

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF 12 - Abitibi
COURT. No.: 615-11-001229-105
ESTATE No.: 33-1396167
OFFICE No.: 912265-1000001

SUPERIOR COURT
Commercial Division

**IN THE MATTER OF THE
BANKRUPTCY OF:**

JAKE RESOURCES INC., a legal person, duly incorporated according to law, having its head office and principal place of business at 153a Perrault Street, Val d'Or, Québec J9P 2H1

Bankrupt

-- and --

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

Trustee

TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

A) Background

Ressources Jake Inc./Jake Resources Inc. ("Jake" or the "Company"), a gold ore processor, is located 15km east of Val d'Or, Quebec. Jake is a wholly-owned subsidiary of Northern Star Mining Corp. ("NSM"), which is also bankrupt. Jake relied on NSM for funding to meet its obligations.

On August 19, 2010, Jake filed a Notice of Intention to Make a Proposal ("NOI") and Samson Belair/Deloitte & Touche Inc. was named as Trustee in the NOI. Jake received a number of extensions of the date by which it was required to file a proposal. During those extensions, Jake and NSM held a number of discussions with interested parties and potential investors with respect to Jake's assets that would provide the basis for a proposal to creditors. As Jake and NSM's last extension expired on January 24, 2011, Jake and NSM sought the support of their secured creditors to obtain a further extension of the time to file their proposals in order to resolve a mining claim issue that had arisen in Northern Star. The secured creditors did not agree to support a further extension. Accordingly, Jake did not file a proposal by January 24, 2011 and did not apply for a further extension of the date by which it was required to file a proposal. On January 25, 2011, the Trustee issued a notice to the Official Receiver pursuant to section 50.4(8)(b) of the Bankruptcy

and Insolvency Act and, accordingly, Jake was deemed to have made an assignment in bankruptcy that day and Samson Belair/Deloitte & Touche Inc. was appointed Trustee in Bankruptcy of Jake.

B) Trustee's preliminary evaluation of assets and details of security interests

According to Jake's Statement of Affairs, the assets of the Company consist of the following:

	<u>Amounts per Statement of Affairs</u>
Cash*	\$ 75,914
Accounts Receivable *	-
Inventory**	77,681
Land and Building**	557,313
Vehicles**	21,896
Machinery, Equipment and Plant**	1,309,568

*Estimated Realizable Value

**Book value according to Jake's internal financial records as of January 24, 2011

While Jake had held a number of discussions with various interested parties regarding its assets, the Trustee is not aware of the specifics of those discussions or any offers that were received by the Company. Accordingly, at this time, the Trustee is unable to estimate the realizable value of Jake's assets.

C) Conservatory and protective measures

The Trustee has attended at Jake's Beacon Hill Mill in Val d'Or, to review and determine the actions required to safeguard the Company's assets. The Trustee met with the foreman at the mill to obtain his assistance in watching over the property and engaged the services of a third party security company to provide 24 hour monitoring of the property. The Trustee did not change any locks.

The Trustee obtained a copy of Jake's insurance policies and requested that the Trustee be named as an additional insured and loss payee on the Company's policies. As Jake's insurance broker advised that the insurer would only provide three further months of coverage with all premiums paid in advance and fully earned, the Trustee has sought other insurance. The Trustee will review this matter with the Inspectors to be elected at this meeting of creditors.

The Trustee has notified the financial institutions where Jake held accounts and requested that these accounts be frozen immediately and that all remaining funds in the accounts be forwarded to the Trustee. As of the date of this report, no funds have been received from Jake's accounts.

D) Legal proceedings

No legal proceedings have been commenced by the Trustee.

E) Provable claims

Claims against this estate appear to be as follows:

	Per Statement of Affairs
Secured	\$ 34,679,058
Preferred	Nil
Unsecured	<u>64,446</u>
	<u>\$34,743,504</u>

F) Secured creditors

According to the Company's Statement of Affairs, the secured creditors that appear to have a registered security interest against the assets, property and undertakings of the Company are:

a)	Red Kite Explorer Fund Limited ("Red Kite")	\$11,103,902
b)	Platinum Partners Value Arbitrage Fund, L.P. ("Platinum")	9,209,045
c)	Centurion Credit Group Master Fund, L.P. ("Centurion")	5,525,427
d)	Beaumont Financial Partners	4,420,342
e)	South Ferry #2, LP	4,033,562
f)	Aaron Wolfson	202,599
g)	El Equities, LLC	<u>184,181</u>
		<u>\$34,679,058</u>

As the Trustee understands that Red Kite, Platinum and Centurion (collectively, the "Secured Creditors") have security over all of the Company's assets, the Trustee, through its independent counsel, Lavery de Billy LLP ("Lavery"), requested copies of their security from counsel to the Secured Creditors. The Trustee will discuss the status of the security at this meeting of creditors..

On October 13, 2010, the Honourable Justice Geoffroy of the Quebec Superior Court issued an order that granted a \$250,000 charge (the "Administrative Charge") over Jake's and NSM's assets in favour of the fees and expenses of the Proposal Trustee as well as those of its legal counsel and other experts engaged by the Proposal Trustee in the performance of the Proposal Trustee's duties, which charge is to rank in priority to all other charges. On October 26, 2010, Justice Geoffroy extended the charge to include Jake's and NSM's counsel. At this time, the Proposal Trustee intends to apply against the Administrative Charge an invoice of its legal counsel totalling \$15,421.03, relating to NSM, which was unpaid as of the date of bankruptcy. The Trustee is not aware if Jake's or NSM's counsel intends to make a claim to the Administrative Charge.

G) Anticipated realizations and projected distribution

As the Trustee is not aware of the realizable value of the Company's assets, and has not at the date of this report received an opinion on the validity and enforceability of the Secured Creditors'

security, the Trustee is unable at this time to estimate whether there may be any funds available for distribution to the Company's unsecured creditors.

H) Reviewable transactions and preference payments

The Trustee has not at this time performed a review of the Company's bank statements and cancelled cheques to identify transactions that may constitute potential preferences pursuant to the Bankruptcy and Insolvency Act. The Trustee will review this matter further with the Inspectors to be elected at this meeting of creditors.

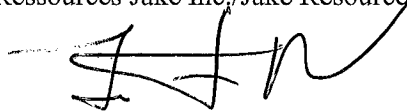
I) Other matters

The Trustee received a retainer of \$33,900 at or about the time the Company filed its NOI.

Dated at Montreal, Quebec, this 8th day of February, 2011

SAMSON BELAIR/DELOITTE & TOUCHE INC.

In its capacity as Trustee of the Estate of
Ressources Jake Inc./Jake Resources Inc.



Jean-François Nadon, CA, CIRP