

COURT NO.: 15411
ESTATE NO.: 51-1228301
COURT FILE NO.: B-M-06-09

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK
TRIAL DIVISION
JUDICIAL DISTRICT OF BATHURST

BETWEEN: IN THE MATTER OF THE COMPANIES' CREDITORS
 ARRANGEMENT ACT, R.S.C., Cc-36, AS AMENDED,

AND: IN THE MATTER OF THE APPLICATION OF BLUE NOTE
 CARIBOU MINES INC., a body corporate

AND: IN THE MATTER OF THE APPLICATION OF
 PRICEWATERHOUSECOOPERS INC., Monitor of and
 Trustee in Bankruptcy of BLUE NOTE CARIBOU MINES
 INC.

NINTH REPORT
SEPTEMBER 9, 2010

I, DAVID A. BOYD, of the City of Halifax, Province of Nova Scotia, MAKE OATH
AND SAY:

1. I am a Chartered Accountant, Trustee in Bankruptcy and Senior Vice-President of PricewaterhouseCoopers Inc. ("PWC"), Court appointed Monitor in this matter and Trustee in Bankruptcy of Blue Note Caribou Mines Inc. ("BNC"). As such, I have personal knowledge of the matters to which I herein depose, except where stated to be on information and belief and in such cases I verily believe the truth thereof.
2. The within proceeding concerns the application by BNC for creditor protection pursuant to the *Companies' Creditors Arrangement Act* ("CCAA"). A successful reorganization has not been possible and, as of July 14, 2009, BNC made, concurrent with the CCAA proceedings, an assignment in bankruptcy.
3. The proceedings have been ongoing for some time and the following lists the various Orders granted:
 - a) Initial Order, dated February 20, 2009 (the "Initial Order");
 - b) Order of the Court dated March 20, 2009;
 - c) Order of the Court, dated May 20, 2009;

- d) Order to Continue in Bankruptcy, dated July 14, 2009;
 - e) Order of the Court, dated July 27, 2009;
 - f) Order of the Court, dated September 29, 2009;
 - g) Order of the Court, dated November 13, 2009;
 - h) Order of the Court, dated November 13, 2009;
 - i) Order of the Court dated December 15, 2009;
 - j) Order of the Court dated January 11, 2010;
 - k) Order of the Court dated March 12, 2010;
 - l) Order of the Court of Appeal dated May 20, 2010;
 - m) Order of the Court dated May 21, 2010;
 - n) Order of the Court dated September 10, 2010;
4. The stay termination date provided in the Initial Order has been extended to December 10, 2010.
5. As is more particularly set out in the previous reports filed in these proceedings, the Monitor and Trustee arranged for the sale of all of the assets and undertaking of BNC to Maple Minerals Corporation (formerly 647078 NB Ltd.), as assignee of 2190776 Ontario Inc. That sale was not approved by the Court and the Court determined certain of the claims of the parties. The Court determined that the following interests exist:
- a) Breakwater Resources Ltd. ("BWR") holds a 20% interest in the assets of BNC; which interest arose out of the purchase and sale transaction by which BNC (or its predecessor) acquired certain or all of the assets of BNC from CanZinco Ltd.;
 - b) Fern Trust holds a 10% Net Profits Interest in the Caribou Mine pursuant to an agreement (the "NPI"), dated as of August 9, 1990.
6. Other than the claims of Fern Trust, BWR and unsecured creditors, there are the following claims:
- a) a first charge debenture and ancillary security arising from a trust indenture dated May 4, 2007 (the "First Debenture") as assigned on June 30, 2010 to Kirkland Intertrade Corp. ("Kirkland");
 - b) a second charge debenture in favour of Provincial Holdings Limited

and ancillary security documents dated September 10, 2007 (the "Provincial Debenture"); and

- c) numerous mechanic's liens filed by unpaid suppliers of BNC and evidenced in the certificate of registered ownership attached and marked Exhibit "A".
7. The Monitor's Eighth Report sets out the most recent events related to BNC and its assets. Attached and marked Exhibit "B" is a copy of the Monitor's Eighth Report. As set out in the Eight Report:
- d) on August 4, 2010 the Monitor received an offer from Kirkland to acquire all of the assets of BNCM on the terms and conditions set out therein. The proposed closing date for the acquisition by Kirkland is September 25, 2010(the "Kirkland Offer");
 - e) the Monitor, subject to Court Approval, accepted the Kirkland Offer and issued notice of its acceptance to BWR on Monday August 9, 2010;
 - f) on August 10, 2010 the Monitor was copied on correspondence from Gerald F. Smith, Q.C., as solicitor for certain lien claimants, to counsel for Kirkland setting out his clients' position;
 - g) on August 11, 2010 the Monitor received a notice of sale and an amended notice of sale pursuant to the *Property Act* of New Brunswick from Kirkland with respect to the proposed sale pursuant to the First Debenture, scheduled for September 28, 2010;

- h) on August 16, 2010 the Monitor received correspondence from Mr. David Langille, Vice President, Finance and Chief Financial Officer of BWR inquiring as to certain terms of the Kirkland offer;
 - i) the Monitor responded to Mr. Langille's correspondence of August 16, 2010 on August 17, 2010;
- 8. Since the Eight Report, the Monitor received correspondence from BWR's counsel making various inquiries related to BNC and mineral claims held by it and or its parent Blue Note Mining Inc. ("BNM"). A copy of BWR's counsel's correspondence of Friday August 27, 2010 is attached and marked as Exhibit "C".
- 9. On Tuesday August 31, 2010 I caused the Monitor's counsel to respond to BWR's counsel. Attached and marked as Exhibit "D" is correspondence in response to BWR's inquiries.
- 10. On August 26, 2010 the Monitor was notified by the Province by the delivery of its Notice of Motion and supporting materials that it intended to terminate the lease with BNC in relation to the Restigouche property. The Province sought and obtained Court approval on September 2, 2010.
- 11. Based upon my investigations in my capacity as Monitor and Trustee, I do not believe that any other purchaser will offer to purchase BNC's assets other than possibly BWR. Currently, the mine assets are not in productive use. If the transaction is completed Kirkland will be in a position where it could recommence operations.
- 12. Accordingly, I have caused the within Motion to be brought before this Honourable Court seeking, among other things, an Order:
 - i) approving the contemplated transaction;
 - ii) authorizing and approving the execution by the Monitor of the Kirkland Offer and such other documents or the taking of such additional actions as may be necessary or desirable to complete


the transaction and convey the sale assets to Kirkland;


- iii) declaring that, upon the delivery of a certificate or certificates to the purchaser substantially in the form attached as Schedule "A" to the draft order (the "Monitor's Certificate"), all right, title and interest in and to the sale assets shall vest absolutely in Kirkland free and clear of and from any and all interests, claims or encumbrances of any nature or kind, save and except the interests of the Fern Trust, CanZinco Ltd. and Breakwater Resources Ltd and the charges granted in favour of the Monitor by the various Orders of the Court in these proceedings until the Monitor is discharged;
- iv) to the extent necessary, declaring that for the purposes of determining the nature and priority of claims, the net proceeds from the sale of the sale assets (the "Proceeds") shall stand in the place and stead of the sale assets, and that from and after the delivery of the Monitor's Certificate all claims and encumbrances shall attach to the Proceeds with the same priority as they had with respect to the sale assets immediately prior to the sale;

13. If BWR is entitled to and does exercise a right of first refusal, the Monitor will seek the direction and advice of the Court.

14. I make this Affidavit in support of the within Motion.

SWORN TO at the City of)
 Halifax, in the Province)
 of Nova Scotia, this 9th)
 day of September, 2010.)
 BEFORE ME:)

) 
)
) David A. Boyd
)

) 
)
)
) A NOTARY PUBLIC IN AND FOR)
) THE PROVINCE OF NOVA SCOTIA)

Gavin D.F. MacDonald

EXHIBIT "A"

This is Exhibit "A" referred to
in the Affidavit of David A. Boyd,
sworn before me this 9th day
of September, 2010.



A Notary Public, in and for the
Province of Nova Scotia

Gavin D.F. MacDonald

Form 47
Formule 47CERTIFICATE OF REGISTERED OWNERSHIP
CERTIFICAT DE PROPRIÉTÉ ENREGISTRÉELand Titles Act, S.N.B. 1981, c. L-1.1, s.63
Loi sur l'enregistrement foncier, L.N.-B. de 1981, chap. L-11, art. 63

Parcel Identifier | Numéro d'identification de parcelle :

50072032

Owner | Propriétaire :

Blue Note Caribou Mines Inc. Estate/Biens

44 Chipman HILL SUITE 300 Floor 4th

PO BOX 789

Saint John NB

E2L 4B9

Deed/Transfer | Acte de transfert/Transfert

Restigouche 2007-06-29 - 24076839

PricewaterhouseCoopers Inc. In Trust/En Fiducie

44 Chipman HILL SUITE 300 Floor 4th

PO BOX 789

Saint John NB

E2L 4B9

Bankruptcy | Faillite

Restigouche 2010-03-11 - 28466903

Manner of Tenure | Mode de tenure :

Not Specified | Non précisé

Encumbrances | Charges :

Kirkland Intertrade Corp.

133 Prince William ST SUITE 801

Saint John NB

E2L 2B5

Debenture Holder | Titulaire de la débenture

Debenture or Other Voluntary Charge | Débenture ou autre charge facultative

Restigouche 2007-05-03 - 23774749

Provincial Holdings Ltd.

670 King ST

PO BOX 6000

Fredericton NB

E3B 5H1

Debenture Holder | Titulaire de la débenture

Debenture or Other Voluntary Charge | Débenture ou autre charge facultative

Restigouche 2007-09-14 - 24492044

Sunny Corner Enterprises Inc.
 259 Dalton AVE
 Miramichi NB
 E1V 3C4
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-09-16 - 26168741

Eastern Reinforcing Ltd.
 80 Henri Dunant ST
 Moncton NB
 E1E 1E6
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-09-17 - 26174293

Hachey Construction & Fabrication Ltd.
 31 BOUL Industriel
 Caraquet NB
 E1W 1B7
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-09-19 - 26186099

Rockwood Transportation Co. Ltd.
 909 RTE 495
 CP 1005
 Rexton NB
 E2A 3Z1
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-09-19 - 26186412

Guillevin International Co.
 1850 Vanier BLVD
 Bathurst NB
 E2A 1B7
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-09-22 - 26194804

Jacques Whitford Limited
 44 Chipman HILL SUITE 1230
 Saint John NB
 E2L 2A9
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-09-23 - 26202524

K & M Utility Lines Ltd.
 780 460 ST
 Strymiest NB
 E9G 3C7
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-09-26 - 26221375

Godin Electrique Ltee-Godin's Electric Ltd.
 1970 Connolly AVE
 Bathurst NB
 E2A 4W7
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-09-26 - 26222175

Hewitt Rentals Inc.
 c/o Mockler Peters Oley Rouse
 839 Aberdeen ST
 PO BOX 547
 Fredericton NB
 E3B 5A5
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-09-30 - 26235953

Atlantic Tractors & Equipment Limited
 c/o Mockler Peters Oley Rouse
 839 Aberdeen ST
 PO BOX 547
 Fredericton NB
 E3B 5A5
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-09-30 - 26236324

Boart Longyear Alberta Limited
 Smith & Smith
 155 Pleasant ST
 PO BOX 100
 Miramichi NB
 E1V 3M2
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-10-01 - 26244864

Boart Longyear Canada
Smith & Smith
155 Pleasant ST
PO BOX 100
Miramichi NB
E1V 3M2
Claimant | Réclamant
Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
Restigouche 2008-10-01 - 26244864

Longyear Canada, ULC
Smith & Smith
155 Pleasant ST
PO BOX 100
Miramichi NB
E1V 3M2
Claimant | Réclamant
Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
Restigouche 2008-10-01 - 26244864

J.S. Redpath Limited
Smith & Smith
155 Pleasant ST
PO BOX 100
Miramichi NB
E1V 3M2
Claimant | Réclamant
Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
Restigouche 2008-10-01 - 26245077

Corepro Drilling Inc.
12763 RTE 114
Sussex NB
E4E 5L9
Claimant | Réclamant
Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
Restigouche 2008-10-02 - 26253105

Eddy Group Limited
660 St. Anne ST
Bathurst NB
E2A 2N6
Claimant | Réclamant
Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
Restigouche 2008-10-07 - 26280520

United Rentals of Canada, Inc.
 Toronto Dominion Centre, Canadian Pacific
 100 Wellington ST W SUITE 500
 Toronto ON
 M5K 1H1
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-10-14 - 26303538

ADI Limited
 1133 Regent ST SUITE 300
 Fredericton NB
 E3A 3Z2
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-10-15 - 26309972

Bradley Jenks Excavation Ltd.
 1185 Youghall DR
 Bathurst NB
 E2A 4Y3
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-10-17 - 26323650

Consbec Inc.
 2725 Belisle DR
 Val Caron ON
 P3N 1B3
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-10-20 - 26332164

Source Atlantic, A Division of Universal Sales, Limited
 331 Chesley DR
 PO BOX 967
 Saint John NB
 E2L 4E4
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-10-20 - 26332180

Merlin Group Securities Ltd., as Trustee Of The Fern Trust
 South Tower
 644 Main ST SUITE 400
 Moncton NB
 E1C 8T6
 Judgment Creditor | Créancier sur jugement
 Court Vesting Order | Ordonnance d'envoi en possession
 Restigouche 2008-10-20 - 26333253

Modern Pump & Metal Ltd.
 561 RUE Principale
 Petit Rocher NB
 E8J 1J4
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-10-30 - 26387838

Atlantic Reproduction Co. Ltd.
 2740 RUE Principale
 Tracadie-Sheila NB
 E1X 1A1
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-10-30 - 26388273

Dyno Nobel Canada Inc.
 c/o Gilbert, McGloan, Gillis
 22 King ST
 Saint John NB
 E2L 1G3
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-11-03 - 26406125

OME Engineering Inc.
 1135 Mercury AVE
 Bathurst NB
 E2A 2J4
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-11-12 - 26452210

Power Precision Inc.
 1135 Mercury AVE
 Bathurst NB
 E2A 2J4
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-11-12 - 26452293

Chaleur Shotcrete Inc.
 2739 Ste. Anne RD
 Sainte-Anne-Gloucester Co. NB
 E2A 6Z7
 Claimant | Réclamant
 Claim for Lien (Mechanics' Lien) | Revendication/Privilège de construction
 Restigouche 2008-11-12 - 26452368

Eastern Reinforcing Ltd. 80 Henri Dunant ST Moncton NB E1E 1E6 Claimant Réclamant Lis Pendants Affaire en instance Restigouche 2008-11-26	-	26517590
K & M Utility Lines Ltd. 780 RTE 460 Stymiest NB E9G 3C7 Claimant Réclamant Lis Pendants Affaire en instance Restigouche 2008-12-03	-	26555020
K & M Utility Lines Ltd. 780 RTE 460 Stymiest NB E9G 3C7 Claimant Réclamant Lis Pendants Affaire en instance Restigouche 2008-12-03	-	26555053
Jacques Whitford Limited c/o Morrison Pierce Brunswick Square 1 Germain ST SUITE 1212 Saint John NB E2L 4V1 Claimant Réclamant Lis Pendants Affaire en instance Restigouche 2008-12-03	-	26558719
Hachey Construction & Fabrication Ltd. 31 BOUL Industriel CP 5521 Caraquet NB E1W 1B7 Claimant Réclamant Lis Pendants Affaire en instance Restigouche 2008-12-11	-	26597485
Guillevin International Co./Guillevin International Cie. 1850 Vanier BLVD Bathurst NB E2A 7B7 Judgment Creditor Créancier sur jugement Judgment Jugement Restigouche 2008-12-11	-	26598855

Clovis Septic Tank Ltd.			
24 Basin ST			
PO BOX 1315			
Bathurst NB			
E2A 4J1			
Judgment Creditor Créancier sur jugement			
Judgment Jugement			
Restigouche	2008-12-11	-	26598897
Bradley Jenks Excavation Ltd.			
1185 Youghall DR			
Bathurst NB			
E2A 4Y3			
Claimant Réclamant			
Lis Pendens Affaire en instance			
Restigouche	2008-12-18	-	26636002
Rockwood Transportation Co. Ltd.			
909 RTE 495			
CP 1005			
Rexton NB			
E4W 5N6			
Claimant Réclamant			
Lis Pendens Affaire en instance			
Restigouche	2008-12-18	-	26636069
Sunny Corner Enterprises Inc.			
259 Dalton AVE			
Miramichi NB			
E1V 3C4			
Claimant Réclamant			
Lis Pendens Affaire en instance			
Restigouche	2008-12-18	-	26636143
Boart Longyear Alberta Limited			
Smith & Smith			
155 Pleasant ST			
PO BOX 100			
Miramichi NB			
E1V 3M2			
Claimant Réclamant			
Lis Pendens Affaire en instance			
Restigouche	2008-12-23	-	26655549
Boart Longyear Canada			
Smith & Smith			
155 Pleasant ST			
PO BOX 100			
Miramichi NB			
E1V 3M2			
Claimant Réclamant			
Lis Pendens Affaire en instance			
Restigouche	2008-12-23	-	26655549

<p>Longyear Canada, ULC Smith & Smith 155 Pleasant ST PO BOX 100 Miramichi NB E1V 3M2 Claimant Réclamant Lis Pendens Affaire en instance Restigouche 2008-12-23</p>	-	26655549
<p>J.S. Redpath Limited Smith & Smith 155 Pleasant ST PO BOX 100 Miramichi NB E1V 3M2 Claimant Réclamant Lis Pendens Affaire en instance Restigouche 2008-12-23</p>	-	26655622
<p>Dyno Nobel Canada Inc. c/o John C. Gillis 22 King ST Saint John NB E2L 1G3 Claimant Réclamant Lis Pendens Affaire en instance Restigouche 2008-12-31</p>	-	26671835
<p>Corepro Drilling Inc. 12763 RTE 114 Sussex NB E4E 5L9 Claimant Réclamant Lis Pendens Affaire en instance Restigouche 2009-01-02</p>	-	26675117
<p>ADI Limited 1133 Regent ST SUITE 300 Fredericton NB E3A 3Z2 Claimant Réclamant Lis Pendens Affaire en instance Restigouche 2009-01-06</p>	-	26682865
<p>Source Atlantic, A Division of Universal Sales, Limited 331 Chesley DR PO BOX 967 Saint John NB E2L 4E4 Claimant Réclamant Lis Pendens Affaire en instance Restigouche 2009-01-09</p>	-	26701442

United Rentals of Canada, Inc. Toronto Dominion Centre, Canadian Pacific 100 Wellington ST W SUITE 500 Toronto ON M5K 1H1 Claimant Réclamant Lis Pendants Affaire en instance Restigouche 2009-01-09	-	26701558
Consbec Inc. 2725 Belisle DR Val Caron ON P3N 1B3 Claimant Réclamant Lis Pendants Affaire en instance Restigouche 2009-01-15	-	26722406
Atlantic Reproduction Co. Ltd. 2740 RUE Principale Tracadie-Sheila NB E1X 1A1 Claimant Réclamant Lis Pendants Affaire en instance Restigouche 2009-01-15	-	26724261
Atlantic Reproduction Co. Ltd. 2740 RUE Principale Tracadie-Sheila NB E1X 1A1 Claimant Réclamant Lis Pendants Affaire en instance Restigouche 2009-01-15	-	26724287
Breakwater Resources Ltd. 950 95 Wellington ST W Toronto ON M5J 2N9 Claimant Réclamant Lis Pendants Affaire en instance Restigouche 2009-02-02	-	26778903
L.S.W. Wear Parts Ltd. 440 Urquhart CRES Fredericton NB E3B 8K5 Judgment Creditor Créancier sur jugement Judgment Jugement Restigouche 2009-02-05	-	26795998

Chaleur Shotcrete Inc. 2739 Sainte-Anne RD Sainte-Anne-Gloucester Co. NB E2A 2L1 Claimant Réclamant Lis Pendens Affaire en instance Restigouche 2009-02-16	-	26830852
OME Engineering Inc. 1135 Mercury AVE Bathurst NB E2A 2J4 Claimant Réclamant Lis Pendens Affaire en instance Restigouche 2009-02-16	-	26830894
Power Precision Inc. 1135 Mercury AVE Bathurst NB E2A 2J4 Claimant Réclamant Lis Pendens Affaire en instance Restigouche 2009-02-16	-	26830969
Blue Note Mining Inc. 1 PLACE Ville Marie BUREAU 2125 Montreal QC H3B 2C6 Mortgagee Créancier hypothécaire Court Vesting Order Ordonnance d'envoi en possession Restigouche 2009-02-25	-	26863770
Blue Note Mining Inc. 1 PLACE Ville Marie BUREAU 2125 Montreal QC H3B 2C6 Mortgagee Créancier hypothécaire Court Vesting Order Ordonnance d'envoi en possession Restigouche 2009-03-27	-	26966557
Flowstar Industrial Inc. 46 Travis ST Miramichi NB E1V 6A2 Judgment Creditor Créancier sur jugement Judgment Jugement Restigouche 2009-05-15	-	27156588

Blue Note Mining Inc.
1 PLACE Ville Marie BUREAU 2125
Montreal QC
H3B 2C6
Mortgagee | Créancier hypothécaire
Court Vesting Order | Ordonnance d'envoi en possession
Restigouche 2009-05-22 - 27184234

Kirkland Intertrade Corp.
133 Prince William ST SUITE 801
Saint John NB
E2L 2B5
Debenture Holder | Titulaire de la débenture
Assignment of Mortgage or Charge | Cession d'hypothèque ou de charge
Restigouche 2010-07-26 - 29018257

Instruments in the Registration Process | Instruments dans le processus d'enregistrement :

NONE | AUCUN

THIS IS TO CERTIFY THAT the specified owner is the registered owner and holds title in fee simple, by virtue of the specified instrument(s) and in the specified manner of tenure, to the specified parcel, described in Schedule "A" attached hereto. The title to the land is subject to the overriding incidents specified in subsection 17(4) of the Act and also to the specified encumbrances.

LE PRÉSENT CERTIFICAT ATTESTE QUE le propriétaire spécifié est le propriétaire enregistré et est titulaire du titre en fief simple, en vertu de(s) l'instrument(s) spécifié(s), selon le mode spécifié de tenure de la parcelle spécifiée, décrite à l'Annexe <<A>> ci-jointe. Le titre du bien-fonds est soumis aux réserves dérogatoires précisées au paragraphe 17(4) de la Loi et également aux charges spécifiées.

THE TITLE TO THE LAND may be subject to the specified instruments, which have been entered in the instrument record and may be entered on the title register when the registration process is completed. LE TITRE DU BIEN-FONDS peut être soumis aux instruments spécifiés qui ont été portés au registre des instruments et qui peuvent être portés au registre des titres lorsque la procédure d'enregistrement est achevée.

THIS CERTIFICATE is evidence of the particulars contained herein as of the date and time of its issue. The description is not conclusive as to the boundaries or extent of the land. LE PRÉSENT CERTIFICAT constitue la preuve des renseignements qu'il contient à la date et à l'heure de sa délivrance. La description n'est pas probante en ce qui concerne les limites ou l'étendue du bien-fonds.

Date & Time | Date et heure : 2010-09-08 14:34:41

Registrar of Land Titles for the District of New Brunswick

Le registrateur des titres de biens-fonds de la Circonscription du Nouveau-Brunswick

Report ID | Rapport ID : 3187010

Schedule A | Annexe A

PID | NID : 50072032

Apparent Parcel Access | Accès apparent à la parcelle : No Access | Aucun accès

Status | État de la demande : Current | Courant

Effective Date/Time | Date et heure de prise d'effet : 2006-07-17 14:16:30

Legal Description | Description officielle :

All that certain lot of land and premises situate at Caribou Depot, in the Parish of Colbourne, in the County of Restigouche and Province of New Brunswick, bounded as follows:

Beginning at a survey marker placed in a point distant 3,157.56 feet on a true or astronomic bearing of 268 degrees, 6 minutes and 12 seconds from the intersection of the Bathurst Power and Paper Company Road with Caribou Brook in Block 4, Range 12; thence from said place of beginning and running 290 degrees and 38 minutes 5,021.20 feet to a survey marker; thence 270 degrees and 56 minutes 3,958.59 feet to a survey marker; thence 183 degrees 54 minutes and 40 seconds 2,312.94 feet to a survey marker; thence 182 degrees and 56 minutes 1,791.06 feet to a survey marker; thence 181 degrees 22 minutes and 50 seconds, 2,794.97 feet to a survey marker; thence 91 degrees 39 minutes and 50 seconds 1,150.62 feet to a survey marker; thence 90 degrees 16 minutes and 50 seconds, 2,769.64 feet to a survey marker; thence 90 degrees 10 minutes and 30 seconds 2,340.23 feet to a concrete monument; thence 65 degrees 50 minutes and 20 seconds, 2,830.57 feet to a survey marker; thence 1 degree 24 minutes and 10 seconds 2,748.43 feet to a survey marker; and thence 3 degrees and 3 minutes 1,206.26 feet to the place of beginning.

Containing 1,259 acres more or less and distinguished as Tract A, in Blocks 3 and 4, Range 12.

Being the lands conveyed by Her Majesty the Crown, in Right of the Province of New Brunswick, as represented by the Minister of Natural Resources, to Anaconda American Brass Limited by Crown Grant, registered in the Restigouche County Registry Office on December 29, 1969 in Book 135 at Page 689 as Number 72754.

EXHIBIT "B"

This is Exhibit "B" referred to
in the Affidavit of David A. Boyd,
sworn before me this 9th day
of September, 2010.



A Notary Public, in and for the
Province of Nova Scotia

Gavin D.F. MacDonald

5. In the Monitor's Seventh Report dated May 13, 2010, PWC advised, inter alia, as follows:
 - (a) The Stage 1 assets, as defined in previous reports, remained on site and were under the protection and security of Maple Minerals Inc., the purchaser of those assets;
 - (b) The Stage 2 assets, as defined in previous reports, remained in the ownership of BNCM, and two companies were seeking to purchase them;
 - (c) The Province of New Brunswick (the "Province") continued to utilize funds deposited by BNCM, prior to these proceedings, to supervise the environmental conditions at the mine site while this matter is before the Court;
 - (d) The debt owed to the DIP Lender and the Computershare Trust Company of Canada, as trustee (the "Trustee") of holder of notes issued by BNCM pursuant to a note indenture dated May 3, 2007 (the "Note") exceeded \$25 Million CAD;
 - (e) PWC was not aware of any environmental issues at the site; and
 - (f) There was no prospect of any sale occurring which would yield a positive return to any creditor subsequent to the DIP Lender or the Noteholders, whether secured or unsecured.

6. Other than in relation to the holders of the Note, the foregoing remains true. The following summarizes what has occurred since the Monitor's last report.

7. On June 30, 2010 the Monitor received notice that the indebtedness of BNCM was assigned by the Trustee to Kirkland Intertrade Corp. ("Kirkland").

8. On June 30, 2010 the Monitor acknowledged the assignment by Kirkland. A copy of the Monitor's acknowledgement to Kirkland is attached and marked as Exhibit "A".

9. On August 4, 2010 the Monitor received an offer from Kirkland to acquire all of the assets of BNCM on the terms and conditions set out therein. The proposed closing date for the acquisition by Kirkland is September 25, 2010. A copy of the offer from Kirkland together with the additional terms and conditions are attached and marked as Exhibit "B" (the "Kirkland Offer").

10. The Monitor accepted the Kirkland Offer and issued notice of its acceptance to Breakwater Resources Ltd. ("BWR") on Monday August 9, 2010. A copy of the notice to BWR together with the Monitor's acceptance of the Kirkland offer is attached and marked as Exhibit "C".
11. On August 10, 2010 the Monitor was copied on correspondence from Gerald F. Smith, Q.C., as solicitor for certain lien claimants, to counsel for Kirkland setting out his clients' position. A copy of Mr. Smith's correspondence is attached hereto and marked as Exhibit "D".
12. On August 11, 2010 the Monitor received notice of sale pursuant to the *Property Act of New Brunswick* from Kirkland with respect to the proposed sale pursuant to the Notes, scheduled for September 25, 2010. A copy of this notice is attached hereto and marked as Exhibit "E". On August 11, 2010 the Monitor received a revised notice of sale altering the date scheduled for the sale from September 25, 2010 to September 28, 2010. A copy of the revised notice is attached hereto and marked as Exhibit "F".
13. On August 16, 2010 the Monitor received correspondence from Mr. David Langille, Vice President, Finance and Chief Financial Officer of BWR inquiring as to certain terms of the Kirkland offer. A copy of Mr. Langille's correspondence is attached and marked as Exhibit "G".
14. The Monitor responded to Mr. Langille's correspondence of August 16, 2010 on August 17, 2010. A copy of the Monitor's response to Mr. Langille is attached hereto and marked as Exhibit "H".

Extension of the stay

15. In light of the Kirkland Offer, the Monitor recommends an extension of the Stay for a period of 90 days in order for the parties to attempt to conclude the transaction contemplated by the Kirkland Offer or for BWR to exercise its right of first refusal, if any.
16. The Monitor is not aware of any prejudice that would be caused to any party by the continuance of the Stay.

17. The Monitor also understand that the parties will return to Court in late September, 2010 to advise of the status of the transactions contemplated by the Kirkland Offer and also the mortgage sale process initiated by Kirkland.

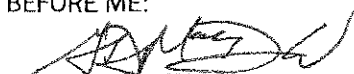
18. As a result of the foregoing, the current secured creditors who maintain an economic interest in BNCM's assets are as follows:

- (a) Administrative charge as set out in the Initial Order as amended in July, 2009;
- (b) DIP charge to an approximate amount of \$500,000 as provided for in the Initial Order;
- (c) Kirkland's secured charge in the approximate amount of \$25,000,000; namely a first charge on land, buildings and personal property;
- (d) The Province's subordinated secured charge by virtue of its payment of loans and direct debts owed by BNCM to the Bank of Nova Scotia, in the approximate amount of \$22,500,000 secured by a charge on land, buildings and personal property; and
- (e) Other subordinated secured creditors.

19. In all material respects the Company and the former employees and directors have cooperated fully with the Monitor, provided all information requested on a timely basis, have complied with all recommendations and requests of the Monitor and have acted in good faith.

Respectfully submitted and

SWORN TO at the Halifax Regional,)
 Municipality in the County of Halifax,)
 and Province of Nova Scotia, this 23rd)
 day of August, 2010.)
 BEFORE ME:)



A NOTARY PUBLIC IN AND FOR)
 THE PROVINCE OF NOVA SCOTIA)

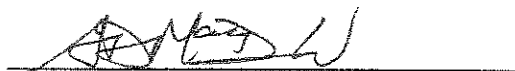


David A. Boyd

Gavin D.F. MacDonald

EXHIBIT "A"

This is Exhibit "A" referred to
in the Affidavit of David A. Bgyd,
sworn before me this 23rd day
of August, 2010.

A handwritten signature in black ink, appearing to read "G.D.F. MacDonald", is written over a horizontal line.

A Notary Public, in and for the
Province of Nova Scotia

Gavin D.F. MacDonald

416-360-8277

Attn: Drew Allen

Attn: Bob Swift

ACKNOWLEDGEMENTTO: **KIRKLAND INTERTRADE CORP.**

The undersigned hereby acknowledges and confirms, in its capacity as monitor of Blue Note Caribou Mines Inc. ("Caribou") in the proceedings under the *Companies Creditors Arrangement Act* and in its capacity as Trustee in bankruptcy of Caribou pursuant to the *Bankruptcy and Insolvency Act* (collectively, the "Monitor"), that:

1. the proof of claim delivered to the undersigned by Computershare Trust Company of Canada, as trustee (the "Trustee") of holders of notes issued by Blue Note Mining Inc. pursuant to a note indenture dated May 3, 2007 (the "Noteholders") was accepted as a partially secured claim against Caribou as described in Exhibit "A" attached hereto;
2. to the undersigned's knowledge, based solely upon its activities as Monitor and without any investigation or inquiry of any kind by the undersigned, the undersigned is not aware of anything inconsistent with the description of the indebtedness owed to the Trustee as set out in Exhibit "B" attached hereto; and
3. the undersigned has received notice that the indebtedness owed by Caribou to the Trustee, on behalf of the Noteholders, was transferred and assigned to Kirkland Intertrade Corp. ("Kirkland") effective as of the date hereof and shall recognize Kirkland as the holder thereof from and following the date hereof.

DATED this 30TH day of June, 2010.

PRICEWATERHOUSECOOPERS INC., solely in its capacity as Monitor of Blue Note Caribou Mines Inc. and not in its personal capacity

Per: 

Name:

Title:

ROBERT SMITH
SENIOR VICE-PRESIDENT

EXHIBIT "A"

[See attached]

B/
9/11

CORPORATE BANKRUPTCY

TRUSTEE'S REPORT TO THE FIRST MEETING OF CREDITORS PURSUANT TO DIRECTIVE 32

Estate of: Blue Note Caribou Mines Inc. Estate No: 51-1228301 Court No: NB15411

Date of Bankruptcy: July 3, 2009

Creditors Meeting: Date: July 30, 2009 Time: 1500

Place: Lakeview Inn and Suites, Bathurst

Preliminary Comments on Background

BNCM operated a lead and zinc mining operation in Caribou and Restigouche, New Brunswick for a period of several months in 2008, and prior to that was engaged in developing the resource. The world price of lead and zinc plummeted in late 2008 as the world economy spiraled, and at the same time the US dollar relative to the Canadian dollar also dropped, resulting in large operating losses and no recovery in the foreseeable future.

BNCM is a relatively new junior miner, and as such does not have the resources to sustain long periods with large "care and maintenance" costs, which were running at approximately \$300,000 per month.

The Company ceased operations in October 2008, and filed for protection under the CCAA in March, 2009.

PricewaterhouseCoopers Inc. is both Trustee and Monitor under the CCAA pursuant to an Order of the Court of Queen's Bench of New Brunswick, and will receive independent legal counsel in respect of the various security interests.

1. Comments re Trustee's Duties:

1. Notice of the first meeting of creditors has been sent to the debtor and all known creditors.
2. The trustee confirmed the validity of the various secured creditors claiming on the estate and has confirmed that there is no equity available to the estate for the benefit of the unsecured creditors.

Conservatory and protective measures – the Trustee is not in possession of the property, which was secured by the Monitor. The assets have been for sale for some time by the Monitor, as a going concern, and recently the Court ordered that the Monitor proceed to liquidation.

Stays of proceedings were issued to: none issued in the bankruptcy, however there are many stays in place as a result of the CCAA Initial Order.

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2. Comments re. Assets:

All assets are fully encumbered as follows:

The Monitor holds a first secured Administrative Charge by virtue of the Court Order Initial as amended.

BNM, the parent company, holds a second secured charge by virtue of the DIP financing Order of the Court.

Computershare holds a third secured charge by virtue of its loan of \$25 million, which with accrued interest and costs now exceeds \$27 million, holding a charge on all assets of the Company.

There is some confusion by the lien holders as to their status. On the statement of affairs they will be reflected as "secured", but their security value is "nil" so the effect is that they are unsecured creditors in the bankruptcy estate. Our position as trustee does not impact on their right to assert claims in priority as may be available to them at law in New Brunswick.

3. Comments re Creditors:

	<u>Per Statement of Affairs</u>	<u>As filed to Date</u>
Unsecured	\$ 42,614,849.00	\$163,681,863.00
Secured:	15,445,001.00	10,468,268.95
Preferred:	<u>0.00</u>	<u>0.00</u>
	<u>\$ 68,164,176.00</u>	<u>\$ 174,150,131.95</u>

To the best of our knowledge all employees have been paid and there is no WEPPA claim.

The largest variance in the above is a proof of claim received from Blue Note Mining Inc. as the parent company and the DIP lender in the amount of \$143 million which was not reported on the statement of affairs as provided to us. We have reviewed the claim and they appear appropriate. It is anticipated that the majority of the creditors in the CCAA proceeding will in due course file claims in the bankruptcy.

The Trustee will be cooperating fully with the Monitor (the same firm and individual representing both with Court approval) to facilitate an orderly administration of the file and timely completion.

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4. Comments re legal matters:

There are none expected.

5. Comments re Anticipated Realizations and Projected Distribution

The Trustee can confirm that there will be no dividends available to the unsecured creditors.

6. Comments re: Sundry Matters:

The fees and expenses of the Trustee are guaranteed by the Monitor in the CCAA process.

Dated at Saint John, New Brunswick this 28th day of July, 2009

PricewaterhouseCoopers Inc.

Trustee:

Robert C. Smith, CA, CIRP
Senior Vice-President

PRICEWATERHOUSECOOPERS 

B
11/11

July 30, 2009

PricewaterhouseCoopers Inc.
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Canada E2L 4H9
Telephone +1 (506) 632 1810
Facsimile +1 (506) 632 8997

PricewaterhouseCoopers Inc. and
Computershare Trust Company of Canada et al
c/o Aird & Berlis
Steve Graff
Brookfield Place
Suite 1800
181 Bay Street
Toronto, Ontario
M5J 2T9

Re Blue Note Caribou Mines Inc.

Re: In the matter of the bankruptcy of Blue Note Caribou Mines Inc.

PricewaterhouseCoopers Inc., Trustee, acknowledges your interest as a secured creditor in the estate of the above-named individual. We hereby disclaim any interest in the following item(s):

- All assets of the Company as set out in the Monitor's Reports, the Order of the Court and the debenture of Computershare Trust.

Please note that the Trustee offers no opinion as to the bankrupt's interest in the item covered by your security. This release is addressed to both parties as there are various security interests to be dealt with by the Monitor on the sale of the assets (possibly including the administrative charge, DIP loan and Computershare Trust claim, also mechanics' liens).

We have recorded your claim as partially secured as filed by Computershare and amended. Should you wish to file a revised unsecured claim, after realization, you may do so by advising us of the amount realized for your security.

Should you have any questions, please contact our office, 506-653-8847.

Yours truly,
PricewaterhouseCoopers Inc.



Robert Smith, CA-CIRP
Senior Vice President

EXHIBIT "B"
INDEBTEDNESS

Indebtedness as at May 4, 2007	\$25,000,000.00
Plus:	
1. Accrued Interest	\$4,097,565.00
Less:	
1. Payment received from Blue Note Mining Inc. on August 5, 2009 in respect of plan of arrangement	\$1,194,991.00
2. Value of 17,364,147 common shares issued by Blue Note Mining Inc.	\$3,472,829.40
3. Payment received by Assignor from Monitor on behalf of Blue Note Caribou Mines Inc.	\$2,176,000.00
<hr/>	
Total Indebtedness as at the date hereof:	\$22,253,744.60