

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 1495, 4e Rue, Val-d'Or, Quebec, J9P 6X1

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, Aurbec obtained an additional period of 44 days, up to November 21, 2014, to make its proposal (“**First Extension Period**”).
3. In preparing this second report (“**Second 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.

4. 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 Vezza gold mining site ("**Vezza**") are presently not being operated by Aurbec. Both mining sites are in care and maintenance.
5. Matters addressed in this Second Report:
  - a. Trustee's activities since October 8, 2014;
  - b. Maudore's activities from October 8 to November 18, 2014;
  - c. Maudore's application for a 45-day extension of the stay proceedings;
  - d. Trustee's recommendation.
6. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not defined in this Second Report are as defined in the First Report.

### **TRUSTEE'S ACTIVITIES**

7. On October 16, 2014, the Trustee sent a notice to all of the insolvent person's known creditors of the First Extension Period.
8. The Trustee has performed a weekly review of the actual receipts and disbursements.
9. Since the filing of the NOI, the Trustee 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. The actual results for the eight-week period ended November 9, 2014 are presented in Appendix A.
3. Maudore had receipts of \$190K during the eight-week period ended November 9, 2014 representing an unfavorable variance of \$50K. 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 November 9, 2014 were amounts transferred from Aurbec.
4. Total disbursements were approximately \$201K representing a favorable variance of \$57K which is mainly explained by lower exploration costs (\$33K) than forecasted.
5. Management prepared a revised cash flow up to the week ending January 4, 2015, refer to Appendix B. According to this budget, Management intends to pay severance, accrued vacation and retention bonuses owe to employees, including senior management, representing approximately \$328K. As mentioned previously, Management and Cyrus have been in regular communications regarding the

operations of Maudore. Cyrus has received the attached cash-flow for the period ending January 4, 2015 and has been noticed directly on several occasions of Management intention regarding these payments and Cyrus has not contested those.

**EXTENSION OF THE STAY PROCEEDINGS**

6. The insolvent person signified its intention to the Trustee to file a first 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**

7. 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.
8. 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 19<sup>th</sup> day of November, 2014.

**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

APPENDIX A

| <b>Maudore Minerals Ltd.</b>                                |   |                      |                     |
|---|---|----------------------|---------------------|
| <b>Statement of receipts and disbursements</b>              |   |                      |                     |
| <b>For the period from September 15 to November 9, 2014</b> |   |                      |                     |
|   | <b>8-week period ended November 9, 2014</b> |                      |                     |
|   | <b>Budget</b>                               | <b>Actual</b>        | <b>Variance</b>     |
|   | (\$)  | (\$)                 | (\$)                |
| <b>Receipts</b>   |   |                      |                     |
| Transfers from Mines Aurbec Inc.                            | <u>240,078</u>                              | <u>190,000</u>       | <u>(50,078)</u>     |
| <b>Disbursements</b>  |   |                      |                     |
| Salaries  | 120,760                                     | 106,144              | 14,616              |
| Professional fees   | 23,000                                      | 35,000               | (12,000)            |
| Other consultants   | 57,230                                      | 41,042               | 16,188              |
| Office and administration costs                             | 3,856                                       | (1,163)              | 5,019               |
| Exploration costs   | <u>53,541</u>                               | <u>20,295</u>        | <u>33,246</u>       |
|   | <u>258,387</u>                              | <u>201,318</u>       | <u>57,069</u>       |
| <b>Projected bank balance variation</b>                     | <b>(18,309)</b>                             | <b>(11,318)</b>      | <b>6,991</b>        |
| <b>Bank balance - beginning</b>                             | <b><u>18,309</u></b>                        | <b><u>18,309</u></b> | <b><u>-</u></b>     |
| <b>Bank balance - ending</b>                                | <b><u>-</u></b>                             | <b><u>6,991</u></b>  | <b><u>6,991</u></b> |

APPENDIX B  
**Maudore Minerals Ltd.**  
**Statement of receipts and disbursements**  
**For the period from November 10, 2014 to January 4, 2015**

|  | Period from<br>11/10/2014 to 1/4/2015 |
|--|---------------------------------------|
|  | (\$)                                  |
| <b><i>Receipts</i></b>                         |                                       |
| Transfers from Mines Aurbec Inc.               | <u>709,922</u>                        |
| <b><i>Disbursements</i></b>                    |                                       |
| Salaries                                       | 448,588                               |
| Professional fees                              | 23,824                                |
| Other consultants                              | 175,382                               |
| Office and administration costs                | 44,157                                |
| Exploration costs                              | <u>24,962</u>                         |
|  | <u>716,913</u>                        |
| <b><i>Projected bank balance variation</i></b> | <b>(6,991)</b>                        |
| <b><i>Bank balance - beginning</i></b>         | <u><b>6,991</b></u>                   |
| <b><i>Bank balance - ending</i></b>            | <u><u><b>-</b></u></u>                |

**APPENDIX B (cont)**

**Maudore Minerals Ltd.  
Projected cash flow**

| Week beginning (\$)             | Week 9<br>11/10/2014 | Week 10<br>11/17/2014 | Week 11<br>11/24/2014 | Week 12<br>12/1/2014 | Week 13<br>12/8/2014 | Week 14<br>12/15/2014 | Week 15<br>12/22/2014 | Week 16<br>12/29/2014 | Total          |
|---------------------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|----------------|
| <b>Receipts</b> (note 1)        | 600,000              | -                     | -                     | -                    | 14,438               | 5,000                 | 58,399                | 32,085                | <b>709,922</b> |
| <b>Disbursements</b>            |                      |                       |                       |                      |                      |                       |                       |                       |                |
| Salaries                        | 239,872              | 133,509               | -                     | 1,176                | 10,632               | 5,000                 | 58,399                | -                     | <b>448,588</b> |
| Professional fees               | 12,324               | -                     | -                     | -                    | 5,750                | -                     | -                     | 5,750                 | <b>23,824</b>  |
| Other consultants               | 102,317              | 13,560                | 19,835                | -                    | 19,835               | -                     | -                     | 19,835                | <b>175,382</b> |
| Office and administration costs | 3,346                | 35,861                | 650                   | -                    | -                    | -                     | -                     | 4,300                 | <b>44,157</b>  |
| Exploration costs               | 18,184               | -                     | 2,378                 | -                    | 2,200                | -                     | -                     | 2,200                 | <b>24,962</b>  |
|                                 | <b>376,043</b>       | <b>182,930</b>        | <b>22,863</b>         | <b>1,176</b>         | <b>38,417</b>        | <b>5,000</b>          | <b>58,399</b>         | <b>32,085</b>         | <b>716,913</b> |
| <b>Net cash flow</b>            | <b>223,957</b>       | <b>(182,930)</b>      | <b>(22,863)</b>       | <b>(1,176)</b>       | <b>(23,979)</b>      | -                     | -                     | -                     | <b>(6,991)</b> |
| Opening cash (note 2)           | 6,991                | 230,948               | 48,018                | 25,155               | 23,979               | -                     | -                     | -                     | 6,991          |
| <b>Ending bank balance</b>      | <b>230,948</b>       | <b>48,018</b>         | <b>25,155</b>         | <b>23,979</b>        | -                    | -                     | -                     | -                     | -              |

Note 1: Transfers from Aurbec

Note 2: The opening bank balance includes outstanding cheques.