

CANADA
PROVINCE OF QUEBEC
DISTRICT OF SAINT-FRANÇOIS
No.: 450-11-000167-134

SUPERIOR COURT
(Commercial Division)
The Companies' Creditors Arrangement Act

IN THE MATTER OF THE PLAN OF
ARRANGEMENT WITH RESPECT TO:

**MONTREAL, MAINE & ATLANTIC CANADA CO.
(MONTREAL, MAINE & ATLANTIQUE CANADA
CIE)**, a legal person duly incorporated under the
laws of the province of Nova Scotia, having a place
of business at 1, Place Ville Marie, 37th Floor,
Montreal, Quebec H3B 3P4 (at the offices of its
attorney ("fondé de pouvoir"))

Petitioner

-and-

**RICHTER ADVISORY GROUP INC. (RICHTER
GROUPE CONSEIL INC.)** a duly incorporated legal
person having its principal place of business at
1981 McGill College, 12th Floor, in the city and
district of Montreal, Quebec, H3A 0G6

Monitor

**SECOND REPORT OF THE MONITOR
ON THE STATE OF PETITIONER'S FINANCIAL AFFAIRS
September 3, 2013**

INTRODUCTION

1. On August 6, 2013, Montreal, Maine & Atlantic Canada Co. ("MM&A" or "Petitioner") filed with the Quebec Superior Court a Motion for the Issuance of an Initial Order ("Motion") pursuant to Section 11 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C-36, as amended (the "CCAA"). On August 8, 2013, the Honourable Martin Castonguay, J.S.C., issued an initial order (the "Initial Order"), which *inter alia* appointed Richter Advisory Group Inc. ("Richter") as Monitor (the "Monitor").

2. On August 21, 2013, the Petitioner filed a Motion to Amend the Initial Order and Seek a Charge and Security on the Property of Petitioner to Secure Funds for Self-Insured Obligations (“Charge and Security Motion”). The Monitor filed its First Report in respect of the Charge and Security Motion. On August 23, 2013, the Court granted an order amending the Initial Order to include the Self-Insured Obligation Charge.
3. On September 3, 2013, the Petitioner filed a Motion for an Order Extending the Stay Period and to Approve a Cross-Border Insolvency Protocol (“Extension Motion”) requesting an extension of the stay of proceedings until October 9, 2013, in order to allow the Petitioner to continue its operations while it seeks to achieve the various goals of its restructuring proceedings including a claims process and a sale process.
4. All amounts reflected in this report are stated in Canadian currency unless otherwise noted.
5. The purpose of this Second Report of the Monitor is to inform the Court on the following subjects:
 - General Corporate Information and Purpose of CCAA Filing;
 - Canadian Transportation Agency (“CTA”);
 - Financial Position;
 - Cash Flow Projections;
 - Insurance;
 - Chapter 11 Proceedings;
 - Activities of the Monitor;
 - Request for an Extension of the Stay of Proceedings to October 9, 2013 and Implementation of a Cross-Border Insolvency Protocol.
6. We inform the Court that the Monitor has not conducted an audit or investigation of the information which has been provided to it by the Petitioner and that accordingly, no opinion is expressed regarding the accuracy, reliability or completeness of the information contained within this Report. The information contained herein is based on a review of unaudited financial information provided to the Monitor by the Petitioner’s management as well as discussions with the Petitioner’s management and employees.

GENERAL CORPORATE INFORMATION AND PURPOSE OF CCAA FILING

7. The Petitioner operates a shortline freight railroad company in the Province of Quebec. It is a wholly owned subsidiary of Montreal, Maine & Atlantic Railway Ltd. (“MM&AR”) which operates in

the States of Vermont and Maine (MM&A and MM&AR are hereinafter collectively referred to as the “Companies”). Together, the Companies operate 510 route miles and service customers in Canada and the United States. An affiliated company, LMS Acquisition Corp. (“LMS”) located in Hermon, Maine, operates a 130,000 square foot warehouse offering warehousing and lumber distribution.

8. Following the tragic train derailment in the town of Lac-Mégantic (“Lac-Mégantic”), Quebec on July 6, 2013 and the ensuing financial and other operational challenges, as well as the legal chaos resulting from the tragedy, MM&A sought protection under the CCAA. At the same time, MM&AR filed for protection under Chapter 11 of the United States Bankruptcy Code on August 7, 2013. LMS continues to operate and has not filed for protection from its creditors.
9. Based on discussions with the management and counsel of MM&A, we inform the Court of the following actions of the Petitioner following the derailment:
 - Immediately following the derailment, MM&A and MM&AR dispatched twelve (12) staff from all departments to Lac-Mégantic to immediately assess the situation and put in place its emergency response plan (“ERP”);
 - As part of its ERP, the Petitioner immediately engaged various specialty firms with an expertise in environmental consulting, remediation, handling of volatile products as well as water treatment (“Remediation Firms”);
 - Remediation and clean-up efforts commenced as soon as possible (in coordination with and subject to being granted access to the site by the authorities) and continued through July 17, 2013. They were coordinated by the Petitioner working in conjunction with authorities at the municipal and provincial level;
 - The various Remediation Firms were engaged by the Petitioner on the expectation that funds would be available from their liability insurer, XL Insurance Company Limited (“XL”) to cover the remediation costs. As these funds were not immediately forthcoming from XL, and due to the risk of work stoppages, Lac-Mégantic notified the Remediation Firms that they would guarantee payment for the work being performed. In turn, Lac-Mégantic has sent demand letters to the Petitioner seeking reimbursement of approximately \$7.7 million of clean-up costs;
 - On July 29, 2013, the Quebec Minister of the Sustainable Development, Environment, Wildlife and Parks (the “Minister”) issued Order #628 pursuant to section 114.1 of the Environment Quality Act. This order was issued to MM&A, MM&AR as well as Western Petroleum Company and World Fuel Services Corporation requiring the clean-up and remediation of the affected areas;

- The Petitioner, at the direction of the Minister continued to be involved in the overall coordination of the remediation efforts. Notwithstanding that on August 8, 2013, the Minister and Lac-Mégantic named the construction firm Pomerleau to oversee all remediation efforts, the Petitioner and the Remediation Firms continued to exercise control and direction of the clean-up until August 20, 2013 when Pomerleau formally took over. Since then, the Petitioner has not been involved in any ongoing clean up or remediation efforts.
10. As noted in the Monitor's first Report, the purpose of the CCAA proceedings is to enable the Petitioner and MM&AR to:
- Continue to the fullest extent possible, the operations of the railway in order to service the many customers and municipalities located along its route who are dependent on the railway for the operations of their business. Due to the loss of track in Lac-Mégantic, certain customers have had to utilize other methods of transportation, and will need to do so until such time as the track is rebuilt. The Companies are no longer transporting crude oil;
 - Set up with the assistance of the Monitor and the Chapter 11 Trustee (as discussed below), a sale process in order to achieve a going-concern sale of the assets of MM&A and MM&AR in order to enhance the market value of these assets;
 - Provide continued employment for its experienced work force which will also serve to enhance the going-concern value of the Petitioners business and possibly ensure continued employment for that work force after a sale;
 - Set up a claims process, to avoid a multiplicity of individual legal resources and deal efficiently with the claims of all stakeholders including the families of the victims and all holders of claims resulting from the derailment;
 - Intervene as required with its various insurers and other third parties in order to maximize proceeds available for distribution and ensure the proper distribution of such indemnities and other proceeds pursuant to the claims process.

CANADIAN TRANSPORTATION AGENCY (“CTA”)

11. On August 13, 2013, the CTA issued Order No. 2013-R-266 suspending the Petitioner's Certificate of Fitness effective August 20, 2013 because of its inability to maintain an aggregate of \$50 million of insurance coverage and demonstrate an ability to fund the \$250,000 self-insured portion of the liability insurance.
12. CTA reconsidered its position based on supplemental information provided by the Petitioner and the Court granting a \$250,000 charge on the assets of the Petitioner in order to secure the

payment of the \$250,000 self-insured portion of the liability insurance. As a result, the Petitioner's Certificate of Fitness remains in effect until October 1, 2013.

13. The Petitioner informed CTA that during this period of time, it would seek to conclude an agreement with a third party interim operator to take over the Petitioner's operations pending a sale of the assets.

FINANCIAL POSITION

14. In conjunction with the filing of the Motion on August 6, 2013, the Petitioner submitted weekly cash flow projections covering the period July 20, 2013 to September 27, 2013 ("Budget"), a copy of which was attached as Exhibit "R-10" to the Motion.
15. As of August 23, 2013, the consolidated cash balances of the Companies amounted to US\$0.2 million as compared to the projected consolidated balance of US\$1.0 million. The US\$0.8 million negative variance is primarily attributed to the following:
 - US\$1.0 million negative cash receipts variance resulting from holdbacks imposed by various customers following the derailment as well as revenue shortfalls. On August 30, 2013, the MM&AR Trustee filed a motion to attempt to recover some of these holdbacks on an expedited basis and we will report developments in that respect as they occur;
 - US \$0.2 million favorable cash disbursements variance attributed to lower than forecast fuel and material costs, offset by higher than forecast restructuring costs (including pre-filing retainers) and payroll costs (due to overtime).
16. For additional details, we refer you to Exhibit "1" attached hereto, entitled Comparative Cash Flow for the Period July 20, 2013 to August 23, 2013.

CASH FLOW PROJECTIONS

17. Included hereto as Exhibit "2" are updated projections for MM&A ("MM&A Projections") as well as the combined projections with MM&AR ("Combined Projections") for the period August 26, 2013 to October 11, 2013 ("Period").
18. The MM&A Projections and the Combined Projections have been prepared by management and the Chapter 11 Trustee based on information and assumptions as of the week ended August 30, 2013. The MM&A Projections and the Combined Projections have been prepared using probable assumptions supported and consistent with the plans of the Companies for the Period, considering the economic conditions that are considered the most probable by management. Since the MM&A

Projections and the Combined Projections are based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material.

19. The basic assumptions underlying the MM&A Projections and the Combined Projections are that both companies will continue with their current level of railway operations, pending an eventual sale of assets.
20. The Combined Projections reflect the following:
 - US\$1.8 million of receipts which include the collection of freight, switching, car hire, storage and equipment rental revenue. Also included is \$0.25 million representing an expected payment from Travelers Property Casualty Company of America (“Travelers”) in respect of an advance on insurance coverage (as more fully discussed below). As the majority of billings are issued by MM&AR on behalf of both companies, the MM&A Projections reflect that receipts or funding to cover projected disbursements during the Period will be provided by MM&AR, which is consistent with historical practices.
 - US\$1.8 million of cash disbursements consisting of the following:

Montreal, Maine & Atlantic Railway Ltd and Montreal Maine & Atlantic Canada Co			
Summary of Disbursements			
For the period August 26, 2013 to October 11, 2013			
(in thousands)	MM&A	MM&AR	Total
Transport Revenue offsets	\$ 9	\$ 103	\$ 112
Payroll & Benefits	467	641	1 107
Material & Supplies	91	107	198
Freight Car & Locomotive Expense	-	30	30
Other operating costs	112	217	329
Restructuring costs	23	23	45
Total Disbursements	\$ 701	\$ 1 120	\$ 1 821

- Transport revenue offsets: consisting of payments to various railroads for services provided post-petition;
- Payroll and benefits: prepared based on current staffing levels and includes the payment of post-filing employee benefits programs as well as \$50K in respect of accrued vacation pay owing to employees laid off prior to the CCAA filing;
- Materials and supplies: consists primarily of estimated costs related to the maintenance and servicing of the railroad tracks;

- Other operating costs: provision for rent, utilities, insurance, interest charges, track testing and employee expenses during the Period;
 - Restructuring costs: consisting of estimated deposits to secure post-filing services from various service providers. No provision for professional fees has been included during the Period.
21. The Combined Projections reflect that the Companies will have sufficient cash to operate during the Period, however with limited reserves. Following discussions with the Chapter 11 Trustee (as noted below), various avenues are being explored to seek additional financing for the Companies during this Period and beyond to support the operations through to an eventual sale. As required, the Monitor will provide further updates to the Court.
22. The Monitor has been advised that MM&AR's operating lender has consented to the continued use of cash collateral through September 6, 2013 and that a further extension of the use of cash collateral is in process and will be submitted to the US court on September 4, 2013.

INSURANCE

23. The Companies benefit from two separate insurance policies:
- Civil Liability
 - The existing policy (provided by XL) provides coverage of \$25 million per event and \$50 million in the aggregate. Following the derailment, the aggregate coverage is now reduced to \$25 million;
 - Discussions are ongoing with XL regarding the claim related to the derailment;
 - The Combined Projections provide for the continued payment of the insurance premiums that come due during the Period.
 - Property and Commercial Inland Marine Policy
 - Provided by Travelers Property Casualty Company of America ("Travelers"), this policy provide coverage for rolling stock, track bed repairs and business interruption;
 - Following the derailment, the Petitioner contacted Travelers to obtain an initial advance of funds under the business interruption clause of the policy as well as losses to property. Travelers initially refused to advance any funds citing a different interpretation of the policy. Travelers further informed the Petitioner that the policy was incorrectly written and in fact should not have included any business interruption insurance and that the Petitioner's interpretation regarding property coverage is incorrect;

- Counsel to the Petitioner has advised that Travelers has recently consented to an advance of \$250,000 in respect of costs associated with the repair of the damaged track. As noted above, the MM&AR Trustee has included the collection of this \$250,000 advance in the Combined Projections for the Period although no formal agreement has yet been reached. The Monitor and its legal counsel will review any proposed agreement with Travelers;
- On August 27, 2013, Travelers filed a Motion to Lift the Stay of Proceedings in both the CCAA and Chapter 11 proceedings to enable Travelers to file a Complaint with the District Court of Maine seeking a declaratory judgment that the Policy does not provide coverage for certain property losses as well as business income losses. The Monitor believes this issue should be dealt with as expeditiously as possible before the appropriate court and to that end, the matter should be heard by the CCAA court if it agrees to do so.

CHAPTER 11 PROCEEDINGS

24. As noted above, on August 7, 2013, MM&AR commenced proceedings under Chapter 11 of the U.S. Bankruptcy Code (“Code”) in the United States Bankruptcy Court for the District of Maine (“US Court”).
25. The Monitor is posting the various relevant motions and orders in respect of MM&AR’s Chapter 11 proceedings to its website to permit all stakeholders to follow these proceedings. Interim orders issued to date by the US Court include the following:
 - Use of cash collateral and granting of adequate protection (through September 6, 2013);
 - Authorizing the continued business operations of MM&AR pending the appointment of a Chapter 11 Railroad Trustee;
 - Payment of pre-petition employee obligations and continuation of pre-petition employees existing benefits;
 - Continued use of pre-petition bank accounts.
26. In addition motions have been filed in connection with the following:
 - Rejection of certain pre-petition leases and contracts;
 - Appointment of a Creditors' Committee *for Wrongful Death Claimants*’;
 - Payment of overdue receivables;
 - Adoption of a Cross-Border Insolvency Protocol.

27. On August 21, 2013, the U.S. Trustee appointed Robert J. Keach, attorney, to be the Trustee of MM&AR (“MM&AR Trustee”) pursuant to the provisions of the Code. The MM&AR Trustee has informed the Monitor that since his appointment, he has assumed day to day control of the operations of MM&AR and inasmuch as MM&A is a wholly owned subsidiary of MM&AR, he is working to ensure the continued funding of the operations of the Petitioner as well.
28. On August 29, 2013, the Monitor, counsel for the Monitor as well as counsel for the Petitioner met with the MM&AR Trustee and its counsel, to ensure a coordinated approach to the administration of both Companies’ restructuring proceedings including:
- Development of cash flow projections and funding required for the going concern operations of the Companies, through to a sale of the assets. As noted above, the Combined Projections currently reflect that the Petitioner will have sufficient funds to pay all post-filing obligations in the coming weeks. The MM&AR Trustee has confirmed that he is in negotiations with various parties to obtain additional financing for the expected duration of the proceedings;
 - Preliminary discussions were held to discuss an integrated sale process for the assets of the Companies;
 - Implementation of a cross-border insolvency protocol (“Protocol”). As more fully set out in the Extension Motion, the Petitioner is requesting the adoption of a Protocol to ensure the efficient and effective administration of the Companies’ respective restructuring proceedings. This is essential given the fully integrated nature of the operations of the Companies, the intention to jointly market the assets of the Companies, proper treatment of claimants that may file in both proceedings among other reasons. On August 30, 2013, the MM&AR Trustee filed a motion to adopt the Protocol in the MM&AR proceedings;
 - Coordinated claims process for the Companies to provide an efficient forum to evaluate all claims and avoid duplication of claims.

ACTIVITIES OF THE MONITOR

29. The Monitor’s activities have included the following:
- In accordance with the Initial Order, a copy of the Initial Order (on August 8, 2013) and a list of creditors (on August 15, 2013) were posted on the Monitor’s website;
 - On August 15, 2013, the Monitor sent to all of the Petitioner’s known creditors, a notice advising them of the granting of the Initial Order and referring them to the Monitor’s website. A copy of the notice has also been provided to the attorney to the Town of Lac-Mégantic to

be provided by the town to its residents to provide them with the information required to follow the restructuring on the Monitor's website;

- In accordance with the Initial Order, notices of the CCAA filing were published in La Presse and The Globe and Mail newspapers on August 21 and August 28, 2013;
- The Monitor has attended at the administrative offices of the Petitioner which are located in Hermon, Maine and has met with senior management to perform a preliminary review of the operations and cash flow of the Petitioner. As well, the Monitor has had frequent meetings and conference calls with the Petitioner's management and legal counsel with a view to keeping apprised of material developments and to seek input with respect to the restructuring process;
- The Monitor has been in contact with counsel for MM&AR as well as with the recently appointed Trustee including a meeting with the Trustee on August 29, 2013 and follow up communications. The Monitor is following the Chapter 11 proceedings and posting relevant motions and orders issued in MM&AR's proceedings on the Monitor's website;
- The Monitor is responding to queries from suppliers, creditors and other interested parties;
- The Monitor reviewed the Petitioner's financial affairs and results for the Period;
- The Monitor reviewed the Petitioner's weekly cash flow projections attached to this Report;
- The Monitor has prepared and filed on August 21, 2013, the First Report of the Monitor on the State of the Petitioner's Financial Affairs;
- The Monitor has prepared and filed this Second Report;
- The Monitor has retained Woods, LLP (Me. Sylvain Vauclair) as its independent legal counsel;
- Other administrative and statutory matters relating to the Monitor's appointment.

REQUEST FOR EXTENSION AND APPROVAL OF A CROSS-BORDER INSOLVENCY PROTOCOL.

30. At the present time, it is premature for the Petitioner to devise a Plan of Arrangement and present same to its creditors. The Petitioner is seeking an extension in order to continue its operations through to the eventual sale of its assets and the formulation of a Plan of Arrangement.
31. The Petitioner has been paying for goods and services received subsequent to the date of filing the CCAA as they become due.

32. The Petitioner is acting in good faith, with due diligence and has been cooperating with all stakeholders involved in this process, including but not limited to the Monitor, the various governmental agencies including the CTA, the MM&AR Trustee and its creditors.
33. The Monitor is supporting the extension of the Initial Order until October 9, 2013, for the above noted reasons.
34. As required, the Monitor will provide a further report to the Court with respect to the cash flow of the Companies.
35. The Court should grant this extension and request to implement the Protocol for the following reasons:
 - Since the commencement of the CCAA proceedings, the Petitioner has and continues to act in good faith and with diligence;
 - The Petitioner needs additional time in order to develop and i) implement a sale process in conjunction with MM&AR and ii) a claims process to ensure a fair and methodical treatment of all claims;
 - The adoption of the Protocol will enhance and improve the administration of MM&A and MM&AR's respective restructuring proceedings;
 - The Petitioner has not prejudiced its creditors as it is paying post-filing liabilities incurred since the date of filing as they become due and the Cash Flow Projections indicate that it will continue to do so;
 - Richter will continue to monitor the operations of the Petitioner and inform the Court and all stakeholders of material events as required;
 - The extension will not cause any prejudice to the various stakeholders.

Respectfully submitted at Montreal, this 3rd day of September 2013.

Richter Advisory Group Inc.
Monitor



Gilles Robillard, CPA, CA, CIRP

Exhibit 1

Montréal, Maine & Atlantic Railway Ltd.			
For the period July 22, 2013 to August 23, 2013			
(in USD)	Forecast	Actual	Variance
	July 22-Aug 23	July 22-Aug 23	July 22-Aug 23
<u>MMA Cash Receipts:</u>			
Deposits & Wire Transfers	1,606,033	827,901	(778,132)
ISS	1,019,379	752,462	(266,917)
Other items	-	736	736
Total	2,625,412	1,581,098	(1,044,314)
<u>MMA Disbursements:</u>			
Payroll & Related Taxes	799,000	899,713	(100,713)
A/P	487,500	330,994	156,506
Insurance Claims (incl FSA)	160,000	92,174	67,826
Car Hire Rec. / Pay.	(127,500)	(193,048)	65,548
Restructuring costs	500,000	773,750	(273,750)
Diesel Fuel	245,000	-	245,000
MNR / NBSR	203,239	47,000	156,239
Total	2,267,239	1,950,582	316,657
<u>Intercompany Transactions</u>			
Acct Trans. MMA/MCC/MMC	-	(12,318)	12,318
Net - US Funds	358,173	(381,802)	(739,975)
Opening Cash Balance - MMA	597,899	598,900	1,000
Closing Cash Balance - MMA	956,073	217,098	(738,975)

Exhibit 2

Montreal, Maine & Atlantic Railroad Ltd. and Montreal,
Maine & Atlantic Canada Co.

(in USD)	Actual W/E 30/08/2013	Forecast W/E 06/09/2013	Forecast W/E 13/09/2013	Forecast W/E 20/09/2013	Forecast W/E 27/09/2013	Forecast W/E 04/10/2013	Forecast W/E 11/10/2013	Total
Receipts:								
Transportation Revenue								
Freight Revenue and Zone Switching	\$ 160,961	\$ 150,000	\$ 150,000	\$ 150,000	\$ 175,000	\$ 200,000	\$ 200,000	\$ 1,185,961
ISS Receipt	-	(27,416)	-	-	-	180,000	-	152,584
Other Operating Revenue	-	-	-	-	-	-	-	-
Sub Total - Transportation Revenue	160,961	122,584	150,000	150,000	175,000	380,000	200,000	1,338,545
Other Operating Revenue								
Switching & Miscellaneous	-	-	-	16,000	-	-	-	16,000
Railcar storage	-	85,000	-	-	-	-	-	85,000
Contract Shop & Car Repairs	-	-	-	-	16,000	-	-	16,000
Equipment rental	-	20,000	-	-	-	20,000	-	40,000
Car Hire Revenue	-	-	-	-	38,000	-	-	38,000
Sub Total - Other Operating Revenue	-	105,000	-	16,000	54,000	20,000	-	195,000
Non-Operating Revenue								
Travelers	-	-	250,000	-	-	-	-	250,000
Sub Total - Non-Operating Revenue	-	-	250,000	-	-	-	-	250,000
Total Cash Receipts	160,961	227,584	400,000	166,000	229,000	400,000	200,000	1,783,545
Disbursements:								
Transportation Revenue Offsets								
NBSR, MNR, SLQ, CN	-	19,600	17,950	19,100	17,950	19,600	17,950	112,150
Sub Total - Transportation Revenue Offsets	-	19,600	17,950	19,100	17,950	19,600	17,950	112,150
Payroll & Related								
Salaries, Wages & Commissions US	84,605	66,721	150,076	-	150,076	-	-	451,478
Employee Benefits Claims - US	119	31,500	31,500	31,500	31,500	31,500	31,500	189,119
Salaries, Wages & Commissions CDN	-	110,126	-	110,126	-	110,126	-	330,378
Group Health, pension and union dues- CDN	-	43,400	-	11,400	-	31,400	-	86,200
Vacation pay arrears - CDN	-	-	-	-	-	-	50,000	50,000
Sub Total - Payroll & Related	84,724	251,747	181,576	153,026	181,576	173,026	81,500	1,107,175
Materials & Supplies								
Diesel Fuel	-	-	-	-	-	36,750	-	36,750
Material Costs US	(5,090)	5,000	5,000	5,000	20,000	20,000	20,000	69,910
Material Costs CDN	3,419	20,000	20,000	20,000	9,300	9,300	9,300	91,319
Sub Total - Material & Supplies	(1,671)	25,000	25,000	25,000	29,300	66,050	29,300	197,979
Freight Car & Locomotive Expense								
Leases - Car and Locomotive	-	5,000	-	-	-	5,000	-	10,000
Leases - Locomotive	-	10,000	-	-	-	10,000	-	20,000
Sub Total - Freight Car & Locomotive	-	15,000	-	-	-	15,000	-	30,000
Other Operating Costs								
Rent	-	15,600	-	-	-	15,600	-	31,200
Electricity	788	-	-	-	-	9,000	-	9,788
Liability Insurance Payments	-	21,346	43,500	-	-	21,346	43,500	129,692
Bank charges and interest expense	-	-	-	20,400	-	-	-	20,400
Phone, Internet, Radio, Other expenses	12,751	37,000	11,500	41,500	11,500	12,000	11,500	137,751
Sub Total - Rent, Heat & Utilities	13,539	73,946	55,000	61,900	11,500	57,946	55,000	328,831
Restructuring Costs								
Utility Deposits - US	-	-	-	22,500	-	-	-	22,500
Utility Deposits - CDN	-	12,500	-	10,000	-	-	-	22,500
Notice in newspaper	-	-	-	-	-	-	-	-
Professional fees - US	-	-	-	-	-	-	-	-
Professional fees - CDN	-	-	-	-	-	-	-	-
Sub Total	-	12,500	-	32,500	-	-	-	45,000
Total Disbursements	96,592	397,793	279,526	291,526	240,326	331,622	183,750	1,821,135
Net Cash Flow (Use) - Operations	64,369	(170,209)	120,474	(125,526)	(11,326)	68,378	16,250	(37,590)
SUMMARY								
Cash Beginning	217,098	281,467	111,258	231,732	106,206	94,880	163,258	217,098
Net Weekly Cash Flow	64,369	(170,209)	120,474	(125,526)	(11,326)	68,378	16,250	(37,590)
Cash Ending - USD	\$ 281,467	\$ 111,258	\$ 231,732	\$ 106,206	\$ 94,880	\$ 163,258	\$ 179,508	\$ 179,508

Montréal, Maine & Atlantic Canada Co.
For the period August 26, 2013 to October 11, 2013

Week Ending:	Actual 2013-08-30	Forecast 2013-09-06	Forecast 2013-09-13	Forecast 2013-09-20	Forecast 2013-09-27	Forecast 2013-10-04	Forecast 2013-10-11	Total
Cash Receipts:								
Intercompany Montreal, Maine & Atlantic Railway, Ltd. ¹	12 985	148 872	25 750	172 276	24 384	178 172	65 050	627 489
Deposits & Wire Transfers	82 044							82 044
Total	95 029	148 872	25 750	172 276	24 384	178 172	65 050	709 533
Disbursements:								
Transport revenue offsets	-	-	-	-	9 334	-	-	9 334
Payroll and benefits	-	153 526	-	121 526	-	141 526	-	416 578
Vacation pay arrears	-	-	-	-	-	-	50 000	50 000
Materials and supplies	3 419	20 000	20 000	20 000	9 300	9 300	9 300	91 319
Freight car and locomotive expense	-	-	-	-	-	-	-	-
Other operating costs	6 376	39 846	5 750	20 750	5 750	27 346	5 750	111 568
Restructuring costs	-	12 500	-	10 000	-	-	-	22 500
Total	9 795	225 872	25 750	172 276	24 384	178 172	65 050	701 299
Net Cash Flow (Use) - Operations	85 234	(77 000)	-	-	-	-	-	8 234
Opening Cash Balance	12 408	97 642	20 642	20 642	20 642	20 642	20 642	12 408
Closing Cash Balance¹	\$ 97 642	\$ 20 642	\$ 20 642	\$ 20 642	\$ 20 642	\$ 20 642	\$ 20 642	\$ 20 642

¹ For the purposes of this cash flow, cash receipts are assumed to be equal to projected disbursements. The ending bank balance will fluctuate on a daily basis depending on the actual deposits in the Canadian account and actual disbursements required on a daily basis.