

C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
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

Petitioner

– 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, Montreal, Quebec, H3B 4T9

Monitor

**FIRST 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 “**Company**”) filed and obtained protection from its creditors under Sections 4, 5 and 11 of the *Companies' Creditors Arrangement Act* (“**CCAA**”) pursuant to an order rendered by this Honorable Court (the “**Initial Order**”).
2. The Initial Order provides, inter alia, for the following:
 - a. No proceedings or enforcement processes in any court or tribunal shall be commenced or continued against or in respect of the Company or its properties, or affecting Maudore's business operations and activities until and including March 29, 2015 (the “**Stay Period**”).
 - b. All persons having agreements with Maudore for the supply of goods and services must continue to provide goods and services in the normal course of business.
 - c. No person shall discontinue, fail to honor, alter, interfere with, repudiate, resiliate, cancel, terminate or cease to perform any right, renewal right, contract, agreement, license or permit in favor of or held by Maudore, except for the written consent of Maudore and the Monitor, or with leave of the Court.

- d. The appointment of Samson Bélair/Deloitte & Touche Inc. (“**Deloitte**” or the “**Monitor**”) as Monitor under the CCAA.
3. This first report of the Monitor (the “**First Report**”) covers:
 - The statement of projected cash flow for the Petitioner as of February 27, 2015 (“**Cash Flow Statement**”), as per Paragraph 23(1)(b) of the CCAA.
4. In preparing this First Report, the Monitor has relied upon unaudited financial information, the Company’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 Company 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 First Report is based on assumptions of the management of the Company regarding future events, and actual results achieved will vary from this information and the variations may be material.
5. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not defined in this First Report are as defined in the Initial Order.
6. A copy of this First Report, the Motion for an Initial Order in this CCAA proceeding and 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>

THE PETITIONER’S CASH FLOW STATEMENT

7. The Cash Flow Statement, attached as Appendix A to this First Report, has been prepared by the management of the Petitioner for the purpose described in the notes to the Cash Flow Statement, using the probable and hypothetical assumptions set out in the notes to the Cash Flow Statement.
8. The Monitor’s review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussions on the information provided to us by the management and employees of the Petitioner. Since these hypothetical assumptions are not being supported, our involvement with respect to them was limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. We have also reviewed the supported documentation provided by the management of the Petitioner for the probable assumptions, and the preparation and presentation of the Cash Flow Statement.
9. Based on our review and the foregoing reserves and limitations, nothing has come to our attention that causes us to believe that, in all material respects:
 - a) The hypothetical assumptions are not consistent with the purpose of the Cash Flow Statement;
 - b) As at the date of this report, the probable assumptions developed by the Petitioner are not suitably supported and consistent with the plans of the Petitioner or do not provide a reasonable basis for the Cash Flow Statement, given the hypothetical assumptions; or
 - c) The Cash Flow Statement does not reflect the probable and hypothetical assumptions.
10. Since the Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no opinion as to whether the projections in the Cash Flow

Statement will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by us in preparing this report.

11. The Cash Flow Statement has been prepared solely for the purpose described in the notes to the Cash Flow Statement, and readers are cautioned that the Cash Flow Statement may not be appropriate for other purposes.
12. The Petitioner's Cash Flow Statement is for a period of ten (10) weeks from February 23 to May 3, 2015. The key assumptions used in this Cash Flow Statement are based on the operating budget prepared by the Company and the historical results.
13. The following sections will specifically address the main assumptions of the Cash Flow Statement.

MAUDORE MINERALS LTD.

14. The Company's Cash Flow Statement is attached as Appendix A to this First Report.
15. The management of the Petitioner prepared a Cash Flow Statement assuming that cash inflows totaling \$185K would be received during the ten-week period ending May 3, 2015. Aurbec Mines Inc. ("**Aurbec**") will fund the cash needs of Maudore. Maudore is the parent company of Aurbec and it is a corporate head office which does not generate liquidity. Aurbec was the operating company before both of its main projects, Sleeping Giant and Vezza, were put into a care and maintenance program.
16. Aurbec is under a receivership since December 17, 2014. The secured lender, namely FBC Holdings S.à.r.l., controlled by Cyrus Capital Partners L.P. (collectively "**Cyrus**"), holds its security over the assets in both companies. In the receivership order dated December 17, 2014 (the "**Receivership Order**"), the Receiver, namely Deloitte, has the authority, with the authorization of Cyrus, to transfer funds 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 of Maudore.
17. The Company's main outflows during the period from February 23 to May 3, 2015 are forecasted to be salaries (\$30K), professional fees (\$97K), and other consultants (\$66K).
18. The Company's actual Cash Flow Statement has been prepared considering information known as of February 27, 2015. As soon as the Petitioner and the Monitor will get a better view of the potential adjustments to the Cash Flow Statement, the Monitor will report to the Court.

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

DATED AT MONTREAL, this 5th 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

Maudore Minerals Ltd. Projected cash flow

Week beginning	Week 1 2015-02-23	Week 2 2015-03-02	Week 3 2015-03-09	Week 4 2015-03-16	Week 5 2015-03-23	Week 6 2015-03-30	Week 7 2015-04-06	Week 8 2015-04-13	Week 9 2015-04-20	Week 10 2015-04-27	Total
Receipts											
Transfers from Aurbec	-	10,000	-	115,000	-	40,000	-	10,000	-	10,000	185,000
Disbursements											
Salaries	-	-	-	-	-	30,178	-	-	-	-	30,178
Professional fees	-	-	-	97,000	-	-	-	-	-	-	97,000
Other consultants	8,578	13,560	-	15,000	-	13,560	1,680	-	-	13,560	65,938
Office and administration costs	520	-	-	-	-	500	-	-	-	500	1,520
Exploration costs	2,320	-	-	-	-	-	-	-	-	-	2,320
	<u>11,418</u>	<u>13,560</u>	<u>-</u>	<u>112,000</u>	<u>-</u>	<u>44,238</u>	<u>1,680</u>	<u>-</u>	<u>-</u>	<u>14,060</u>	<u>196,956</u>
Net cash flow	(11,418)	(3,560)	-	3,000	-	(4,238)	(1,680)	10,000	-	(4,060)	(11,956)
Opening cash	19,876	8,458	4,898	4,898	7,898	7,898	3,660	1,980	11,980	11,980	19,876
Ending bank balance	<u>8,458</u>	<u>4,898</u>	<u>4,898</u>	<u>7,898</u>	<u>7,898</u>	<u>3,660</u>	<u>1,980</u>	<u>11,980</u>	<u>11,980</u>	<u>7,920</u>	<u>7,920</u>

Appendix A (cont.)

NOTES AND REPRESENTATIONS TO THE CASH FLOW STATEMENT

NOTE A – PURPOSE AND WARNINGS

The cash flow projections have been prepared solely for the purpose of the CCAA proceedings. Consequently, readers are cautioned that they may not be appropriate for other purposes.

Since the cash flow projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

NOTE B – DEFINITIONS

(1) CASH FLOW STATEMENT

A statement indicating, on a weekly basis, the projected cash flow of the Company as defined in Subsection 2(1) of the Act based on probable and hypothetical assumptions that reflect the Company's planned course of action for the period covered.

(2) HYPOTHETICAL ASSUMPTIONS

Meaning assumptions with respect to a set of economic conditions or courses of action which are not necessarily the most probable in the Company's judgment, but are consistent with the purpose of the Cash Flow Statement.

(3) PROBABLE ASSUMPTIONS

Meaning assumptions that:

- (i) The Company's cash flow reflects the most probable set of economic conditions and planned courses of action, **suitably supported**, that are consistent with the plans of the Company; and
- (ii) Provide a reasonable basis for the cash flow statement.

(4) SUITABLY SUPPORTED

Meaning that the assumptions are based on either one or more of the following factors:

- (i) The past performance of the Company;
- (ii) The performance of other industry/market participants engaged in similar activities as the Company;
- (iii) Feasibility studies;
- (iv) Marketing studies; or
- (v) Any other reliable source of information that provides objective corroboration of the reasonableness of the assumptions.

The extent of detailed information supporting each assumption, and an assessment as to the reasonableness of each assumption, will vary according to circumstances and will be influenced by factors such as the significance of the assumption and the availability and quality of the supporting information.

NOTE C – ASSUMPTIONS

Assumptions	Source	Probable assumption	Hypothetical assumption
<u>Opening cash balance</u>	Based on current bank balances	X	
<u>Forecast cash receipts</u>			
Transfers from Aurbec	Based on the Receivership Order and Maudore's needs	X	
<u>Forecast cash disbursements</u>			
Salaries	Based on previous payroll expenses	X	
Professional fees	Raymond Chabot Grant Thornton	X	
Other consultants	Consultants working for Maudore	X	
Office & administration costs	Bank fees, travel, IT, office supplies		X
Exploration costs	Costs to incur related to exploration projects	X	