

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL
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 elected domicile at 101 A, avenue
Principale, Suite 200, Rouyn-Noranda, Quebec,
J9X 4P1

Debtor

– and –

DELOITTE RESTRUCTURING INC.
(Jean-François Nadon, CPA, CA, CIRP, designated
person in charge), having a place of business at
1190 avenue des Canadiens-de-Montréal, Suite 500,
Montréal, Quebec, H3B 0M7

Monitor

**FIFTH REPORT TO THE COURT
SUBMITTED BY DELOITTE RESTRUCTURING 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 “**Debtor**”) filed for, and obtained, protection from its creditors under the *Companies' Creditors Arrangement Act* (“**CCAA**”), having previously filed a notice of its intention to make a proposal under the *Bankruptcy and Insolvency Act* (“**BIA**”) on September 8, 2014.
2. Pursuant to the initial order granted by this court (the “**Initial Order**”), Samson Bélair/Deloitte & Touche Inc., renamed Deloitte Restructuring Inc. on June 1, 2015 (“**Deloitte**”), was appointed monitor (the “**Monitor**”) and a stay of proceedings against the Debtor was granted until March 29, 2015.

3. On March 27, 2015, Maudore obtained a first stay period extension order (the “**First Stay Extension Order**”) until June 14, 2015. A copy of the First Stay Extension Order was made available on the Monitor’s website.
4. On June 18, 2015, Maudore obtained a second stay period extension order (the “**Second Stay Extension Order**”) until September 28, 2015. A copy of the Second Stay Extension Order was made available on the Monitor’s website.
5. On September 22, 2015, Maudore obtained a third stay period extension order (the “**Third Stay Extension Order**”) until February 29, 2016. A copy of the Third Stay Extension Order was made available on the Monitor’s website.

PURPOSE OF THE FIFTH REPORT

6. This fifth report (the “**Fifth Report**”) of the Monitor addresses:
 - (i) the Debtor’s operations since the Third Stay Extension Order;
 - (ii) the activities of the Monitor;
 - (iii) the extension of the stay of proceedings; and
 - (iv) the Monitor’s conclusion and recommendations.
7. In preparing this Fifth Report, the Monitor has relied upon unaudited financial information, the Debtor’s records, the various court filings and its discussions with the management of the Debtor and its legal advisors. While the Monitor has reviewed the information, some in draft format, the Monitor has not performed an audit or other verification of such information. Forward looking financial information included in the Fifth Report is based on assumptions of the management of the Debtor regarding future events, and actual results achieved will vary from this information and the variations may be material.
8. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not defined in this Fifth Report are as defined in the previous reports and in the motion for the Initial Order.
9. A copy of this Fifth Report and all 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>

DEBTOR’S OPERATIONS SINCE THE THIRD STAY EXTENSION ORDER

10. Management received a letter of intent on February 9, 2016 for the only significant asset of Maudore, the Comtois Property. Management will meet the interested party in the coming weeks.
11. Maudore’s subsidiary, Aurbec, is bankrupt. However, because Maudore’s debt to its secured creditors Cyrus is also secured by the assets of Aurbec, the realization of Aurbec’s assets influences the level of debt in Maudore. It is not expected that the realization of the assets of Maudore and Aurbec will be sufficient to repay Cyrus in full.
12. As mentioned in the Fourth Report, the Receiver initiated the Aurbec Call for Tenders to divest the Sleeping Giant mine, its processing facility and all of Aurbec’s exploration projects.

13. At the time of writing the Fourth Report, the Receiver was entertaining discussion with interested parties. Since then, the Receiver has negotiated with one interested party. The Receiver is contemplating to sign an asset purchase agreement (“**APA**”) with the interested party within the next few days. The APA will finalize the sale of all of the assets of Aurbec.
14. The APA is subject to certain conditions. The Receiver expects the final closing of the assets to take a few months due to the complexity of the transaction. Among other things, the restoration plan liability attached to the Sleeping Giant mine is a complex issue and would likely require negotiation with the federal and provincial authorities. In addition, negotiation with the existing union has to take place.
15. The Aurbec Call for Tenders provided useful indication that the level of interest is low for exploration projects in the current economic environment and transactions take time to close.
16. As illustrated in the amended cash flow forecasts in Appendix A, the Receiver, with the authorization of Cyrus, the secured lender, continues to provide Maudore with sufficient funds to meet its obligations as they come due and Cyrus is being kept informed of the restructuring progress in Maudore.

Highlights of the Debtor’s cash flows since the Third Stay Extension Order

Maudore Minerals Ltd.			
Statement of receipts and disbursements			
For the period from September 14, 2015 to February 14, 2016			
	<u>22-week period ended February 14, 2016</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
	(\$)	(\$)	(\$)
Receipts			
Transfers from Mines Aurbec Inc.	350,000	225,000	(125,000)
Disbursements			
Salaries	26,376	27,927	(1,551)
Professional fees	44,000	20,707	23,293
Other consultants	152,610	100,417	52,193
Office and administration costs	89,074	28,626	60,448
Exploration costs	68,271	69,141	(870)
	<u>380,331</u>	<u>246,818</u>	<u>133,513</u>
Projected bank balance variation	(30,331)	(21,818)	8,513
Bank balance - beginning	82,453	82,453	-
Bank balance - ending	52,122	60,635	8,513

17. The actual receipts for the 22-week period ended February 14, 2016 show an unfavorable variance of \$125K. This budget-to-actual unfavorable variance is explained by lower disbursements than budgeted as the Receiver provides the funds to Maudore to meet its obligations on an as-needed basis.

18. The actual disbursements for the 22-week period ended February 14, 2016 show a favorable variance of \$133.5K. This budget-to-actual favorable variance is mainly explained by professional fees, other consultants and lower office and administration costs.
19. Refer to Appendix A for the amended cash flow forecasts.

ACTIVITIES OF THE MONITOR

20. Since February 27, 2015, the date of the Initial Order, the Monitor has analyzed the receipts and disbursements transacted through the bank accounts.
21. In accordance with the Initial Order, any disbursements for services rendered to Maudore prior or subsequent to the date of the Initial Order were presented to, and approved by, the Monitor.
22. Within five (5) business days, the Monitor made available on its website all public information and documentation related to the Debtor's restructuring process, including the notice to creditors, creditor listings, press releases, and all Court documentation.
23. Within five (5) business days, the Monitor sent a notice by regular mail to all known creditors of the Debtor.
24. On March 5, 2015, the Monitor completed the First Report and filed it with this Honorable Court, served it to the service list, and made it available on its website.
25. On March 11 and March 18, 2015, the Monitor published a notice with respect to the Initial Order in *Le Citoyen de la Vallée de l'Or/Le Citoyen de l'Harricana*.
26. On March 27, 2015, the Monitor completed the Second Report and filed it with this Honorable Court, served it to the service list, and made it available on its website.
27. On June 12, 2015, the Monitor completed the Third Report and filed it with this Honorable Court, served it to the service list, and made it available on its website.
28. On September 18, 2016, the Monitor completed its Fourth Report and filed it with this Honorable Court, served it to the service list, and made it available on its website.

EXTENSION OF THE STAY PERIOD

29. Pursuant to the Third Stay Extension Order, a stay of proceedings against the Debtor was granted until February 29, 2016.
30. The Debtor notified the Monitor of its intention to request an extension of the stay of proceedings to August 26, 2016, to allow Maudore to continue to pursue its efforts to find a party or parties interested in the Comtois Property and the assets of Aurbec, including the Sleeping Giant mine and eventually submit a plan of arrangement to its creditors under the CCAA.

MONITOR'S CONCLUSION AND RECOMMENDATIONS

31. It is the Monitor's view that Maudore has acted in good faith and with due diligence in accordance with the Initial Order.
32. It is the Monitor's opinion that it is in the interests of stakeholders to provide additional time for Maudore to continue discussions with interested parties and to evaluate the different options available for the benefit of its stakeholders, and that the extension will not prejudice any of Maudore's creditors.

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

DATED AT MONTREAL, this 25 day of
February, 2016.



Jean-François Nadon, CPA, CA, CIRP
President

DELOITTE RESTRUCTURING INC.
In its capacity as Court-appointed Monitor

APPENDIX A

Maudore Minerals Ltd.
Projected cash flow

Week beginning	Week 52 2016-02-15	Week 53 2016-02-22	Week 54 2016-02-29	Week 55 2016-03-07	Week 56 2016-03-14	Week 57 2016-03-21	Week 58 2016-03-28	Week 59 2016-04-04	Week 60 2016-04-11	Week 61 2016-04-18	Week 62 2016-04-25	Week 63 2016-05-02	Week 64 2016-05-09	Week 65 2016-05-16	Sub Total
Receipts															
Transfers from Aurbec	-	-	-	-	-	-	150,000	-	-	-	-	-	-	50,000	200,000
Disbursements															
Salaries	-	-	-	-	-	-	13,188	-	-	-	-	-	-	-	13,188
Professional fees	-	-	-	-	-	-	55,000	-	-	-	-	-	-	15,000	70,000
Other consultants	19,234	-	-	-	-	-	-	-	24,560	-	-	-	-	24,560	94,914
Office and administration costs	155	1,879	750	2,404	668	500	18,553	500	1,904	818	750	500	2,404	818	32,603
Exploration costs	1,294	-	-	3,817	-	-	18,185	-	750	-	-	-	750	-	24,796
	20,683	1,879	750	32,781	668	500	104,926	500	27,214	818	750	500	42,714	818	235,501
Net cash flow	(20,683)	(1,879)	(750)	(32,781)	(668)	(500)	45,074	(500)	(27,214)	(818)	(750)	(500)	7,286	(818)	(35,501)
Opening cash	60,635	39,952	38,073	37,323	4,542	3,874	3,374	48,448	47,948	20,734	19,916	19,166	18,666	25,952	60,635
Ending bank balance	39,952	38,073	37,323	4,542	3,874	3,374	48,448	47,948	20,734	19,916	19,166	18,666	25,952	25,134	25,134

Week beginning	Week 66 2016-05-23	Week 67 2016-05-30	Week 68 2016-06-06	Week 69 2016-06-13	Week 70 2016-06-20	Week 71 2016-06-27	Week 72 2016-07-04	Week 73 2016-07-11	Week 74 2016-07-18	Week 75 2016-07-25	Week 76 2016-08-01	Week 77 2016-08-08	Week 78 2016-08-15	Week 79 2016-08-22	Week 80 2016-08-29	Total
Receipts																
Transfers from Aurbec	-	-	50,000	-	-	-	50,000	-	-	-	-	-	50,000	-	-	350,000
Disbursements																
Salaries	-	-	-	-	-	13,188	-	-	-	-	-	-	-	-	-	26,376
Professional fees	-	-	10,000	-	-	-	-	-	-	-	-	-	-	15,000	-	95,000
Other consultants	-	-	21,560	-	-	-	16,560	-	-	-	-	-	16,560	5,000	-	154,594
Office and administration costs	500	750	2,404	818	500	750	1,904	818	500	750	500	2,904	818	500	750	47,769
Exploration costs	-	-	2,215	-	18,185	-	750	-	-	-	-	22,261	-	-	-	68,207
	500	750	36,179	818	18,685	13,938	19,214	818	500	750	500	41,725	818	20,500	750	391,946
Net cash flow	(500)	(750)	13,821	(818)	(18,685)	(13,938)	30,786	(818)	(500)	(750)	(500)	(41,725)	49,182	(20,500)	(750)	(41,946)
Opening cash	25,134	24,634	23,884	37,705	36,887	18,202	4,264	35,050	34,232	33,732	32,982	32,482	(9,243)	39,939	19,439	60,635
Ending bank balance	24,634	23,884	37,705	36,887	18,202	4,264	35,050	34,232	33,732	32,982	32,482	(9,243)	39,939	19,439	18,689	18,689