

CANADA

SUPERIOR COURT
(COMMERCIAL DIVISION)

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

IN THE MATTER OF THE COMPROMISE OR
ARRANGEMENT OF:

No: 500-11-048311-159

MINÉRAUX MAUDORE LTÉE

Debtor

and

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.

Trustee

MOTION FOR THE EXTENSION OF THE STAY OF PROCEEDINGS
(Ss. 11.02 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*)

**TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN
COMMERCIAL DIVISION FOR THE DISTRICT OF MONTREAL, THE DEBTOR
RESPECTFULLY STATES:**

A. Requested Relief

1. On September 8, 2014, the Debtor, Minéraux Maudore ltée ("**Maudore**", or the "**Debtor**"), filed a notice of its intention to make a proposal to its creditors under the *Bankruptcy and Insolvency Act*, R.S.C.(1985) c. B-3 (the "**BIA**") in court file 615-11-001401-142 in the district of Abitibi (the "**Proposal Proceedings**").
2. On February 27, 2015, this court took up Maudore's Proposal Proceedings and continued them under the *Companies Creditors' Arrangement Act*, R.S.C. (1985) c. C-36 (the "**CCAA**") pursuant to section 11.6 of the CCAA, and made an initial order in respect of Maudore pursuant to section 11.02 of the CCAA (the "**Initial Order**") which included a stay of all proceedings against the debtor until March 29, 2015, the whole as appears from the court record.
3. The debtor respectfully requests that the stay of proceedings be extended until June 14, 2015, for the reasons set out hereafter.

B. Recapitulation of events leading up to the Initial Order

4. Maudore, a publicly-owned company listed as MAO on the TSX Venture Exchange (TSX-V), is a Quebec junior gold company with 13 exploration projects located near the towns of Amos, Lebel-sur-Quévillon and Matagami.
5. One of the projects, consisting of 320 CDC claims for 16,239 hectares (163.29 km²), is at an advanced stage of development with reported current and historical resources and mining (the "**Comtois Property**").
6. Maudore is also the majority shareholder of Mines Aurbec inc. ("**Aurbec**"), whose principal assets are the Sleeping Giant mine and processing facility about 80 km north of Amos ("**Sleeping Giant**"), and the Vezza project about 25 km south of Matagami ("**Vezza**").
7. The most significant secured creditor of both Maudore and Aurbec and is FBC Holdings S.à.r.l. ("**FBC**"), which is controlled by Cyrus Capital Partners L.P. ("**Cyrus**") and which is owed approximately \$34.7 million by Maudore.
8. Maudore's debt to FBC is secured by a hypothec in the principal amount of \$36,000,000 (including an additional hypothec of \$6,000,000) bearing interest at 25% per annum (the "**FBC Hypothec**"), which hypothec charges the Comtois Property and all of the movable property of Maudore (including Maudore's shares in Aurbec).
9. On September 8, 2014, both Maudore and its subsidiary Aurbec filed notices of their intention to make proposals to their creditors under the BIA, with Samson Bélair/Deloitte & Touche Inc. ("**Deloitte**") agreeing in both instances to act as proposal trustee.
10. Even prior to the filing of the notices of intention, Maudore and Aurbec had been working with FBC to be able to make a proposal to their creditors, which proposal would probably have involved the separation of the exploration assets from the production assets exploited by Aurbec, and additional capital from the sale of Sleeping Giant.
11. To this end, following the filing of the notices of intention, a list of potential investors/acquirers was compiled and approximately 30 parties were set a confidentiality agreement which, once executed, permitted access to data rooms set up by Maudore and Aurbec in order to explore a potential transaction.
12. Vezza had been shut down by Aurbec several months prior to the notices of intention because the price of gold was not sufficient to cover extraction costs given the ore concentrations found in the mine.
13. In order to minimize costs, Aurbec's management decided in June of 2014 to commence the shutdown of operations at the Sleeping Giant mine as well, as it could not be operated profitably under the conditions prevailing in the gold market at that time.

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14. Despite the efforts of Maudore, Aurbec and Deloitte as their proposal trustee (and with the assistance of Clarus Securities Inc.), no transaction materialized, and on December 15, 2014, FBC served upon Aurbec a notice under section 244 of the BIA in the amount of \$33,588,673.
15. On December 17, 2014, with the consent of both Aurbec and Maudore, Deloitte was appointed receiver in the Proposal Proceedings of all the assets of Aurbec subject to FBC's security (with the exception of Vezza, in respect of which FBC was the second-ranking secured creditor behind two creditors ranking *pari passu* who had been granted a hypothec in respect of work performed at Vezza).
16. Aurbec's deadline to make a proposal to its creditors was permitted to expire on January 6, 2015 resulting in the bankruptcy of Aurbec, with Deloitte being appointed bankruptcy trustee.
17. On February 27, 2015, this court granted the Initial Order in respect of Maudore, taking up the Proposal Proceedings and continuing them under the CCAA, and granting a stay of all proceedings until March 29, 2015.

C. Maudore's Current Situation

18. Maudore holds interests in exploration projects but generates no revenue of its own and has relied entirely upon revenue generated by its subsidiary, Aurbec, which is now bankrupt; Maudore is now entirely dependent upon the support of its secured creditor, FBC, to meet its ongoing expenses.
19. Maudore has no employees, with George Fowlie serving on a contract basis as the *de facto* chief restructuring officer since the outset of the restructuring process.
20. In light of the bankruptcy of its subsidiary, Aurbec, the only significant asset of Maudore is the Comtois Property, as it appears unlikely that there will be any significant realization from the other exploration projects.
21. In late January 2015, an interested party expressed an interest in exploiting the Comtois Property, with a confidential business plan being drawn up in February. The interested party was given access to the data room, and after it had analyzed the data a conference call was held last Friday, March 20 to permit the interested party to review the data with Maudore and ask questions. The interested party is now assessing its position, and in the event that the Comtois Deposit meets its criteria, a site visit would be arranged for April 2015.
22. In the meantime, additional parties have expressed interest in the assets of Maudore, Aurbec or both, and have been given access to the appropriate data rooms.

D. Request for the Extension of the Stay of Proceedings

23. It is too soon to say whether a transaction with respect to the Comtois Property will materialize, or what final form that transaction may take, but in light of the size of the debt to FBC which charges the property it is very unlikely that an outright sale of the Comtois Property (whether by Maudore, the secured creditor, a receiver, or trustee in bankruptcy) would generate proceeds sufficient to provide any distribution to the unsecured creditors of Maudore.
24. However, in the event that there is an interest in recapitalizing Maudore, possibly to take advantage of tax losses carried forward and/or to preserve or revive the public listing, a compromise or arrangement may provide some dividend to the unsecured creditors.
25. Notably in light of the potential for a transaction with respect to the Comtois Property, the preservation of value inherent in the tax losses carried forward and the public listing, and possibility of an eventual dividend to its unsecured creditors, Maudore therefore requests that this court extend the stay of proceedings until June 14, 2015 so as to provide additional time to negotiate with interested parties.
26. Maudore has prepared a statement showing the projected cash flow up to June 14, 2015, **Exhibit P-1**.
27. The cash flow demonstrates that Maudore is dependent upon the receipt of funds from its secured creditor, FBC, in order to meet its ongoing obligations but no creditors will be materially prejudiced by the requested relief because an immediate bankruptcy and liquidation of all assets would be insufficient to pay the claims of secured creditors, such that unsecured creditors would suffer a total loss.
28. No creditor has objected to the Initial Order (nor did any creditor object to the various extensions granted to both Maudore and Aurbec under their respective proposal proceedings).
29. The request for an extension of the stay of proceedings is made with the full knowledge and support of Maudore's secured creditor, which provides Maudore with the liquidity required to support the CCAA process.
30. The Monitor also supports the extension of the stay of proceedings.
31. The debtor has acted, and is acting in good faith and with due diligence.

WHEREFORE, MAY IT PLEASE THE COURT:

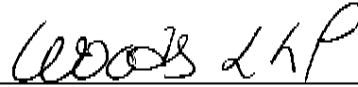
GRANT the present motion;

DECLARE that the stay of all proceedings against the debtor in the order of this court dated February 27, 2015 be extended from March 29, 2015 until June 14, 2015;

ORDER the provisional execution of the order notwithstanding appeal;

THE WHOLE without costs.

MONTREAL, March 26, 2015

A handwritten signature in cursive script that reads "WOODS LLP". The signature is written in black ink and is positioned above a horizontal line.

WOODS LLP
Attorneys for the Debtor

CANADA**SUPERIOR COURT
(COMMERCIAL DIVISION)****PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL****IN THE MATTER OF THE COMPROMISE OR
ARRANGEMENT OF:**

No: 500-11-048311-159

MINÉRAUX MAUDORE LTÉE

Debtor

and

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.

Trustee

AFFIDAVIT OF GEORGE FOWLIE**(MOTION FOR A FIRST EXTENSION OF THE STAY OF PROCEEDINGS)**

I, the undersigned, **George Fowlie**, domiciled and residing for present purposes at 905-123 Front Street, Toronto, Ontario, do solemnly affirm that:

1. I am the chairman of the board of directors of the Debtor, **Minéraux Maudore ltée**.
2. **Maudore** is a publicly-owned company listed as **MAO** on the **TSX Venture Exchange (TSX-V)**. It is a Quebec junior gold company with 13 exploration projects located near the towns of **Amos, Lebel-sur-Quévillon and Matagami**.
3. One of the projects, the **Comptois Property**, consists of 320 CDC claims for 16,239 hectares (163.29 km²). It is at an advanced stage of development with reported current and historical resources and mining.
4. **Maudore** is also the majority shareholder of **Mines Aurbec inc.**, whose principal assets are the **Sleeping Giant mine and processing facility** about 80 km north of **Amos**, and the **Veza project** about 25 km south of **Matagami**.
5. The most significant secured creditor of both **Maudore** and **Aurbec** and is **FBC Holdings S.à.r.l.**, which is owed approximately \$34.7 million by **Maudore**. **FBC** is controlled by **Cyrus Capital Partners L.P.**

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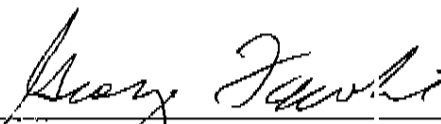
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9. To this end, following the filing of the notices of intention, a list of potential investors/acquirers was compiled. Approximately 30 parties were sent a confidentiality agreement which, once executed, permitted access to data rooms set up by Maudore and Aurbec in order to explore a potential transaction.
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12. Despite the efforts of Maudore, Aurbec and Deloitte as their proposal trustee (and with the assistance of Clarus Securities Inc.), no transaction materialized. On December 15, 2014, FBC served upon Aurbec a notice under section 244 of the BIA in the amount of \$33,588,673.
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15. Maudore holds interests in exploration projects but generates no revenue of its own and has relied entirely upon revenue generated by its subsidiary, Aurbec, which is now bankrupt. Maudore is now entirely dependent upon the support of its secured creditor, FBC, to meet its ongoing expenses.

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16. Maudore has no employees, and I have served on a contract basis as the *de facto* chief restructuring officer since the outset of the restructuring process.
17. In light of the bankruptcy of its subsidiary, Aurbec, the only significant asset of Maudore is the Comtois Property, as it appears unlikely that there will be any significant realization from the other exploration projects.
18. In late January 2015, an interested party expressed an interest in exploiting the Comtois Property, with a confidential business plan being drawn up in February. The interested party was given access to the data room, and after it had analyzed the data a conference call was held last Friday, March 20 to permit the interested party to review the data with Maudore and ask questions. The interested party is now assessing its position, and in the event that the Comtois Deposit meets its criteria, a site visit would be arranged for April 2015.
19. In the meantime, additional parties have expressed interest in the assets of Maudore, Aurbec or both, and have been given access to the appropriate data rooms.
20. It is too soon to say whether a transaction with respect to the Comtois Property will materialize, or what final form that transaction may take, but in light of the size of the debt to FBC which charges the property it is very unlikely that an outright sale of the Comtois Property (whether by Maudore, the secured creditor, a receiver, or trustee in bankruptcy) would generate proceeds sufficient to provide any distribution to the unsecured creditors of Maudore.
21. However, in the event that there is an interest in recapitalizing Maudore, possibly to take advantage of tax losses carried forward and/or to preserve or revive the public listing, a compromise or arrangement may provide some dividend to the unsecured creditors.
22. Notably in light of the potential for a transaction with respect to the Comtois Property, the preservation of value inherent in the tax losses carried forward and the public listing, and possibility of an eventual dividend to its unsecured creditors, Maudore therefore requests that this court extend the stay of proceedings until June 29, 2015 so as to provide additional time to negotiate with interested parties.
23. Maudore has prepared a statement showing the projected cash flow up to June 14, 2015, which is identified in the motion for a first extension of the stay of proceedings as **Exhibit P-1**.
24. The cash flow demonstrates that Maudore is dependent upon the receipt of funds from its secured creditor, FBC, in order to meet its ongoing obligations but no creditors will be materially prejudiced by the requested relief because an immediate bankruptcy and liquidation of all assets would be insufficient to pay the claims of secured creditors, such that unsecured creditors would suffer a total loss.
25. No creditor has objected to the Initial Order (nor did any creditor object to the various extensions granted to both Maudore and Aurbec under their respective proposal proceedings).

- 26. The request for an extension of the stay of proceedings is made with the full knowledge and support of Maudore's secured creditor, which provides Maudore with the liquidity required to support the CCAA process.
- 27. To my knowledge, the Monitor also supports the extension of the stay of proceedings.
- 28. To my knowledge, the debtor has acted, and is acting in good faith and with due diligence.

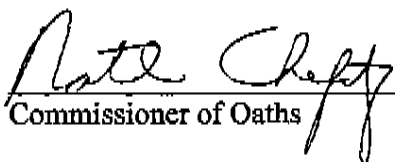
AND I HAVE SIGNED



GEORGE FOWLIE

Solemnly affirmed before me in

TORONTO, ONTARIO
 this 26th day of March, 2015



 Commissioner of Oaths

NOTICE OF PRESENTATION

TO:


Mr. Jean-François Nadon
Samson Bélair/Deloitte & Touche Inc.
1 Place Ville-Marie, suite 3000
Montreal (Quebec) H3B 4T9

Mtre. Alain Riendeau
Fasken Martineau Dumoulin LLP
Place Victoria
800, Square-Victoria Street
Suite 3700
Montreal (Quebec) H4Z 1E9

TAKE NOTICE that the Motion for a First Extension of the Stay of Proceedings shall be presented before the Honourable Martin Castonguay, J.C.S., in room 16.08 of the courthouse of Montreal located at 1 Notre-Dame Street, Montreal, on **March 27, 2015 at 9:00 a.m.**

DO GOVERN YOURSELF ACCORDINGLY.

MONTREAL, March 26, 2015



WOODS LLP

Attorneys for the Debtor

No.:500-11-048311-159

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Trustee

EXHIBIT P-1

ORIGINAL

Mfrs. Neil A. Peden
File No. 33744-1

Woods s.e.n.c.r.l./LLP
Avocats / Barristers & Solicitors
2000, av. McGill College, bureau 1700
Montréal (Québec) H3A 3H3
T: 514 982-4545 F: 514-284-2046
Code BW 0208



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 March 25, 2015

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APPENDIX C

Maudore Minerals Ltd.
 Projected cash flow

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Receipts													
Transfers from Aurbec	20,000	-	75,000	-	-	35,000	10,000	-	30,000	-	-	170,000	
Disbursements													
Salaries	1,437	-	30,178	-	-	-	-	-	-	-	-	-	31,615
Professional fees	0	-	7,500	-	-	7,500	-	-	7,500	-	-	-	22,500
Other consultants	-	15,000	13,500	1,800	-	10,000	14,500	1,800	-	-	3,000	15,300	75,000
Office and administration costs	5,979	-	1,250	-	-	1,250	-	-	-	-	1,250	-	9,729
Exploration costs	-	-	-	18,013	-	-	8,894	-	-	-	-	4,103	20,990
	<u>7,416</u>	<u>15,000</u>	<u>52,428</u>	<u>19,813</u>	<u>-</u>	<u>10,000</u>	<u>23,310</u>	<u>10,494</u>	<u>-</u>	<u>-</u>	<u>11,750</u>	<u>19,543</u>	<u>160,814</u>
Net cash flow	12,584	(15,000)	22,572	(19,813)	-	25,000	(20,310)	(494)	-	-	18,250	(19,543)	188
Opening cash	0,175	18,750	3,750	28,271	8,458	8,458	31,453	9,105	7,654	7,654	7,654	28,904	6,381
Ending bank balance	<u>18,750</u>	<u>3,750</u>	<u>26,321</u>	<u>8,458</u>	<u>8,458</u>	<u>31,458</u>	<u>8,148</u>	<u>7,664</u>	<u>7,664</u>	<u>7,664</u>	<u>25,904</u>	<u>8,061</u>	<u>6,981</u>

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