

CANADA  
PROVINCE OF QUEBEC  
DISTRICT OF ABITIBI  
DIVISION NUMBER: 12-Abitibi  
COURT NUMBER: 615-11-001401-140  
ESTATE NUMBER: 33-190909

SUPERIOUR COURT  
Commercial Division

**IN THE MATTER OF THE PROPOSAL  
OF:**

**MAUDORE MINERALS LTD.**, a legal person, duly incorporated according to law, having its head office and principal place of business at 123 Front Street West, suite 905, Toronto, Ontario, M5J 2M2

Insolvent person

– and –

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

Trustee

**REPORT OF THE TRUSTEE ON THE MONITORING OF THE INSOLVENT PERSON'S  
BUSINESS AND FINANCIAL AFFAIRS  
(Subparagraph 50.4(7)(b)(ii) and Subsection 50.4(9) of the BIA)**

I, the undersigned, Jean-François Nadon, CPA, CA, CIRP, with the firm of Samson Bélair/Deloitte & Touche Inc., Trustee acting *in re*: the notice of intention (“**NOI**”) to make a proposal of Maudore Minerals Ltd. (“**Maudore**”), the insolvent person, am hereby reporting my principal observations regarding the insolvent person’s business and financial affairs to the Court pursuant to Subparagraph 50.4(7)(b)(ii) of the *Bankruptcy and Insolvency Act* (“**BIA**”).

1. The above-mentioned insolvent person filed a NOI on September 8, 2014.
2. On October 8, 2014, Maudore obtained an additional period of 44 days, up to November 21, 2014, to make its proposal (“**First Extension Period**”).
3. On November 21, 2014, Maudore obtained an additional period of 45 days, up to January 5, 2015, to make its proposal (“**Second Extension Period**”).
4. On December 17, 2014, Maudore obtained an additional period of 9 days, up to January 14, 2015, to make its proposal (“**Third Extension Period**”).

5. In preparing this third report ("**Third Report**"), the Trustee has relied upon unaudited financial information, Maudore's records and its discussion with the management of Maudore ("**Management**"). While the Trustee has analyzed the information, he has not performed an audit or otherwise verified such information.
6. Maudore is a company that holds exploration projects and shares of Aurbec Mines Inc. ("**Aurbec**"), a company operating in the exploration, development and operation of gold mining sites located in Quebec. The Sleeping Giant gold mining site ("**Sleeping Giant**") and the Vezza gold mining site ("**Vezza**") are presently not being operated by Aurbec. Both mining sites are in care and maintenance.
7. Matters addressed in this Third Report:
  - a. Trustee's activities since November 21, 2014;
  - b. Maudore's activities from November 10, 2014 to January 4, 2015;
  - c. Maudore's application for a 45-day extension of the stay proceedings;
  - d. Trustee's recommendation.
8. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not defined in this Third Report are as defined in the First Report and in the Second Report.

#### **TRUSTEE'S ACTIVITIES**

9. On October 16, 2014, the Trustee sent a notice to all of the insolvent person's known creditors of the First Extension Period.
10. The Trustee has performed a weekly review of the actual receipts and disbursements.
11. Since the filing of the NOI, the Trustee has held weekly conference calls with Management and Cyrus Capital, the main secured lender on all the assets of Maudore.

#### **MAUDORE'S ACTIVITIES**

1. As explained in the First Report, since June 2014, Management, with the assistance of Clarus, has been actively searching for a potential investor. Management continues to entertain discussions with potential investors, but has yet to receive a letter of intention.
2. On December 17, 2014, Deloitte was appointed receiver (the "**Receiver**") of all of the assets of Aurbec, except for the Vezza gold mining site.
3. On January 5, 2015, Aurbec was deemed to have filed an assignment in bankruptcy for having failed to make a proposal to its creditors. Deloitte was appointed as trustee of the estate by the Official Receiver, subject to affirmation at the first meeting of creditors to be held on the 22<sup>th</sup> day of January, 2015, at 11:00 a.m., at the Forestel hotel located at 1001 3<sup>e</sup> Avenue Est, Val-d'Or, Quebec J9P 0J7.

4. The actual results for the eight-week period ended January 4, 2015 versus budgeted amounts are presented in Appendix A.
5. Maudore had receipts of \$625K during the eight-week period ended January 4, 2015, representing an unfavorable variance of \$85K versus budgeted amounts. As mentioned in the notes to the projected cash flow statement, Maudore is a corporate head office and does not generate liquidity. Maudore incurred expenses on behalf of Aurbec. These operating expenses incurred by Maudore on behalf of Aurbec are therefore paid by Aurbec. All receipts during the eight-week period ended January 4, 2015 were amounts transferred from Aurbec, except for an amount of \$25K that represents a deposit cashed in by Maudore.
6. Total disbursements were approximately \$622K, representing a favorable variance of \$95K versus budgeted amounts. As explained in the Second Report, the disbursements related to salaries mainly include salaries and retention payments owed to senior management. The positive variances with respect to salaries (\$33K) and in other consultants (\$51K) are mainly due to timing.
7. Management prepared a revised cash flow up to the week ending March 1, 2015 (refer to Appendix B). This cash flow takes into account funds which will be received from the Receiver appointed in the Aurbec file based on the initial order and directives from the secured lender, namely Cyrus Capital.

#### **EXTENSION OF THE STAY PROCEEDINGS**

8. The insolvent person signified its intention to the Trustee to file a third motion for a 45-day extension of the stay proceedings to make a proposal to its creditors pursuant to Subsection 50.4(9) of the BIA, the whole as it appears in the court file.

#### **TRUSTEE'S RECOMMENDATION**

9. The Trustee is of the opinion that the reasons invoked in the motion presented by the insolvent person for a 45-day extension of the stay proceedings are reasonable.
10. The Trustee is of the opinion, based on the grounds alleged in the motion for an extension of the stay proceedings, that:
  - a. It is in the creditors' best interest for an extension of the stay proceedings to be granted in order to allow Maudore more time to make a viable proposal to its creditors;
  - b. Maudore has acted – and is continuing to act – in good faith and with due diligence;
  - c. Creditors will not suffer losses as compared to the situation at the time that the NOI was filed.

DATED AT MONTREAL on this 9<sup>th</sup> day of January, 2015.

**SAMSON BÉLAIR/DELOITTE & TOUCHE INC.**  
Trustee acting *in re*: the proposal of  
MAUDORE MINERALS LTD.



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Jean-François Nadon, CPA, CA, CIRP

Trustee's Report on the State of the Insolvent Person's Business and Financial Affairs

APPENDIX A

<b>Maudore Minerals Ltd.</b>			
<b>Statement of receipts and disbursements</b>			
<b>For the period from November 10, 2014 to January 4, 2015</b>			
	<b>8-week period ended January 4, 2015</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	(\$)	(\$)	(\$)
<b>Receipts</b>			
Transfers from Mines Aurbec Inc.	<u>709,922</u>	<u>625,138</u>	<u>(84,784)</u>
<b>Disbursements</b>			
Salaries	448,588	415,723	32,865
Professional fees	23,824	17,223	6,601
Other consultants	175,382	124,877	50,505
Office and administration costs	44,157	45,832	(1,675)
Exploration costs	<u>24,962</u>	<u>18,184</u>	<u>6,778</u>
	<u>716,913</u>	<u>621,839</u>	<u>95,074</u>
<b>Projected bank balance variation</b>	<b>(6,991)</b>	<b>3,299</b>	<b>10,290</b>
<b>Bank balance - beginning</b>	<b><u>6,991</u></b>	<b><u>6,991</u></b>	<b><u>-</u></b>
<b>Bank balance - ending</b>	<b><u>-</u></b>	<b><u>10,290</u></b>	<b><u>10,290</u></b>

**APPENDIX B**

**Maudore Minerals Ltd.  
Projected cash flow**

<b>Week beginning</b>	<b>Week 17 2015-01-05</b>	<b>Week 18 2015-01-12</b>	<b>Week 19 2015-01-19</b>	<b>Week 20 2015-01-26</b>	<b>Week 21 2015-02-02</b>	<b>Week 22 2015-02-09</b>	<b>Week 23 2015-02-16</b>	<b>Week 24 2015-02-23</b>	<b>Total</b>
<b>Receipts</b>									
Transfers from Aurbec	25,000	105,000	-	30,000	25,000	-	-	18,000	<b>203,000</b>
Other (note 1)	<u>77,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b>77,229</b>
	<b>102,229</b>	<b>105,000</b>	<b>-</b>	<b>30,000</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>18,000</b>	<b>280,229</b>
<b>Disbursements</b>									
Salaries (note 2)	17,505	150,204	-	-	-	-	-	-	<b>167,709</b>
Professional fees	-	-	-	5,000	-	-	-	5,000	<b>10,000</b>
Other consultants	16,920	12,500	-	23,560	21,680	2,500	-	13,560	<b>90,720</b>
Office and administration costs	-	-	-	500	-	-	-	500	<b>1,000</b>
Rent	18,057	-	-	-	-	-	-	-	<b>18,057</b>
Exploration costs	-	-	-	-	2,320	-	-	-	<b>2,320</b>
	<u>52,482</u>	<u>162,704</u>	<u>-</u>	<u>29,060</u>	<u>24,000</u>	<u>2,500</u>	<u>-</u>	<u>19,060</u>	<b>289,806</b>
<b>Net cash flow</b>	<b>49,747</b>	<b>(57,704)</b>	<b>-</b>	<b>940</b>	<b>1,000</b>	<b>(2,500)</b>	<b>-</b>	<b>(1,060)</b>	<b>(9,577)</b>
Opening cash	<u>10,290</u>	<u>60,037</u>	<u>2,333</u>	<u>2,333</u>	<u>3,273</u>	<u>4,273</u>	<u>1,773</u>	<u>1,773</u>	<b>10,290</b>
<b>Ending bank balance</b>	<u><b>60,037</b></u>	<u><b>2,333</b></u>	<u><b>2,333</b></u>	<u><b>3,273</b></u>	<u><b>4,273</b></u>	<u><b>1,773</b></u>	<u><b>1,773</b></u>	<u><b>713</b></u>	<b>713</b>

Note 1: Transfers from an employee to pay foreign income taxes.

Note 2: Payment of foreign income taxes to the Michigan State in the second week.