

CANADA

SUPERIOR COURT

PROVINCE OF QUÉBEC
DISTRICT OF ABITIBI

Commercial Division

N° : 615-11-001402-140

**IN THE MATTER OF THE RECEIVERSHIP
OF :**

AURBEC MINES INC., a corporation duly constituted having its principal place of business at 1495 4th Street, Val-D'Or, Québec, J9P 6X1,

Debtor

and

FBC HOLDINGS S.À.R.L., a *société à responsabilité limitée* incorporated under the laws of Luxembourg, having its registered office at 46A, Avenue J.F. Kennedy, L-1855,

Principal Secured Creditor / Petitioner

and

SAMSON BÉLAIR DELOITTE & TOUCHE INC., a corporation duly constituted having its registered office at 1 Place Ville Marie, Suite 3000, in the City and District of Montréal, Province of Quebec, H3B 4T9,

Proposed Receiver

MOTION FOR THE ISSUANCE OF AN ORDER APPOINTING A RECEIVER
(Section 243 of the *Bankruptcy and Insolvency Act* (the "BIA"))

TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT (COMMERCIAL DIVISION), DISTRICT OF ABITIBI, OR TO THE REGISTRAR THEREOF, THE PETITIONER RESPECTFULLY SUBMITS THE FOLLOWING:

1. THE PARTIES

1.1 FBC Holdings S.à.r.l.

1. FBC Holdings S.à.r.l. ("FBC") is a *société à responsabilité limitée* incorporated under the laws of Luxembourg, having its registered office at 46A, Avenue J.F. Kennedy, L-1855 and controlled by its manager, Cyrus Capital Partners L.P. ("Cyrus");

2. As further described below, FBC is the principal secured creditor of Aurbec Mines Inc. (“**Aurbec**”) and maintains security over substantially all of Aurbec’s property.
3. On December 11, 2014, FBC issued to Aurbec a *Notice of Enforcement of Security* in accordance with s. 244 of the *Bankruptcy and Insolvency Act* (the “**244 Notice**”).

1.2 Aurbec

4. Aurbec is a mining and mining exploration company domiciled in the district of Val-d’Or, as appears from an excerpt of the public corporate registry (CIDREQ) maintained by the *Registraire des entreprises* filed herewith as **Exhibit P-1**.
5. Aurbec is a subsidiary of Maudore Mineral Ltd. (“**Maudore**”), a publicly-owned Quebec junior gold company listed as MAO on the TSX Venture Exchange (TSX-V) with more than 22 exploration projects located near the towns of Amos, Lebel-sur-Quévillon and Matagami.
6. Aurbec’s business activities relate to the exploration, development and operation of two gold mining sites located in Quebec whose principal assets are the Sleeping Giant mine and processing facility about 80km north of Amos (“**Sleeping Giant**”), and the Vezza project about 25km south of Matagami (“**Vezza Project**”).
7. On September 8, 2014, both Aurbec and Maudore filed notices of their intention to make a proposal to their creditors under the BIA with Samson Bélair/Deloitte & Touche Inc. agreeing in both instances to act as proposal trustee.
8. On October 8, 2014, this Court extended the period for Aurbec to make its proposal for an additional period of 44 days until November 21, 2014.
9. On November 21, 2014, this Court extended the period for Aurbec to make its proposal for an additional period of 45 days until January 5, 2015.

2. ORDER SOUGHT

10. For the reasons described hereinafter, FBC hereby seeks the issuance of an order appointing Samson Bélair Deloitte & Touche Inc. (“**Deloitte**”) as receiver to the assets of Aurbec. More specifically, FBC seeks the issuance of an order substantially in the form of the draft receivership order communicated herewith as **Exhibit P-2**.
11. At the present time, FBC is not seeking authorization for the receiver to take possession of the Vezza Property (as the term is defined in the draft receivership order (P-2) as further analysis is required by FBC before making a final decision.
12. However, upon its appointment as receiver, Deloitte shall conduct an evaluation of the Vezza Property to determine whether or not to seek further authorization to take possession thereof.
13. For this reason, FBC requests that the Court reserve the right of the receiver to apply to the Court for authorization to take possession of all or party of the Vezza Property.

3. EVENTS LEADING TO THE INSOLVENCY OF AURBEC

3.1 The NAP Acquisition

14. On March 22, 2013, Maudore purchased from North American Palladium Ltd. (the “**NAP Acquisition**”) all the shares of NAP Quebec Mining Inc. - renamed Aurbec - resulting in the acquisition of the Vezza Project, Sleeping Giant, the Discovery Project and the Flordin Project, as it appears from a copy of a press release dated March 22, 2013 filed herewith as **Exhibit P-3**.
15. The purchase price of the NAP Acquisition was fully funded by a senior secured credit facility in the amount of \$22 million provided to Maudore and Aurbec by FBC, as it appears from a copy of the credit agreement (as amended, from time to time, the **Credit Agreement**) entered into between Maudore, Aurbec and FBC on March 22, 2013 (and amended on March 24, 2014 and June 25, 2014) filed herewith as **Exhibit P-4**.
16. The purpose of the NAP Acquisition was to allow Maudore to further advance its strategy of consolidating its position in a highly prospective yet grossly under-explored region within a globally competitive mining jurisdiction, and to provide Maudore with a degree of optionality as regards the development of its resources. Moreover, Maudore also inherited a highly talented workforce capable of developing its resources.

3.2 Shutdown of development of the Vezza Project

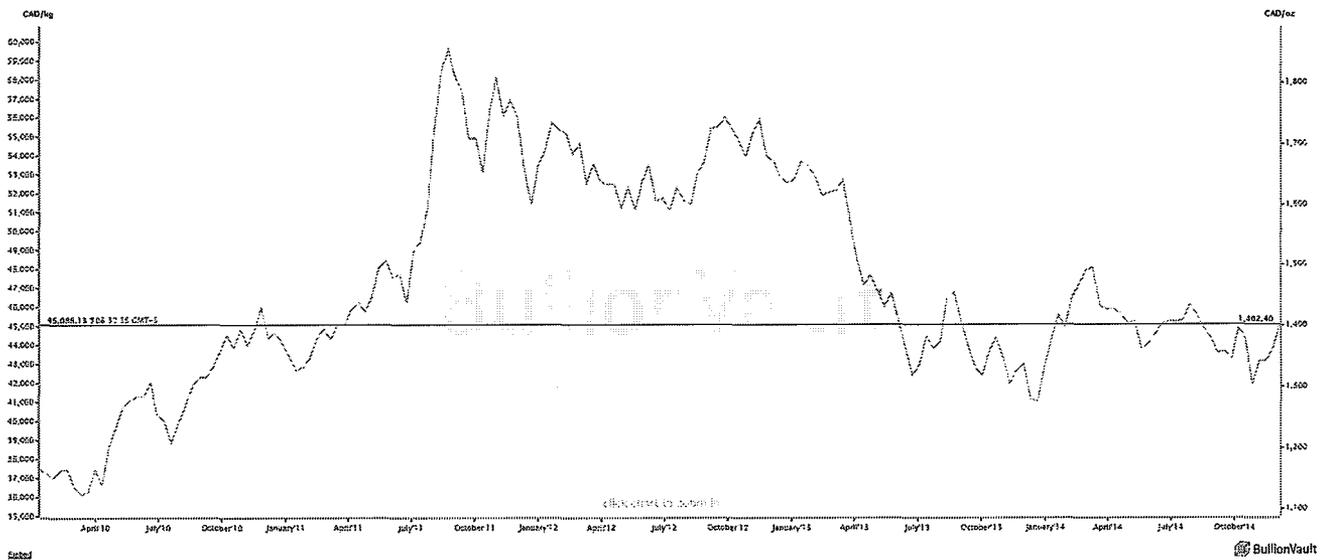
17. In mid-april 2013, initial steps were taken to reduce the development cost at the Vezza Project in advance of declining gold prices. This involved a first round of contractor layoffs.
18. While partially effective, cost reductions from these initial measures were not sufficient to meet the further decline in gold price.
19. Consequently, on July 16, 2013, Maudore announced that it had decided to suspend development at the Vezza Project to focus on higher grade gold opportunities at Sleeping Giant, as it appears from a copy of a press release dated July 16, 2013 filed herewith as **Exhibit P-5**.
20. The mine down was completed on September 22, 2013 and Vezza Project was ramped down to care and maintenance.

3.3 Consensual restructuring and financial difficulty

21. Following the shutdown of the Vezza Project, in October 2013, Maudore and Aurbec negotiated a “consensual restructuring” with their principal secured creditor FBC, in order to allow Maudore to focus on increasing production at Sleeping Giant.
22. On January 8, 2014, Maudore finalized its revised 2014 mining operations plan and financial forecast (the “**2014 Budget**”) which showed materially lower free cash flow for 2014 than originally anticipated, primarily due to:

- a) Lower gold price assumptions,
- b) Increased working capital requirements related to the restart of Sleeping Giant and
- c) The shift of certain production from 2014 to 2015.

23. As a result of the reprofiling of cash flows in the 2014 Budget, the ability of Maudore and Aurbec to meet their contractual repayment obligations agreed to under the consensual restructuring became a challenge.
24. On March 26, 2014, FBC agreed to provide additional funding to Aurbec via a senior secured loan in the amount of \$4 million, as it appears from a copy of the promissory note dated March 24, 2014 filed herewith as **Exhibit P-6**.
25. The following chart illustrates the sharp decline in gold prices that occurred over the course of just three months between the NAP Acquisition in mid-March 2013 to mid-June 2013. Indeed, the price of gold fell from approximately 1,640.94 CAD / oz. on March 15, 2013 to 1,318.45 CAD / oz. on June 23, 2013.



26. As can be observed from the above chart, the price of gold never truly rebounded from this sharp decline and its price currently sits at a price nearly identical to that of June 23, 2013.
27. As a result of the combined effect of these falling gold prices, indebtedness, increased costs and lower production levels, Maudore and Aurbec are insolvent.

3.4 Notice of Intention to file a Proposal under the BIA

28. On September 8, 2014, both Aurbec and Maudore filed notices of their intention to make a proposal to their creditors under the BIA with Samson Bélair/Deloitte & Touche Inc. agreeing in both instances to act as proposal trustee (the “Trustee”), the whole as appears from the Court record.

29. On October 8, 2014, this Court extended the period for Aurbec to make its proposal for an additional period of 44 days until November 21, 2014.
30. On November 7, this Court authorized the sale of certain mining equipment of Aurbec pursuant to s. 65.13 of the BIA.
31. Also, on November 7, 2014, Maudore and Aurbec announced that they were moving to complete final shutdown of the Sleeping Giant Mine which had previously been in a reduced operational mode, as it appears from a copy of a press release dated November 7, 2014 filed herewith as **Exhibit P-7**.
32. On November 21, 2014, this Court extended the period for Maudore and Aurbec to make its proposal for an additional period of 45 days until January 5, 2015.

3.5 The 244 Notice

33. On December 11, 2014, as a result of continuing Events of Default (as defined in the Credit Agreement), FBC issued a *Notice of Intention to Enforce Security* in accordance with s. 244 of the BIA (the “**244 Notice**”), as appears from a copy of the 244 Notice filed herewith as **Exhibit P-8**.
34. On November, 2014, Aurbec acknowledged having received and read the 244 Notice and waived the benefit of the delay of ten (10) days provided for in such notice and consented to the immediate enforcement by FBC of any and all of its security interests against Aurbec’s property. A copy of such acknowledgment and waiver is attached to the 244 Notice (P-8);

4. SPECIFIED DEFAULTS UNDER THE CREDIT AGREEMENT

35. Certain Events of Default, as defined in the Credit Agreement, including, *inter alia*, the following, have occurred and are continuing:
 - a) Aurbec is insolvent and generally not able to pay its debts as they come due; and
 - b) Aurbec has filed a notice of intention to make a proposal pursuant to the BIA;

5. INDEBTEDNESS

36. As of December 15, 2014, the indebtedness of Aurbec to FBC pursuant to the Credit Agreement was estimated at CAD \$33,588,673.00, on account of principal and accrued interest plus fees, costs and expenses, the whole as appears from the 244 Notice.
37. In order to secure the payment and punctual performance of Aurbec’s obligations under the Credit Agreement and the Promissory Note, Aurbec granted in favour of FBC security interests over the universality of its immovable and movable property pursuant to, *inter alia*:
 - a) a Deed of Hypothec executed before Mtre. Lisa Erin Susses on March 21, 2014, registered at the Abitibi Land Registry on March 24, 2014 under number 20 627

398 and at the Register of Personal and Movable Real Rights (“RPMRR”) on March 21, 2014 under number 14-0225968-0002 (the “**Principal Deed of Hypothec**”), as it appears from a copy of the Principal Deed of Hypothec filed herewith as **Exhibit P-9**;

- b) a First Supplemental Deed of Hypothec executed before Mtre. Sébastien Jacques on March 26, 2014, registered at the Abitibi Land Registry on March 27, 2014 under number 20 636 435 and at the RPMRR on March 27, 2014 under number 14-0240926-0001 (the “**First Supplemental Deed of Hypothec**”), as it appears from a copy of the First Supplemental Deed of Hypothec filed herewith as **Exhibit P-10**; and
- c) a General Security Agreement made as of March 24, 2014 by Aurbec, as the borrower in favour of FBC as secured party (the “**GSA**”) as it appears from a copy of the GSA filed herewith as **Exhibit P-11**.

6. GROUNDS FOR THIS MOTION

- 38. For the reasons described hereinafter, the appointment of Deloitte as receiver to the assets of Aurbec is necessary in order to protect Aurbec's estate as well as the interests of the FBC.
- 39. As set out herein, Aurbec faces major financial difficulties which has led to the termination of all operations at the Sleeping Giant Mine and the Vezza Mine.
- 40. Given the size and nature of Aurbec’s business, its financial situation and the ceasing of operations at the Sleeping Giant Mine and the Vezza Mine, it is in the best interest of all stakeholders that Deloitte be appointed as receiver with the necessary powers to take all appropriate conservatory measures in respect of Aurbec’s assets and to fully canvass the market in order to adequately solicit prospective purchasers in connection with Aurbec’s business and assets.
- 41. Indeed, Aurbec’s financial situation is such that it does not have the resources sufficient to maximize the value of its assets. Unless Deloitte is appointed as receiver, Aurbec’s creditors are likely to suffer a real and immediate prejudice.
- 42. The appointment of Deloitte as receiver will also allow it to proceed with the orderly sale of Aurbec’s assets in order to maximize their value.
- 43. Therefore, it is appropriate and in the best interest of all stakeholders that Deloitte be nominated as receiver to the assets of Aurbec in order to proceed with the sale of such assets.
- 44. Deloitte is qualified and has agreed to act as receiver to the assets of Aurbec and exercise any and all of the proposed powers provided for in the draft order (P-2).
- 45. Aurbec has indicated that it does not intend to contest the present Motion nor the issuance of an order appointing Deloitte as receiver to its assets.

46. The present request is urgent given the situation enunciated above.
47. The present motion is well-founded in fact and in law.

WHEREFORE, THE PETITIONER PRAYS THAT, BY JUDGMENT TO INTERVENE HEREIN, THIS HONOURABLE COURT:

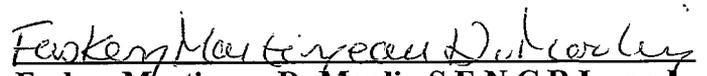
GRANTS the present *Motion for the Issuance of an Order Appointing a Receiver* (the “**Motion**”);

ISSUES an order substantially in the form of the draft order (the “**Order**”) communicated as Exhibit P-2 in support of the Motion.

ORDERS the provisional execution of the Order notwithstanding appeal;

THE WHOLE without costs, save in case of contestation.

Montréal, this 15th day of December 2014


Fasken Martineau DuMoulin S.E.N.C.R.L., s.r.l.
Attorneys for **FBC HOLDINGS S.À.R.L.**

AFFIDAVIT

I, the undersigned, Daniel Bordessa, having a place of business at 399 Park Avenue, solemnly declare:

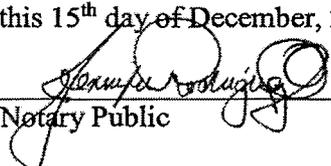
1. I am a Managing Director at Cyrus Capital Partners, L.P. which is a manager of FBC Holdings s.à.r.l.;
2. I have personal knowledge of all the facts alleged in the *Motion for the Issuance of an Order Appointing a Receiver* (the "Motion");
3. All the facts alleged in the Motion are true.

AND I HAVE SIGNED



Daniel Bordessa

SOLEMNLY DECLARED before me in
New York, New York,
this 15th day of December, 2014



Notary Public

JENNIFER RODRIGUEZ
NOTARY PUBLIC-STATE OF NEW YORK
No. 01RO6153988
Qualified in Westchester County
Certificate Filed in New York County
My Commission Expires October 23, 2018

NOTICE OF PRESENTATION

TO : Service List

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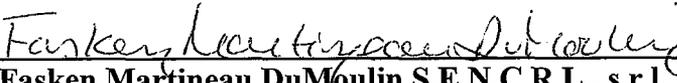
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lucie.pageot@revenuquebec.ca

TAKE NOTICE that the Motion for the Issuance of an Order Appointing a Receiver will be presented for adjudication before the Honourable Judge Robert Dufresne of Superior Court, sitting in practice in and for the District of Abitibi, by teleconference on December 17, 2014 at 13:30 o'clock. Each participant must dial: 1-855-453-6954. The identification number is 2790477.

DO GOVERN YOURSELVES ACCORDINGLY

Montréal, this 15th day of December, 2014


Fasken Martineau DuMoulin S.E.N.C.R.L., s.r.l.
Lawyers for **FBC HOLDINGS S.À.R.L.**

N° : 615-11-001402-140

PROVINCE OF QUÉBEC
SUPERIOR COURT
DISTRICT OF ABITIBI

IN THE MATTER OF THE RECEIVERSHIP OF:

AURBEC MINES INC.

Debtor

and

FBC HOLDINGS S.À.R.L.

Principal Secured Creditor / Petitioner

and

SAMSON BÉLAIR DELOITTE & TOUCHE INC.

Proposed Receiver

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**MOTION FOR THE ISSUANCE OF AN ORDER
APPOINTING A RECEIVER (Section 243 of the
Bankruptcy and Insolvency Act (the « BIA »),
AFFIDAVIT AND NOTICE OF PRESENTATION**

ORIGINAL

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