSM;
- a positive permanent variance of approximately \$26,400 in consulting fees as NSM has used less consulting services than initially forecast; and
- a permanent positive variance of approximately \$14,800 in travel costs as there have been fewer trips to the mine site than originally anticipated;

offset by:

- a negative variance of approximately \$62,827 in interest payments as the payment to Computershare Trust Company of Canada (“**Computershare**”) was higher than forecast due to increased accrued interest;
- a permanent negative variance of approximately \$55,742 relating to security costs for the mining properties as the change to lower priced security occurred later than originally anticipated; and
- a negative variance of approximately \$45,500 for payments for mineral properties consisting of a temporary \$25,000 negative variance relating to the Piche Harvey property as the January 2011 payment was paid one week earlier than anticipated, and an approximately \$18,500 permanent difference relating to a payment to the Ministry of Natural Resources in respect of the renewal of certain claims on the Midway project..

22. The cash flow results are below forecast primarily due to the lower than anticipated mining refund receipt. As referred to above, interest payments of \$2,405,611 and \$99,050, respectively, were paid to Computershare and Anglo Pacific Group LLC, respectively.
23. As set out in Appendix "I", as at January 1, 2011, there was \$410,743 in NSM's bank account, which amount does not include the approximately \$800,000 NSM expects to receive upon Revenu Quebec's completion of its review of NSM's pre-filing ITC's.

Jake

24. Attached as **Appendix "E"** is a schedule setting out Jake's actual cash flow results for the period August 19, 2010 to January 1, 2011. Attached as **Appendix "F"** is a schedule setting out the comparison of the cash flow forecast as taken from the Updated Cash Flow Statement for Jake as compared to actual results for the period October 31, 2010 to January 1, 2011 (the "**Jake Results Period**"). During the Jake Results Period, Jake had a net cash outflow of \$6,896 and had a net positive cash position variance of \$39,114.
25. The positive cash flow variance consists of a positive receipts variance of \$13,440 combined with a positive disbursements variance of \$25,674.
26. Variances in excess of \$10,000 that comprise the positive variance are:
- A temporary positive variance of approximately \$13,500 relating to utilities payments as the utility invoice for December has not yet been paid.

Trustee Fees and Legal Fees

27. The Trustee's fees for services rendered to NSM and Jake for the period to December 15, 2010 are \$135,330.37 and \$24,907.00, respectively, including GST and QST. The fees and disbursements of Lavery with respect to NSM and Jake for the period to December 15, 2010 are \$128,329.21 and \$1,662.18, respectively, including GST and QST. The Trustee has received cheques from the Companies for all invoices except for the most recently issued invoices by the Trustee and Lavery for the period December 1 to 15, 2010 which total \$23,860.39.

28. NSM and Jake have provided cheques to the Trustee for the amounts owing to both the Trustee and Lavery in conformity with paragraph 24 of the Amended Third Extension Order. The Trustee has deposited the said cheques into trust bank accounts it has opened for each of the proposals of NSM and Jake and has paid to the Trustee and Lavery the above fees and disbursements.

NSM's CEO

29. Effective December 8, 2010, Mr. George Pirie, the CEO of NSM, assumed the position as President and CEO of San Gold Corporation, a gold exploration and production company with operations primarily in Manitoba. On December 21, 2010, the Trustee met with Mr. Pirie to discuss, among other matters, the status of the Companies restructuring efforts and Mr. Pirie's status with the Companies. Mr. Pirie advised the Trustee that his new role would not impact his role as NSM's CEO and his commitment to seeing the restructuring of the Companies to its conclusion.

Confidentiality Agreement and Secured Noteholders' Motion for the Appointment of an Interim Receiver

30. At the hearing on November 26, 2010 to hear the November 25 Motion, the Companies and the Secured Noteholders agreed to negotiate the terms of a confidentiality agreement which would provide for the Companies providing certain information regarding their sale process and offers they had received to the Secured Noteholders. It was agreed on November 26, 2010 that to the extent the parties could not agree on the terms of the confidentiality agreement, an appointment with the Justice Geoffroy was to be scheduled during the week of December 13, 2010.
31. As the parties had not agreed on the terms of the confidentiality agreement, on December 15, 2010, the Companies and the Secured Noteholders attended a hearing before the Honourable Justice Geoffroy to advise of the status of the confidentiality agreement. Just prior to the December 15, 2010 appearance, counsel to the Secured Noteholders circulated a motion, to also be heard at the December 15, 2010, for the appointment of an interim receiver over the Companies. At the December 15, 2010 hearing, the Companies

and the Secured Noteholders agreed on the terms of the confidentiality agreement. Concurrently, Justice Geoffroy declined to hear the motion for the appointment of the interim receiver that day, and suggested to counsel to the Secured Noteholders that should it wish to bring forward that motion, it would be heard at the next motion which was expected to be heard on or about January 7, 2011, representing the date by which the Companies were required to file their proposals.

Malarctic-Midway Mining Rights

32. On January 6, 2011, the Trustee received from NSM a copy of a Notice of Decision Project dated December 22, 2010 (the “**Notice of Decision**”) from the Quebec Department of Natural Resources and Fauna (“**Department**”) which revoked certain of mining claims owned by NSM as a result of NSM’s removal of a quantity of ore from the mine site in excess of the volume allowed. The mining claims impacted involve the Malarctic-Midway properties which are a significant asset of the Companies. The Companies have advised that they requested a copy of the Department’s file and are assessing whether to appeal the decision, and that NSM has until February 7, 2011 to file an appeal of the Notice of Decision.

Status of NSM’s Restructuring Efforts

33. NSM has advised that the Notice of Decision appears to have had a negative impact on the Companies’ restructuring process in that a potential joint venture partner has advised that it will not commit to an arrangement until the mining rights issue is resolved. The Companies have also advised that it has received two offers for the mill, but neither of the offers have been accepted to date.
34. In order to assess its position regarding the Notice of Decision, the Companies are seeking an extension of fifteen (15) days to the date by which the Companies are required to file their Proposals. The Trustee has been advised by the Companies that the Secured Noteholders are consenting to the extension.

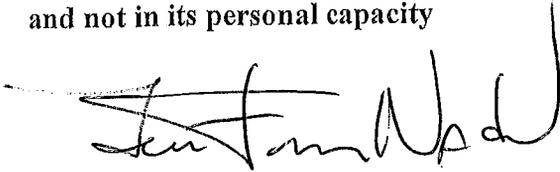
Trustee's Recommendation

35. Based on the Companies' cash on hand, the Companies appear to have sufficient cash to fund their restructuring process to the date to which this extension is being requested. The Companies will be required to file further Statements of Projected Cash-Flow should the Companies file Proposals, or seek another extension after this requested extension expires.
36. As set out in this report, the Companies have received offers for the mill, and NSM appears to be progressing towards a joint venture arrangement. The Trustee understands that these transactions would provide the basis for a proposal to the Companies' creditors and a restructuring of the Companies. However, the Notice of Decision has brought into question whether the prospective joint venture partner will enter into a joint venture agreement with NSM until the subject matter of the Notice of Decision is resolved.
37. The Companies are seeking an extension of fifteen (15) days of the date by which the Companies are required to file their proposals. This extension would require the Companies to file their proposals on or before January 24, 2011 and is being sought to enable NSM to obtain additional information regarding the Notice of Decision and to formulate its position in connection therewith.
38. The Trustee understands that the Secured Noteholders have been advised of the Notice of Decision and consent to the extension being sought.
39. The Trustee is of the view that (i) the Companies continue to act in good faith and with due diligence in these proceedings and (ii) no creditor is being materially prejudiced by extending the time for each of the Companies to file proposals to their creditors.
40. Accordingly, the Trustee recommends approval of the Companies' motion pursuant to section 64.2 of the BIA for an extension to January 24, 2011 of the date by which each of NSM and Jake are to make proposals to their creditors.

All of which is respectfully submitted to this Honourable Court.

DATED this 7th day of January, 2011.

SAMSON BELAIR / DELOITTE & TOUCHE INC.
Trustee re the Proposals of
Northern Star Mining Corp. and Ressources Jake Inc./Jake Resources Inc.
and not in its personal capacity

A handwritten signature in black ink, appearing to read "Jean-Francois Nadon". The signature is written in a cursive style with a large, sweeping initial "J".

Jean-Francois Nadon
Senior Vice President

APPENDIX "A"



Court File No: 615-11-001228-107
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QUEBEC
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IN THE MATTER OF THE PROPOSAL OF
NORTHERN STAR MINING CORP.
OF THE CITY OF VAL D'OR IN THE PROVINCE OF QUEBEC

Court File No: 615-11-001229-105
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QUEBEC
SUPERIOR COURT

IN THE MATTER OF THE PROPOSAL OF
RESSOURCES JAKE INC./JAKE RESOURCES INC.
OF THE CITY OF VAL D'OR IN THE PROVINCE OF QUEBEC

THIRD REPORT OF THE PROPOSAL TRUSTEE
Pursuant to Section 50.4(7)(b)(ii) of the *Bankruptcy and Insolvency Act*

(Dated as of November 25, 2010)

1. On August 18, 2010, Northern Star Mining Corp. ("NSM") filed a Notice of Intention to Make a Proposal (the "NSM NOI") pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* (the "BIA") and Samson Belair / Deloitte & Touche Inc. (the "Trustee") was named as Trustee in NSM's proposal proceedings. A copy of the NSM NOI, together with related documents, and the Certificate of Filing of the Notice of Intention to Make a Proposal for NSM, were included in the Report of the Proposal Trustee pursuant to Section 50.4(7)(b)(ii) of the *Bankruptcy and Insolvency Act* filed with this Honourable Court on September 16, 2010 (the "First Trustee Report").
2. On August 19, 2010, Ressources Jake Inc./Jake Resources Inc. ("Jake", and when combined with NSM, the "Companies"), a wholly owned subsidiary of NSM, filed a

Notice of Intention to Make a Proposal (the "**Jake NOI**") and the Trustee was also named as Trustee in Jake's proposal proceedings. A copy of the Jake NOI, together with related documents, and the Certificate of Filing of the Notice of Intention to Make a Proposal for Jake were included in the First Trustee Report.

3. The initial 30 day stay period provided for under the NSM NOI was scheduled to expire on September 17, 2010. The initial 30 day stay period provided for under the Jake NOI was scheduled to expire on September 18, 2010.
4. On September 15, 2010, the Companies served their materials in connection with their motion to seek an Order of this Honourable Court to extend the time for each of the Companies to file proposals to their creditors. As the presiding judge in Val d'Or was unable to hear the motion during the week prior to the expiration of the initial 30 day stay periods, the motion was made returnable on September 21, 2010. Accordingly, on September 16, 2010, the Companies sought and obtained from Registrar Johanne Simard an Order that extended the stay periods to September 22, 2010 (the "**First Extension Order**"). A copy of the First Extension Order is attached hereto as **Appendix "A"**.
5. The Trustee prepared the First Trustee Report in conjunction with the Companies' motion for an extension of the time to file their proposals. In the First Trustee Report, the Trustee set out its position that the Companies were acting in good faith and with due diligence and supported the Companies' motion that the Court extend the time in which the Companies were required to file their proposals.
6. On September 20, 2010, the Honourable Justice Robert Dufresne advised counsel for the Companies that he would be unable to hear the extension motion originally scheduled for September 21, 2010, and the motion was rescheduled for September 28, 2010. On September 20, 2010, Registrar Simard issued an Order extending the stay period to September 29, 2010 (the "**Second Extension Order**"). A copy of the Second Extension Order is attached hereto as **Appendix "B"**.
7. On September 29, 2010, the extension motion was heard by the Honourable Justice Jocelyn Geoffroy who issued an Order on October 13, 2010 (the "**Third Extension**

Order") which extended the time for each of the Companies to file proposals to their creditors to November 1, 2010. In the Third Extension Order, Justice Geoffroy also granted a \$250,000 charge (the "**Administrative Charge**") over the Companies' assets in favour of the fees and expenses of the Trustee as well as those of its legal counsel and other experts engaged by the Trustee in the performance of the Trustee's duties. A copy of the Third Extension Order is attached hereto as **Appendix "C"**. On October 26, 2010, during a conference call with counsel for the Companies and the Trustee's counsel, Justice Geoffroy advised counsel that the Third Extension Order would be amended to provide that the Companies' counsel would participate in the Administrative Charge (the "**Amended Third Extension Order**"). Also on October 26, 2010, Justice Geoffroy extended the date by which the Companies must file proposals to their creditors to November 3, 2010. A copy of the minutes of the hearing of October 26, 2010 and the Amended Third Extension Order are attached hereto as **Appendix "D"**.

8. On November 1, 2010, the Companies filed a motion seeking to extend to December 15, 2010 the date by which the Companies were required to file their proposals (the "**November 1 Motion**").
9. The Trustee prepared its second report (the "**Second Trustee Report**") in respect of the November 1 Motion which was scheduled to be heard on November 3, 2010. In the Second Trustee Report, the Trustee set out its view that the Companies were continuing to act in good faith and with due diligence in these proceedings and recommended approval of the Companies' motion that the Court extend to December 15, 2010 the date by which the Companies were required to file their proposals. A copy of the Second Trustee Report, without appendices, is attached hereto as **Appendix "E"**. The Second Trustee Report was provided to the Court on November 2, 2010.
10. On November 2, 2010, during a conference call with counsel for the Companies, the Trustee's counsel, counsel for Red Kite Explorer Trust ("**Red Kite**"), Platinum Partners Value Arbitrage Fund, L.P. ("**Platinum**"), and Centurion Credit Group Master Fund, LP ("**Centurion**", and collectively with Red Kite and Platinum, the "**Secured Noteholders**"), and Justice Geoffroy, counsel for the Secured Noteholders indicated that

he wished to examine Michael Waldkirch on his affidavit sworn on October 28, 2010 (the "**October 28 Affidavit**") in support of the November 1 Motion. On that day, Justice Geoffroy, among other things, extended to November 26, 2010 the date by which the Companies were required to file their proposals, and set as November 26, 2010 the date on which the November 1 Motion would be heard. A copy of the Order granting the extension (the "**Fourth Extension Order**"), together with the minutes of the hearing that took place on November 2, 2010, are attached hereto as **Appendix "F"**.

11. On November 25, 2010, the Companies served a motion to seek an Order of this Honourable Court to extend the time for each of the Companies to file proposals to their creditors to January 7, 2011 (the "**November 25 Motion**"). This report has been prepared pursuant to section 50.4(9) of the BIA to (i) supplement information included in the Second Trustee Report; and (ii) to provide the Trustee's views in connection with the November 25 Motion.
12. This report is to be read in conjunction with the First Trustee Report and the Second Trustee Report. Capitalized terms not defined in this report are as defined in those reports. All dollar values contained in this report are listed in Canadian funds, unless otherwise noted.

Cash Flow Statements

13. The Cash Flow Statements filed with the Official Receiver on August 27, 2010 with respect to both NSM and Jake included 13-week cash flow forecasts for the period August 18 to November 20, 2010, in the case of NSM, and the period August 19 to November 20, 2010, in the case of Jake. On November 2, 2010, the Companies provided to the Trustee updated Cash Flow Statements for the period November 1, 2010 to January 29, 2011. Copies of those cash flow statements were appended to the Second Trustee Report. As noted in the Second Trustee Report, the Trustee had not, at that time, had the opportunity to review those cash flow forecasts in detail.
14. Subsequent to November 2, 2010, the Trustee reviewed the updated cash flow statements and the assumptions contained therein, and provided its comments to the Companies.

Following consideration of the Trustee's comments, on November 10, 2010, the Companies provided to the Trustee revised cash flow statements for the period October 31, 2010 to January 29, 2011 (the "**Updated Cash Flow Statements**"). The Updated Cash Flow Statements and the Trustee's Reports on Cash Flow Statement were filed with the Official Receiver on November 19, 2010. A copy of the Updated Cash Flow Statements, the Reports on the Cash Flow Statement by the Person Making the Proposal and the Trustee's Reports on Cash Flow Statement for NSM and Jake are attached hereto as **Appendix "G"** and **Appendix "H"**, respectively.

15. Since the Companies' proceedings have extended beyond the period of the initial cash flow forecasts filed, for purposes of this report, the Trustee is providing actual cash flow results for the entire period of the NOI proceedings but is limiting its comments on variances to the period covered by the Updated Cash Flow Statements.

NSM

16. Attached as **Appendix "I"** is a schedule setting out NSM's actual cash flow results for the period August 18 to November 20, 2010. Attached as **Appendix "J"** is a schedule setting out the comparison of the cash flow forecast as taken from the Updated Cash Flow Statement for NSM (the "**NSM Extended Cash Flow Forecast**") as compared to actual results, for the period October 31 to November 20, 2010 (the "**NSM Results Period**"). During the NSM Results Period, NSM had a net cash outflow of \$348,988 and had a net positive cash position variance of \$44,412.
17. The positive cash position variance of approximately \$44,400 is due to a positive disbursements variance since there were no receipts forecast to be, nor actually, received during the NSM Results Period.
18. Variances in excess of \$10,000 that comprise the positive disbursements variance are:
 - a positive variance of approximately \$30,200 in executive salaries as salaries included in the NSM Extended Cash Flow Forecast were incurred in the week prior to the NSM Results Period;

- a positive temporary variance of approximately \$26,700 resulting from NSM's legal fees being less than forecast. NSM has advised that Gowlings has submitted and been paid invoices for fees incurred up to October 15, 2010;
- temporary positive variances for Midway maintenance costs of approximately \$20,600 and McKenzie maintenance costs of approximately \$13,100 as invoices for work completed at the mine sites have not yet been received by NSM; and
- a positive temporary variance of \$14,000 in Trustee fees, which includes the fees of the Trustee's counsel, Lavery, de Billy, L.L.P. ("**Lavery**"), as invoices for the period to November 1 to November 15, 2010 had not yet been provided to NSM;

offset by:

- a temporary negative variance of approximately \$23,600 relating to security costs for the mining properties as an invoice was paid earlier than forecast; and
- a temporary negative variance of approximately \$21,800 in utility payments to Hydro Quebec as a payment forecasted to be made in the week ending November 27, 2010 was paid in the prior week.

Jake

19. Attached as **Appendix "K"** is a schedule setting out Jake's actual cash flow results for the period August 19 to November 20, 2010. Attached as **Appendix "L"** is a schedule setting out the comparison of the cash flow forecast as taken from the Updated Cash Flow Statement for Jake as compared to actual results for the period October 31 to November 20, 2010 (the "**Jake Results Period**"). During the Jake Results Period, Jake

had a net cash outflow of \$13,537 and had a net negative cash position variance of \$5,332.

20. The positive cash flow variance consists of a positive receipts variance of \$1,258 offset by a negative disbursements variance of \$6,590.
21. Variances in excess of \$10,000 that comprise the negative disbursements variance are:
 - A temporary negative variance of approximately \$14,500 relating to utilities payments that were paid one week earlier than forecast.
22. While NSM experienced a net positive cash position variance during the NSM Results Period, NSM's cash balance continues to decrease. The Companies' ability to remain in operation during the stay period is predicated on receipt of mining refunds from Revenu Quebec. Counsel to NSM has advised the Trustee that it has received correspondence from Revenu Quebec that advises that a Notice of Assessment will be provided to NSM on December 3, 2010. Counsel to NSM has further advised, based on its discussions with Revenu Quebec, that once the Notice of Assessment has been issued, payment of the amount set out in the Notice of Assessment is expected to be mailed 10 business days later. NSM's counsel subsequently received further correspondence from Revenu Quebec that advised that a "verification" of the refund being requested totalling \$4,573,885.84 will commence on November 29, 2010.

Trustee Fees and Legal Fees

23. The Trustee's fees for services rendered to NSM and Jake for the period to October 31, 2010 are \$83,607.65 and \$18,172.87, respectively, including GST and QST. The fees and disbursements of Lavery with respect to NSM and Jake for the period to October 31, 2010 are \$58,905.57 and \$902.19, respectively, including GST and QST.
24. NSM and Jake have provided cheques to the Trustee for the amounts owing to both the Trustee and Lavery in conformity with paragraph 24 of the Amended Third Extension Order. The Trustee has deposited the said cheques into trust bank accounts it has opened

for each of the proposals of NSM and Jake and intends to pay to the Trustee and Lavery the above fees and disbursements.

Companies' Activities since the Filing of the NOI's

25. The November 25 Motion contains the Affidavit of Michael Waldkirch sworn November 25, 2010 (the "**November 25 Affidavit**") in support of the proposed extension to January 7, 2011 of the date by which each of the Companies are required to file proposals to their creditors.
26. Included in the November 25 Affidavit is an updated schedule that summarizes the status of the Companies' discussions with interested parties and potential investors. Based on the schedule, the Companies have held discussions with four new parties, have received new or further expressions of interest and one party has contacted NSM's counsel to discuss when NSM would be able to begin to negotiate a formal agreement and how quickly NSM could close a transaction. The Trustee notes that, as set out in the Second Trustee Report, the Trustee has not participated in the Companies' restructuring efforts.
27. As referred to in the November 25 Affidavit, the Companies are seeking the extension to January 7, 2011 of the date by which each of the Companies are required to file proposals to their creditors in order to (i) bring forward a transaction to sell the Beacon Hill Mill; (ii) select the transaction or transactions that will provide the best value to the Companies' stakeholders; (iii) negotiate transaction(s) with those parties and (iv) present the Court with a plan to restructure the Companies and present proposals to their creditors.

Trustee's Recommendation

28. The Trustee is of the view that (i) the Companies continue to act in good faith and with due diligence in these proceedings and (ii) no creditor is being materially prejudiced by extending the time for each of the Companies to file proposals to their creditors. However, the Companies' ability to make viable proposals to their unsecured creditors is dependent upon there being sufficient cash available to the Companies to meet their

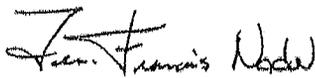
ongoing obligations during the stay period. To the extent that the aforementioned mining refunds are not received, and the Companies are not able to secure alternative sources of working capital, the Companies' ability to continue to operate during the stay period would be severely impaired.

29. Accordingly, the Trustee recommends approval of the Companies' motion pursuant to section 64.2 of the BIA for an extension to January 7, 2011 of the date by which each of NSM and Jake are to make proposals to their creditors. To the extent that the mining refunds are not received during the extension period and the Companies are not able to secure alternative sources of working capital, the Trustee is of the view that such circumstances would constitute a "material adverse change" and that the Trustee would be required to file a report pursuant to Section 50.4(7)(b)(i) of the BIA.

All of which is respectfully submitted to this Honourable Court.

DATED this 25th day of November, 2010.

SAMSON BELAIR / DELOITTE & TOUCHE INC.
Trustee re the Proposals of
Northern Star Mining Corp. and Ressources Jake Inc./Jake Resources Inc.
and not in its personal capacity



Jean-Francois Nadon
Senior Vice President

APPENDIX "B"

COUR SUPÉRIEURE

(Chambre commerciale)

CANADA
PROVINCE DE QUÉBEC
DISTRICT DE D'ABITIBI

N^{os} : 615-11-001228-107
615-11-001229-105

DATE : 26 novembre 2010

SOUS LA PRÉSIDENCE DE : L'HONORABLE JOCELYN GEOFFROY, J.C.S.

N^o : 615-11-001228-107

DANS L'AFFAIRE DE LA DE L'AVIS D'INTENTION DE FAIRE UNE PROPOSITION DE ::

NORTHERN STAR MINING CORP.

Débitrice / Requérante

SAMSON BÉLAIR DELOITTE & TOUCHE INC.

Syndic

PLATINUM PARTNERS VALUE ARBITRAGE FUND L.P.

et

RED KITE EXPLORER TRUST

et

CENTURION CREDIT GROUP MASTER FUND, L.P.

Créanciers / Opposants

N^o : 615-11-001229-105

DANS L'AFFAIRE DE LA DE L'AVIS D'INTENTION DE FAIRE UNE PROPOSITION DE ::

RESSOURCES JAKE INC. / JAKE RESOURCES INC.

Débitrice / Requérante

SAMSON BÉLAIR DELOITTE & TOUCHE INC.

Syndic

PLATINUM PARTNERS VALUE ARBITRAGE FUND L.P.

- et -

RED KITE EXPLORER TRUST

- et -

CENTURION CREDIT GROUP MASTER FUND, L.P.

Créanciers / Opposants

JUGEMENT

- [1] **CONSIDÉRANT** la requête des débitrices, Northern Star Mining Corp. et Ressources Jake Inc., pour obtenir une troisième prorogation du délai pour déposer une proposition;
- [2] **CONSIDÉRANT** la contestation des créanciers, Platinum Partners Value Arbitrage Fund L.P., Red Kite Explorer Trust et Centurion Credit Group Master Fund, L.P.;
- [3] **CONSIDÉRANT** la preuve administrée devant le tribunal;
- [4] **CONSIDÉRANT** que le tribunal a pris connaissance des lettres d'intention et d'expression d'intérêt mentionnées à la pièce 3 déposée au soutien de l'affidavit signé par M. Michael Waldkirch le 25 novembre 2010;
- [5] **CONSIDÉRANT** que le tribunal est convaincu que les conditions du paragraphe 50.4(9) de la *Loi sur la faillite et l'insolvabilité* sont réunies.

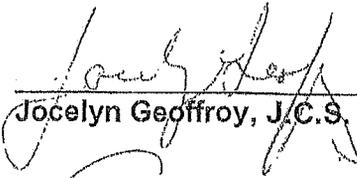
POUR CES MOTIFS, LA COUR :

- [6] **ACCUEILLE** la requête des débitrices, Northern Star Mining Corp. et Ressources Jake inc., pour obtenir une troisième prorogation du délai pour déposer une proposition;
- [7] **PROROGE** jusqu'au 7 janvier 2011 le délai accordé à chacune des débitrices, Northern Star Mining Corp. et Ressources Jake inc., pour déposer une proposition;

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PAGE : 3

[8] LE TOUT sans frais.


Jocelyn Geoffroy, J.C.S.

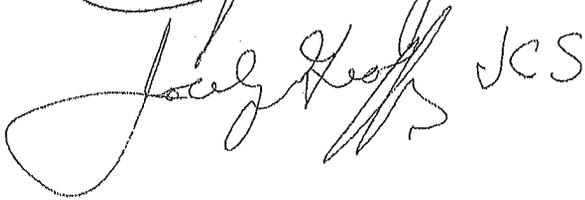
Me Geneviève Cloutier
GOWLING LAFLEUR HENDERSON
Procureurs des Débitrices / Requérantes

Me Christian Roy
OGILVY RENAULT
Procureurs des Créanciers / Opposants

Me Eugène Czolij
LAVERY DE BILLY
Procureurs du Syndic

Date d'audience : 26 novembre 2010


Copie Conforme


Jocelyn Geoffroy JCS

APPENDIX "C"

NORTHERN STAR MINING CORP.
Weekly Cash Flows - Actual Cash Flow Results
August 18, 2010 to January 1, 2011

	Actual
	<u>Aug 18 - Jan 1</u>
CASH INFLOWS	
GST	\$ 318,839
QST	245,779
Reimbursement of deposit from MRNQ	8,000
Reimbursement from Telus	163
Interest	40,488
Revenu Quebec	3,125,860
MRNF	-
Other income	3,763
	<u>\$ 3,742,892</u>
CASH OUTFLOWS	
General & Administrative	
Executive salary	(397,623)
Administration payroll	(28,731)
Mine payroll	(127,766)
Legal	(226,960)
Trustee	(240,449)
Consulting	(246,833)
Filing and exchange fees	(4,325)
Insurance, taxes and permits	(38,699)
Office, telephone and communications	(41,967)
Interest	(2,504,661)
Rent	(4,571)
Security	(121,697)
Midway maintenance	(65,839)
McKenzie maintenance	(41,061)
Travel	(12,640)
Utilities	(88,671)
Payments for mineral properties	(167,882)
Exploration - drilling	-
Exploration - assays & geological	-
Loans to Jake Resources Inc.	(289,879)
	<u>\$ (4,650,253)</u>
NET CASH FLOWS	(907,361)
CASH AND CASH EQUIVALENTS, beginning balance	1,318,104
CASH AND CASH EQUIVALENTS, ending balance	<u><u>\$ 410,743</u></u>

APPENDIX "D"

NORTHERN STAR MINING CORP.
Weekly Cash Flows - Budget to Actual Period to Date
October 31, 2010 to January 1, 2011

	Budget	Actual	Difference
	Oct 31 - Jan 1	Oct 31 - Jan 1	Oct 31 - Jan 1
CASH INFLOWS			
GST/HST	\$ -	\$ 40,696	\$ 40,696
Other income	-	3,773	3,773
Revenu Quebec	4,600,000	3,125,860	(1,474,140)
MRNF	-	-	-
	\$ 4,600,000	\$ 3,170,329	\$ (1,429,671)
CASH OUTFLOWS			
General & Administrative			
Executive salary	(201,366)	(157,566)	43,800
Administration payroll	(13,438)	(13,031)	407
Mine payroll	(50,428)	(47,220)	3,208
Legal	(182,000)	(72,513)	109,487
Trustee	(140,000)	(130,931)	9,069
Consulting	(76,438)	(50,051)	26,387
Filing and exchange fees	(2,240)	(1,514)	726
Insurance, taxes and permits	(4,000)	(6,645)	(2,645)
Office, telephone and communications	(15,008)	(14,376)	632
Interest	(2,441,834)	(2,504,661)	(62,827)
Rent	(4,571)	(1,524)	3,048
Security	(17,546)	(73,288)	(55,742)
Midway maintenance	(85,273)	(48,633)	36,640
McKenzie maintenance	(55,989)	(41,061)	14,928
Travel	(22,400)	(7,627)	14,773
Utilities	(25,550)	(21,759)	3,791
Payments for mineral properties	(55,900)	(101,423)	(45,523)
Exploration - drilling	-	-	-
Exploration - assays & geological	-	-	-
Loans to Jake Resources Inc.	(47,261)	(51,799)	(4,538)
	\$ (3,441,242)	\$ (3,345,620)	\$ 95,621
NET CASH FLOWS	1,158,758	(175,291)	(1,334,050)
CASH AND CASH EQUIVALENTS, beginning balance	589,220	586,034	(3,186)
CASH AND CASH EQUIVALENTS, ending balance	\$ 1,747,978	\$ 410,743	\$ (1,337,236)

APPENDIX "E"

JAKE RESOURCES INC.
Weekly Cash Flows - Actual Cash Flow Results
August 19, 2010 to January 1, 2011

	Actual
	<u>Aug 19 - Jan 1</u>
CASH INFLOWS	
Revenue from Conway contract	\$ 125,837
GST & HST	1,318
Reimbursement from ADP for error in payroll	4,554
Loan from NSM	289,879
Other income	7,920
	<u>\$ 429,508</u>
CASH OUTFLOWS	
General & Administrative	
Conway contract expenses	(41,863)
Mill payroll	(96,959)
Wages - severance	-
Workers compensation board	-
Legal	(1,072)
Trustee	(60,469)
Insurance, taxes and permits	(89,752)
Mill maintenance	(10,590)
Office, telephone and communications	(2,272)
Utilities	(71,080)
	<u>\$ (374,058)</u>
NET CASH FLOWS	55,450
CASH AND CASH EQUIVALENTS, beginning balance ⁽¹⁾	20,469
CASH AND CASH EQUIVALENTS, ending balance	<u><u>\$ 75,919</u></u>

Note:

1. The opening bank balance at August 19, 2010 included a restricted GIC of \$82,110 that was restricted and was held for the benefit of the Ministry of Natural Resources for compliance with certain site restoration requirements. The GIC was not considered when the Updated Cash Flow Statement was prepared and has been removed from this presentation.

APPENDIX "F"

JAKE RESOURCES INC.

**Weekly Cash Flows - Budget to Actual - Period to Date
October 31, 2010 to January 1, 2011**

	Budget	Actual	Difference
	Oct 31 - Jan 1	Oct 31 - Jan 1	Oct 31 - Jan 1
CASH INFLOWS			
Other income	\$ -	\$ 7,920	\$ 7,920
GST & HST	1,300	1,318	18
Loan from NSM	42,740	51,800	9,060
	\$ 44,040	\$ 61,038	\$ 16,998
CASH OUTFLOWS			
General & Administrative			
Mill payroll	\$ (18,096)	\$ (17,789)	\$ 307
Wages - severance	-	-	-
Workers compensation board	-	-	-
Legal	-	-	-
Trustee	(8,960)	(9,367)	(407)
Insurance, taxes and permits	(24,644)	(24,644)	-
Mill maintenance	(9,350)	(906)	8,444
Office, telephone and communications	(1,000)	(756)	244
Utilities	(28,000)	(14,472)	13,528
	\$ (90,050)	\$ (67,934)	\$ 22,116
NET CASH FLOWS	(46,010)	(6,896)	39,114
CASH AND CASH EQUIVALENTS, beginning balance	82,816	82,816	-
CASH AND CASH EQUIVALENTS, ending balance	\$ 36,806	\$ 75,920	\$ 39,114