

No. 09-A0014  
Whitehorse Registry

**SUPREME COURT OF YUKON**

**BETWEEN:**

**NORMAN ROSS**

**PLAINTIFF**

**AND:**

**ROSS MINING LIMITED, MACKENZIE PETROLEUMS LTD. and  
GOLDEN HILL VENTURES LIMITED PARTNERSHIP**

**DEFENDANTS**

**RECEIVER'S FIFTH REPORT TO COURT**

**MAY 26, 2011**

**ROSS MINING LIMITED  
RECEIVER'S FIFTH REPORT TO COURT**

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for the period July 29, 2009 to May 20, 2011**

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**1 INTRODUCTION**

- 1.1 On June 9, 2009, PricewaterhouseCoopers Inc. ("PwC") was appointed as the Monitor of Ross Mining Limited (hereinafter referred to as the "Company") by the Supreme Court of Yukon. The purpose of the Monitorship was to allow the Company a limited period of time to finalize a re-financing, which was represented to be in the late stages of completion.
- 1.2 By mid-July, the re-financing had not materialized. In July 2009, Mr. Norman Ross ("Mr. Ross"), as a secured creditor of the Company, made an application for the appointment of PwC as the Receiver of the Company.
- 1.3 By Order of Mr. Justice Veale pronounced on July 29, 2009 in the Supreme Court of Yukon, Action No. 09-A0014, Whitehorse Registry (the "Receivership Proceeding"), PwC was appointed Receiver of the Company (the "Receiver"). Details relating to the Company and the Receivership Proceeding are set out in the Statement of Claim filed in these proceedings.
- 1.4 Prior to the receivership, the Company operated a placer gold mine located approximately 80 kilometres south-east of Dawson City in the Yukon (the "Mine"). The Mine consists of 415 contiguous claims, various pieces of mining equipment, and numerous buildings comprising the mine site.
- 1.5 On October 21, 2009, Golden Hill Ventures Limited Partnership ("GHVLP"), a party related to the Company, filed a Petition in Supreme Court of Yukon, Action No. 09-A0087, Whitehorse Registry, claiming a lien against the Mine (the "Lien Action").
- 1.6 In April 2010, the Plaintiff, Mr. Ross, made an application for the appointment of PwC as the Receiver-Manager of the Company. The purpose of the application was to expand the powers of the Receiver to allow for the operation of the Mine going forward.

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- 1.7 By Order of Mr. Justice Veale pronounced on May 10, 2010 (the “Receiver-Manager Order”) in the Supreme Court of Yukon, Action No. 09-A0014, PwC was appointed Receiver-Manager of the Company. A copy of the Receiver-Manager Order is attached as Appendix A to the Receiver’s Third Report to Court.
- 1.8 Throughout this report, the term “Receiver” is used to refer to either the Receiver or the Receiver-Manager.
- 1.9 The Receiver has previously filed four reports with the Court, along with supplementary and amended reports for the Receiver’s Second and Fourth Reports, respectively. The Receiver’s last report to Court was dated April 13, 2011 and dealt strictly with the Court’s request to have the Receiver attempt to reconcile the claim under the Lien Action to the Company’s books and records.
- 1.10 This is the Receiver’s Fifth Report to Court since its appointment on July 29, 2009. The purpose of this Report is to provide the Court with:
- 1.10.1 A summary of the activities of the Receiver from October 20, 2011 to date;
  - 1.10.2 An update on the Receiver’s plan for the 2011 mining season;
  - 1.10.3 An update of the Receiver’s Interim Statement of Receipts and Disbursements; and
  - 1.10.4 The anticipated future actions of the Receiver.

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**2 ACTIVITIES OF THE RECEIVER**

2.1 Security

2.1.1 Since the middle of April, Hollis Mining & Exploration Ltd. ("Hollis") has been visiting the Mine on a regular basis to complete work pursuant to the Placer Lease Agreement dated May 19, 2010.

2.1.2 No security issues have been reported to the Receiver.

2.2 Permits and Licenses

2.2.1 Placer Land Use Permit

- This permit is set to expire on March 15, 2013.

2.2.2 Air Emissions Permit / Commercial Dump Permit / Special Waste Permit

- The Receiver successfully renewed all three permits, which were set to expire on December 31, 2010, for a further three-year period.

2.2.3 Water License

- The Company's water license expires on March 15, 2013.

2.2.4 Placer Mining Claims

- The Company's placer mining claims expire on various dates ranging from 2012 to 2024.
- The Receiver is tracking the expiry dates of the placer mining claims and will renew the claims if and as required.

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2.3 The Lien Action

- 2.3.1 In anticipation of the April 20, 2011 reconvening of the Lien Action, a Case Management Conference was held on March 1, 2011 (the "March 1, 2011 CMC") in the Receivership Proceeding and the Lien Action. Counsel for Mackenzie Petroleum Ltd., GHVLP, Mr. Ross (collectively referred to as the "Key Interested Parties"), and the Receiver participated.
- 2.3.2 By Order of Mr. Justice Veale resulting from the March 1, 2011 CMC, the Receiver was directed to attempt to reconcile the lien claim of GHVLP in the amount of \$2,810,627 under the *Yukon Miners Lien Act* with the Company's books and records.
- 2.3.3 The Receiver's Amended Fourth Report dated April 13, 2011 contains the Receiver's findings.
- 2.3.4 The April 2011 hearings of the Receivership Proceeding and Lien Action were adjourned to late June, 2011.
- 2.3.5 Until the economic interests of the Key Interested Parties are resolved, the Receiver will continue to defer the marketing and sale activities of the Mine for all the reasons articulated in Section 3 of the Receiver's Second Report to Court.
- 2.3.6 Should any of the Key Interested Parties be aggrieved by this decision they should seek direction from the Court.

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**3 OPERATIONS FOR THE 2011 MINING SEASON**

- 3.1 The Receivership Proceeding and the Lien Action were reconvened for a five-day trial starting April 20, 2011, but was adjourned to late June 2011.
- 3.2 Given the delays around the resolution of the priority issues between the Key Interested Parties, the Receiver has again entered into negotiations with Hollis, under essentially the same terms as the May 19, 2010 Placer Lease Agreement, to operate the Mine for the 2011 mining season.
- 3.3 Restarting operations will achieve the objectives stated in the Receiver's Second Report to Court.
- 3.4 The Receiver notes that after the 2011 mining season, the remaining exposed ore at the Mine will have been fully processed by Hollis.
- 3.5 Following the 2011 mining season, the Receiver, with the assistance of a consultant, or a potential purchaser will be required to prepare and implement a stripping and reclamation plan before any further mining can be completed.
- 3.6 The Receiver has entered into an agreement to rent the Company's Caterpillar D9L bulldozer to a local Dawson City placer miner for the 2011 mining season.

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**4 PROFESSIONAL FEES**

- 4.1 Table 1 below contains a summary of the invoices of the Receiver for the period July 29, 2009 to April 15, 2011.

<div> <div>Table 1</div> <div>Receiver's Fees &amp; Disbursements Paid</div> <div>For the Period July 29, 2009 to April 15, 2011</div> </div>				
Period Covered	Fees \$	Disbursements \$	GST / HST \$	Invoice Total \$
29-Jul-09 to 31-Aug-09	67,456.00	6,719.03	3,708.75	77,883.78
01-Sep-09 to 15-Oct-09	38,781.50	2,161.20	2,047.14	42,989.84
16-Oct-09 to 15-Nov-09	4,720.00	236.00	247.80	5,203.80
16-Nov-09 to 31-Dec-09	9,257.50	462.88	486.02	10,206.40
01-Jan-10 to 31-Jan-10	3,922.50	335.46	212.90	4,470.86
01-Feb-10 to 28-Feb-10	2,357.50	420.76	138.92	2,917.18
01-Mar-10 to 15-Apr-10	11,107.00	555.35	583.12	12,245.47
16-Apr-10 to 15-May-10	20,121.00	1,006.05	1,056.35	22,183.40
16-May-10 to 30-Jun-10	27,363.00	1,368.15	1,436.56	30,167.71
01-Jul-10 to 15-Aug-10	1,911.00	2,935.41	581.57	5,427.98
16-Aug-10 to 30-Sep-10	17,466.50	1,878.49	2,321.40	21,666.39
01-Oct-10 to 30-Oct-10	21,166.00	1,058.30	2,666.92	24,891.22
01-Nov-10 to 30-Nov-10	6,497.00	324.85	818.62	7,640.47
01-Dec-10 to 31-Jan-11	5,554.00	277.70	699.80	6,531.50
01-Feb-11 to 15-Apr-11	53,962.50	2,698.13	6,799.28	63,459.91
<b>Total</b>	<b>291,643.00</b>	<b>22,437.76</b>	<b>23,805.15</b>	<b>337,885.91</b>



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- 4.2 Table 2 below contains a summary of invoices of the Receiver's legal counsel, Borden Ladner Gervais LLP ("BLG"), for the period July 6, 2009 to April 30, 2011.

<b>BLG Fees &amp; Disbursements Paid</b> For the Period July 6, 2009 to April 30, 2011				
<b>Period Covered</b>	<b>Fees \$</b>	<b>Disburse- ments \$</b>	<b>Taxes \$</b>	<b>Invoice Total \$</b>
06-Jul-09 to 31-Jul-09	1,995.00	13.95	240.10	2,249.05
01-Aug-09 to 31-Aug-09	19,450.00	466.69	2,356.96	22,273.65
19-Aug-09 to 31-Aug-09	2,675.00	330.24	337.51	3,342.75
01-Sep-09 to 30-Sep-09	4,550.00	498.18	570.91	5,619.09
02-Oct-09 to 31-Oct-09	4,293.69	353.63	491.68	5,139.00
03-Nov-09 to 30-Nov-09	4,365.00	112.45	529.43	5,006.88
03-Dec-09 to 31-Dec-09	1,125.00	2.10	135.11	1,262.21
04-Jan-10 to 31-Jan-10	2,140.00	63.50	259.98	2,463.48
01-Feb-10 to 28-Feb-10	1,495.00	38.70	181.34	1,715.04
04-Mar-10 to 31-Mar-10	3,515.00	17.40	422.67	3,955.07
01-Apr-10 to 30-Apr-10	9,950.00	363.12	1,212.16	11,525.28
01-May-10 to 31-May-10	10,600.00	-	1,272.00	11,872.00
10-Apr-10 to 30-Jun-10	1,095.00	17.50	132.28	1,244.78
05-Jul-10 to 31-Aug-10	525.00	-	63.00	588.00
01-Sep-10 to 30-Sep-10	2,755.00	-	330.60	3,085.60
01-Oct-10 to 31-Oct-10	4,415.00	82.03	539.64	5,036.67
01-Nov-10 to 30-Nov-10	2,125.00	9.00	256.08	2,390.08
01-Dec-10 to 28-Feb-11	1,660.00	43.75	203.85	1,907.60
01-Mar-11 to 31-Mar-11	6,325.00	13.20	760.58	7,098.78
01-Apr-11 to 30-Apr-11	9,950.00	250.66	1,224.08	11,424.74
<b>Total</b>	<b>95,003.69</b>	<b>2,676.10</b>	<b>11,519.96</b>	<b>109,199.75</b>

- 4.3 We note that Mr. Ross is still the primary funding party to the receivership.
- 4.4 At the next convenient court application under these proceedings, the Receiver will seek the Court's approval of the fees and disbursements of the Receiver and its legal counsel.

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**5 RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS**

- 5.1 The Receiver's Statement of Receipts and Disbursements for the period July 29, 2009 to May 20, 2011 is attached as Appendix A.
- 5.2 As set out in Appendix A, cash receipts have totalled \$807,867 and cash disbursements have totalled \$795,640, resulting in a cash surplus of \$12,220.
- 5.3 The anticipated cash flow from the 2011 mining season will be sufficient to fund the on-going costs of the receivership.
- 5.4 Should the administration of the receivership require funding over and above the anticipated cash flow from the 2011 mining season, the Receiver will pursue its available options.

**6 FUTURE ACTIONS OF THE RECEIVER**

- 6.1 As discussed in Section 2.3 above, the Receiver will continue to defer the marketing and sale activities of the Mine until the quantum and priority of the Key Interested Parties are determined.
- 6.2 The Receiver proposes to further report to the Court once the priority issued between the Key Interested Parties have been resolved and the Receiver has obtained the input and feedback from the relevant stakeholders.
- 6.3 The Receiver will negotiate and enter into a Placer Lease Agreement with Hollis for the 2011 mining season.

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This report is respectfully submitted this 26<sup>th</sup> day of May 2011.

**PricewaterhouseCoopers Inc.  
In its capacity as Court-Appointed Receiver-Manager of  
Ross Mining Limited,  
and not in its personal capacity**



**Michael J. Vermette  
Senior Vice President**



**Lucas Matsuda  
Manager**

## **APPENDIX A**

**Receiver's Statement of Receipts and Disbursements  
for the period July 29, 2009 to May 20, 2011**

Court No. 09-A0014  
Whitehorse Registry  
Estate No. 11-252793

IN THE MATTER OF THE RECEIVERSHIP OF  
ROSS MINING LIMITED

PRICEWATERHOUSECOOPERS INC.  
Court-Appointed Receiver-Manager

Receiver's Statement of Receipts and Disbursements  
For the Period July 29, 2009 to May 20, 2011

	29-Jul-09 to 15-Oct-10 \$	16-Oct-10 to 20-May-11	Total \$
<b>Receipts</b>			
Cash in Bank	1,793.95	-	1,793.95
Accounts Receivable	31,032.28	-	31,032.28
Transfer from Monitor	144,051.09	-	144,051.09
Gold Sales	485,455.92	-	485,455.92
Equipment Rentals	21,518.56	-	21,518.56
Receiver's Borrowings	80,000.00	-	80,000.00
Refund - Insurance & Cancelled Order	1,571.13	-	1,571.13
GST Collected	1,075.92	-	1,075.92
GST Refund	40,288.87	-	40,288.87
Interest Earned	253.89	825.64	1,079.53
<b>Total Receipts</b>	<b>807,041.61</b>	<b>825.64</b>	<b>807,867.25</b>
<b>Disbursements</b>			
Payroll - Pre-Receiver'ship	9,376.51	-	9,376.51
Payroll - Post-Receiver'ship	26,172.96	-	26,172.96
Payroll Deductions	14,695.65	-	14,695.65
WCB - Post-Receiver'ship	2,067.37	-	2,067.37
Contract Labour	4,279.75	-	4,279.75
Outside Consulting	8,784.89	-	8,784.89
Utilities	4,534.89	173.80	4,708.69
Advertising	8,752.12	-	8,752.12
Property Taxes	3,785.49	2,025.25	5,810.74
Insurance	23,321.97	11,750.00	35,071.97
Operating Expense	63,690.14	4,666.70	68,356.84
Storage	80.00	375.58	455.58
Filing Fees - Official Receiver	70.00	-	70.00
Filing Fees - Mineral Claims	416.00	-	416.00
Repayment of Receiver's Certificate - Principal	80,000.00	-	80,000.00
Repayment of Receiver's Certificate - Interest	5,435.76	-	5,435.76
Deemed Trust Claim Paid to CRA	77,512.75	-	77,512.75
Monitor's Fees & Disbursements	15,409.50	-	15,409.50
Receiver's Fees	204,463.50	87,179.50	291,643.00
Legal Fees & Disbursements	74,734.50	27,628.64	102,363.14
Bank Charges	122.00	-	122.00
GST Paid	16,588.01	8.72	16,596.73
HST Paid	3,174.55	14,370.19	17,544.74
<b>Total Disbursements</b>	<b>647,468.31</b>	<b>148,178.38</b>	<b>795,646.69</b>
<b>Excess of Receipts Over Disbursements</b>	<b>159,573.30</b>	<b>(147,352.74)</b>	<b>12,220.56</b>

**Represented by**

Cash in Bank 12,220.56