



**ANNUAL MANAGEMENT'S DISCUSSION
AND ANALYSIS**

For the year ended on June 30, 2014

ABCOURT MINES INC.

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ANNUAL MANAGEMENT’S DISCUSSION AND ANALYSIS

This management’s discussion and analysis provides an analysis of our exploration results and of our financial situation which will enable the reader to evaluate important variations in exploration and mine development results and in our financial situation for the period ended June 30, 2014, in comparison with the previous period. This report supplements our audited financial statements and should be read in conjunction with our financial statements and the accompanying notes. Financial statements for the year ended June 30, 2014 were prepared in accordance with the applicable international accounting system. All monetary values included in this report are in Canadian dollars, unless it is indicated otherwise. Our financial statements and the management’s discussion and analysis are intended to provide a reasonable base for the investor to evaluate our exploration and mine development results and our financial situation.

You are invited to consult the SEDAR web site at www.sedar.com, where all the documents filed according to the applicable Canadian security Laws may be found and our web site at www.abcourt.com, where you will find a description of our mining properties.

INCORPORATION AND NATURE OF OPERATIONS

Abcourt Mines Inc. (the “Company” or “Abcourt”) was incorporated by letters patent of amalgamation dated January 11, 1971 pursuant to Part 1 of the *Companies Act* (Quebec) and continued its existence under Part 1A of the same Act by certificate of continuation dated March 6, 1981. On February 14, 2011, the Company was continued automatically pursuant to the *Business Corporation Act* (Québec), following the coming into force of such Act. The Company is primarily engaged in the exploration and mine development of mining properties with a view to commercial production. It does not currently have any mines in production. The current Company’s portfolio comprises only mining properties located in Abitibi, Province of Quebec, Canada.

FORWARD LOOKING STATEMENTS

Some statements contained in this MD&A constitute forward looking statements including, without limitation, anticipated developments in the Company’s operations in future periods and other events or conditions that may occur in the future. These statements are about the future and are inherently uncertain and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those mentioned herein under heading “RISKS AND UNCERTAINTIES”. Management believes that the expectations reflected in those statements are reasonable but no assurance can be given that these expectations will prove to be correct. It is recommended not to place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur.

GLOBAL PERFORMANCE OF THE 2014 FISCAL YEAR

During the 12-month period ended June 30, 2014, the Company issued 15,312,647 shares and 5,860,000 warrants for a total value of \$1,087,669, including 3,442,647 flow-through shares, for a value of \$284,735. The exploration and evaluation expenses were incurred mostly on Elder (mine development). Smaller amounts were spent on the Abcourt-Barvue, Vendôme, Jonpol, Vezza and Aldermac properties.

PRINCIPAL ANNUAL INFORMATIONS (audited)

Periods ended on June 30

	2014	2013	2012
Statement of comprehensive income			
Interests	17,391	55,100	91,999
Net loss	331,967	354,316	503,109
Net loss per share diluted	(0.00)	(0.00)	(0.00)
Statement of financial position (\$)			
Cash and term deposits	934,486	1,370,990	4,475,798
Total assets	22,648,536	21,086,078	20,720,267
Long-term debt	229,678	208,798	--
Mining exploration (\$)			
Exploration and evaluation assets	15,951,740	14,361,612	11,182,075

QUARTERLY INFORMATION (non-audited)

	2014 June	2013 June	2014 March	2013 March	2013 Dec.	2012 Dec.	2013 Sept.	2012 Sept.
Statement of comprehensive income (\$)								
Interests	9,748	16,542	(6,930)	9,503	1,548	13,824	13,025	15,231
Net profit (net loss)	34,101	(156,455)	(140,638)	59,514	(149,094)	(183,912)	(76,336)	(73,463)
Net profit (net loss) per share diluted	0.00	0.00	(0.00)	0.00	0.00	0.00	0.00	0.00
Statement of financial position (\$)								
Cash and term deposit	934,486	1,400,705	418,785	2,694,903	1,225,619	2,721,087	1,138,364	4,988,893
Total assets	22,648,536	21,086,078	22,580,814	20,791,927	22,288,413	20,932,165	22,249,533	21,056,157
Long-term debt.	229,678	208,798	224,270	0.00	218,989	0.00	213,833	0.00
Mining exploration (\$)								
Exploration and evaluation expenditures net of mining duties, tax credits and production value of gold and silver ingots	752,054	1,178,107	910,473	386,933	(1,218,597)	836,801	1,116,919	666,687

STATEMENT OF NET LOSS AND COMPREHENSIVE LOSS

Income

Our revenues consist essentially in interests received on certificates of deposit. In comparison with the previous year, our revenues decreased from \$55,100 to \$17,391 as a lower amount was invested in certificates of deposit.

Administrative Expenses

The administrative expenses decreased substantially from \$617,715 in 2013 to \$359,498 in 2014. Almost all expenses were lower; the main ones were as follows:

	<u>2014</u>	<u>2013</u>
Amortization of property, plant and equipment	\$10,175	\$90,834
Consulting fees	\$6,033	\$35,998
Impairment of exploration and evaluation expenses	\$ -	\$113,287
Fees and financing costs	\$12,638	\$32,538
Restoration of a mining site	\$14,388	\$41,129
Share-based compensation	\$14,100	\$40,150

It is difficult to compare expenses related to amortization of property, plant and equipment and the impairment of exploration and evaluation expenses as these expenses are not recurrent and comparable, as part of the amortization was capitalized for the Elder property.

The 2014 consultant fees were lower as their services were reduced. In 2014, fees and financing costs were much lower as we had fewer financings. Likewise, a smaller amount was spent for restoration of a mining site (Abcourt-Barvue) and the share-based compensation was also lower as only one share purchase option was granted.

In 2013, an amount of \$113,287 was accounted for the impairment of exploration and evaluation expenses. None was incurred in 2014.

Loss before income tax

The operating loss before income tax decreased from \$555,241 in 2013 to \$342,107 in 2014. The interest income was lower and the administrative expenses decreased considerably, passing from \$617,715 in 2013 to \$359,498 in 2014.

Net Loss and comprehensive loss

The net loss and comprehensive loss decreased slightly from \$354,316 in 2013 to \$331,967 in 2014. In 2013, the income taxes and deferred taxes reduced the net loss by an amount of \$200,925. In 2014, the reduction was only \$10,140. The loss per basic and diluted share remained the same with \$0.00 in 2013 and 2014.

RESULTS FOR THE FOURTH QUARTER ENDING ON JUNE 30, 2014

Income

As noted above, our revenues consist mainly of interests received on certificates of deposit. For the 4th quarter, the amount was \$9,748.

Administrative expenses

During the 4th quarter, the administrative expenses totalled \$(68,103) following the reclassification of items in the prospecting assets.

If we exclude the impairment of exploration and evaluation (\$0), the expense was only \$89,875. This amount is considerably lower than the annual average for a quarter.

Net Profit (Net Loss)

After the deferred income and mining taxes, the net profit for the 4th quarter was \$34,101.

Exploration and evaluation expenses

Taking into account the value of gold and silver production, the exploration and evaluation expenditures show a surplus of \$1,382,455.

STATEMENT OF CASH FLOWS

Operating Activities

During the financial year ended on June 30, 2014, operating activities before the variations in the non-cash items of the working capital used an amount of \$296,952. In 2013, an amount of \$310,970 was used. The net change in non-cash operating working capital was \$352,815 in 2014 and \$161,779 in 2013.

Financing

In 2014, financing activities provided \$1,416,954, net of financing costs. In 2013, they amounted to \$551,960, net of financing costs.

Investment

In 2014, the investment in plant and equipment and in exploration and evaluation assets, mainly related to mine development activities at the Elder mine, totaled \$11,574,351. This amount was partially offset by the sale of gold and silver for an amount of \$8,227,807 and by tax credits related to resources and mining duties received for a total of \$1,434,200.

In 2013, the investment totaled \$4,564,655 partially annulled by a certificate of deposit reserved for exploration for an amount of \$1,050,000.

Cash and cash equivalents at the end of the year

Cash and cash equivalents decreased by an amount of \$436,504 in 2014, compared to \$3,104,808 in 2013. The available cash and cash equivalents on June 30, 2014, that is \$934,486, is sufficient to cover our operating expenses over a period of two or three months. However, in July 2014, a private placement for an amount of \$1,007,895.50 increased our cash position.

EXPLORATION AND EVALUATION ASSETS

Mining properties

During the 2014 period, an amount of \$29,279 was added to the cost of mining properties.

Exploration and evaluation expenses

Details on the exploration and evaluation assets are given in note 7 of the financial statements. See below:

	Balance as at June 30, 2013	Addition 2014	Mining duties and tax credits	Impairment	Tax credits adjustment	Ingots sales of gold and silver	Balance as at June 30, 2014
	\$	\$	\$	\$	\$	\$	\$
Abcourt- Barvue, Qc	3,505,449	258,898	(53,966)	-	-	-	3,710,381
Vendôme, Qc	200,925	931	(70)	-	-	-	201,786
Elder, Qc	7,305,330	10,961,092	(462,381)	-	7,635	(9,192,102)	8,619,574
Aldermac, Qc	616,457	551	(221)	-	-	-	616,787
Jonpol, Qc	627,127	40,805	(323)	-	-	-	667,609
	<u>12,255,288</u>	<u>11,262,277</u>	<u>(516,961)</u>	<u>-</u>	<u>7,635</u>	<u>(9,192,102)</u>	<u>13,816,137</u>

In 2014, exploration and evaluation expenses before mining duties and tax credits totaled \$11,262,277 compared to \$4,147,428 in 2013. For each of these years, the expenses were reduced by mining duties and tax credits. The tax credits are given by the Quebec provincial government for exploration expenses incurred in Quebec when these expenses are not financed by flow-through shares.

In 2014, the exploration and evaluation expenses were also reduced by the sale of gold and silver.

Details on the two most important items of deferred expenses for the year ended June 30, 2014:

In 2014, we spent \$10,961,092 for mine development at the Elder mine, mainly for rehabilitation of old drifts, the excavation of new drifts, the extraction of gold mineralization from stopes, the transportation and treatment of this mineralization in a custom mill. This was the main item.

The second most important item was engineering fees for a total of \$190,703 for a preliminary economic evaluation (PEA) of the Elder project by Roche Limited, Consulting Group, and the revision of the 43-101 resource calculations for the Abcourt-Barvue property by Mr. Jean-Pierre Bérubé, consulting engineer.

STATEMENT OF FINANCIAL POSITION

On June 30, 2014, the assets totalled \$22,648,536 compared to \$21,086,078 on June 30, 2013. Financings realized during the 2014 financial year increased the value of the asset by \$1,416,954.

The cash and certificates of deposit decreased by \$436,504 between 2013 and 2014 but, over the same period, the property, plant, equipment, exploration and evaluation assets increased by \$1,874,748, net of amortization and tax credits. If these credits were disregarded, the true expense was \$11,733,942.

Receivable mining duties and tax credits decreased by an amount of \$924,874 between 2013 and 2014. The exploration and evaluation expenses, in 2014, were reduced by the sale of gold and silver. Consequently, the tax credits were lower. In the accounts payable and accrued liabilities (note 8 in the financial statements), an increase of \$470,346 appears between 2013 and 2014. This increase is mainly in salaries and accrued vacations which is normal with a larger number of employees and in accounts payable and payable royalties resulting from a higher level of activities.

In the long-term liabilities, the decommissioning provision for the Elder mine was \$229,678 in 2014 and \$208,798 in 2013. Explanations are given in note 10 of the Financial Statements.

APPLICATION OF NEW ACCOUNTING POLICIES

As indicated previously, the Company has adopted the IFRS accounting rules in 2012.

New and revised standards that are effective since July 1st, 2013

IFRS 13, Fair Value Measurement

The Company adopted IFRS 13 on July 1st, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments at that date.

IFRS 12 Disclosure of Interests in Other Entities

The Company has adopted the amendments to IFRS 12 effective on July 1st, 2013. These amendments prolong existing disclosures and also introduce significant additional disclosure that address the nature of, and risks associated with, an entity's interests in other entities. These changes did not result in additional disclosures as the Company does not have an interest in a subsidiary, in partnership and associated entities or in structured entities that are not controlled by the Company.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31, Interests in Joint Ventures, and requires joint arrangements to be classified either as a partnership or joint ventures depending on the contractual rights and obligations of each investor that jointly controls the arrangement. For a partnership, a Company recognizes its share of assets, liabilities, revenues and expenses of the joint operation. An investment in a joint venture is accounted for using the equity method as set out in IAS 28, Investments in Associates and Joint Ventures. On July 1st, 2013, the adoption of IFRS 11 did not affect the financial statements of the Company.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the guidance on control and consolidation in IAS 27, Consolidated and Separate Financial Statements and SIC-12, Consolidation - Special Purpose Entities. IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Detailed guidance is provided on applying the definition of control. The accounting requirements for consolidation have remained largely consistent with IAS 27. The Company assessed its consolidation conclusions on July 1st, 2013 and determined that the adoption of IFRS 10 did not result in any change for the Company since it holds no participation giving it the control of another entity.

Amendments to IFRS 7, Disclosures – Offsetting Financial Assets and Financial Liabilities

Qualitative and quantitative disclosures have been added to IFRS 7 Financial Instruments: Disclosures relating to gross and net amounts of recognized financial instruments that are (a) set off in the statement of financial position and (b) subject to enforceable master netting arrangements and similar agreements, even if not set off in the statement of financial position. The required disclosures should be provided retrospectively. The amendments are effective for annual periods beginning on or after July 1st, 2013. Management's analysis is that these amendments did not have a material impact on the financial statements of the Company.

New and revised IFRS issued but not yet effective

IFRS 9 Financial Instruments

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition. When IFRS 9

will be effective, earlier application will be permitted. The Company has not yet started assessing the impact of adopting IFRS 9; however, it expects that this effect will be limited.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to IAS 32 are not effective until annual periods beginning on or after January 1st, 2014, with retrospective application required. Management anticipates that future adoption of amendments to IAS 32 will have no significant impact for the Company.

SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements of Abcourt Mines Inc. for the year ended on June 30, 2014 were prepared by management in accordance with IFRS. The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

Functional Currency

The reporting currency and the currency of all operations of the Company is the Canadian dollar, since it represents the currency of the primary economic environment in which the Company operates.

Currency Conversion

The financial statements of the Company are reported in Canadian currency, which is the functional currency. Transactions in foreign currencies are translated at the exchange rates prevailing at the time they are made. At each closing date, assets and liabilities denominated in foreign currencies are converted at closing. Exchange differences resulting from transactions are recorded in the income statement for the period. Exchange differences relating to operating activities are recorded in operating income for the period; exchange differences related to financing transactions are recognized in loss or in equity.

Cash and Cash Equivalents

The Company presents cash and term deposits with original maturities of three months or less from acquisition date and term deposits redeemable in any time in cash and cash equivalents.

Tax Credit Related to Resources and Mining Duties Credit

The Company is entitled to a tax credit related to resources of 35% (28% since June 5, 2014) on eligible exploration and evaluation expenses incurred in the province of Quebec. In addition, the Company is entitled to a mining duties credit equal to 16% of 50% of eligible exploration and evaluation expenditures, reduced of tax credit related to resources. These amounts are based on estimates made by management and the Company is reasonably certain that they will be received. At this time, tax credit related to resources and mining duties credit are recorded as a reduction of exploration and evaluation expenses.

Gold and Silver Ingots in Inventory

Gold and silver inventories are recorded at net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less any applicable estimated selling expenses. The selling price of metals is the price of gold and silver on the financial market as at the time of sale. These products are in transit, being refined or on deposit at the Royal Canadian Mint, waiting to be sold as at June 30, 2014.

Funds Reserved for Exploration and Evaluation

Funds reserved for exploration and evaluation represent proceeds from flow-through financings not yet spent on exploration and evaluation. The Company must use these funds for mining exploration and evaluation activities in accordance with restrictions imposed by those financings. As at June 30, 2013 and as at June 30, 2014 the Company had no funds reserved for exploration and evaluation.

Exploration and Evaluation Assets

Expenditures incurred before the entity has obtained the legal rights to explore a specific area are recognized as expenses. Expenditures related to the development of mineral resources are not recognized as exploration and evaluation assets. Expenditures related to the development are accounted as an asset only when the technical feasibility and commercial viability of a specific area are demonstrated and when recognition criteria of IAS 16 *Property, Plant and Equipment* or IAS 38 *Intangible Assets* are fulfilled.

All costs associated with property acquisition and exploration and evaluation activities are capitalized as exploration and evaluation assets. Costs that are capitalized are limited to costs related to acquisition and exploration and evaluation activities that can be associated with the discovery of specific mineral resources, and do not include costs related to production (extraction costs), and administrative expenses and other general indirect costs. Exploration and evaluation expenditures are capitalized when the following criteria are satisfied:

- they are held for use in the production of mineral resources;
- the properties have been acquired and expenses have been incurred with the intention of being used on a continuing basis; and
- they are not intended for sale in the ordinary course of business.

Costs related to the acquisition of mining properties and to exploration and evaluation expenditures are capitalized by property until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. When the technical feasibility and commercial viability of extracting a mineral resource are demonstrated, exploration and evaluation assets are reclassified as mining assets under development and are amortized once it is established that the asset has reached its production stage. Exploration and evaluation assets are assessed for impairment before reclassification, and any impairment loss is recognized. Sales of ingots of gold and silver are recorded as a reduction of the Elder exploration and evaluation expenses.

The Company reconsiders periodically facts and circumstances in IFRS 6 that require testing exploration and evaluation assets for impairment. When facts and circumstances suggest that the

carrying amount of exploration and evaluation assets may exceed its recoverable amount, the asset is tested for impairment. The recoverable amount is the higher of fair value less costs for sale and value in use of the asset (present value of the future cash flows expected). When the recoverable amount of exploration and evaluation assets is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount by recording an impairment loss. The carrying amount of exploration and evaluation assets do not necessarily represents present-time or future value.

The prior years recognized impairment for exploration and evaluation asset and for mining assets under development is reversed if there is an increase of the economic potential of asset, resulting from its use or sale since the last time an impairment has been recorded for this asset. If any, the carrying value of this asset is increased up to its recoverable amount, without being higher than it would have been recorded (net of amortization) like if the impairment had never been recognized for this asset in the prior years.

Impairment of Long-lived Assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The recoverable amount is the higher of its fair value less costs for sale and its value in use (present value of the future cash flows expected). An impairment loss is recognized when their carrying value exceeds the recoverable amount. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its recoverable amount.

Property, Plant and Equipment

Property, plant and equipment are accounted for at historical cost less accumulated amortization and accumulated impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Amortization of property, plant and equipment is calculated using declining method and at the following rates:

Vehicle	30%
Equipment and furniture	20%

The mill equipment, the water treatment plant and tailings pond are not amortized because they are not available for use.

Gains or losses on disposal of property, plant and equipment are determined by comparing the net proceed with the net carrying amount of the asset and are included in the statement of net loss and comprehensive loss.

Financial Instruments

Financial assets are initially recognized at fair value and their subsequent measurement is dependent on their classification in the following categories: held-to-maturity investments, available-for-sale, loans and receivables and at fair value through profit or loss (“FVTPL”). Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Company’s designation of such instruments. Transaction date accounting is used.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company’s management has the intention and ability to hold to maturity. After initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment loss. The Company has no held-to-maturity investment.

Available-for-sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale, or that are not classified as loans and receivables, held-to-maturity or at FVTPL. Available-for-sale financial assets are carried at fair value with unrealized gains and losses included in accumulated other comprehensive loss until realized; the cumulative gain or loss is then transferred to profit or loss statement. The Company has no available-for-sale investment.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading purposes or available for sale. These assets are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Cash and cash equivalents, term deposit, and other receivables are classified as loans and receivables.

Financial asset at FVTPL

Financial assets at FVTPL include financial assets held by the Company for short-term profit, derivatives not in a qualifying hedging relationship and assets voluntarily classified in this category, subject to meeting specified criteria. These assets are measured at fair value, with any resulting gain or loss recognized in the profit or loss statement. The Company has no financial asset classified as FVTPL.

Other liabilities

Other liabilities are initially recognized at fair value less transaction costs directly attributable. Thereafter, they are measured at amortized cost using the effective interest method and other liabilities include all financial liabilities, other than derivative instruments. Bank overdraft and accounts payable and accrued liabilities are classified as other liabilities.

Transaction costs

Transaction costs related to financial asset at FVTPL are recognized as expenses as incurred. Transaction costs related to available-for-sale financial assets, to held-to maturity investment and loans and receivables are added to the carrying value of the asset and transaction costs related to other liabilities are netted against the carrying value of liability. They are then recognized over the expected life of the instrument using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset/liability and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including transaction costs) through the expected life of the financial asset/liability, or, if appropriate, a shorter period.

Decommissioning Provisions for Mining Sites

The Company is subject to environmental laws and regulations enacted by federal and provincial authorities. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. To take into account the estimated cash flows required to settle its obligations arising from environmentally acceptable closure plans (such as dismantling and demolition of infrastructures, removal of residual matter and site restoration), provisions are recognized in the year, when the Company has an actual restoration mining sites obligation and it is likely that an outflow will be required in settlement of the obligation and the obligation is reasonably determinable.

These provisions are determined on the basis of the best estimates of future costs, based on information available on the reporting date.

Future costs are discounted using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the liability. A corresponding asset is recognized in the related mining asset when establishing the provision. The provision is reviewed annually to reflect changes in the estimated outflow of resources as a result of changes in obligations or legislation, changes in the current market-based discount rate or an increase that reflects the passage of time.

The accretion of the liability to its fair value as a result of the passage of time is charged to earnings while changes resulting from the revisions to either the timing or the amount of the original estimate of the undiscounted cash flows are accounted for as part of the carrying amount of the related long-lived asset. Costs of restoration of mining sites are deducted from the provision when incurred. The management of the Company determined that decommissioning provisions for mining sites are amounting to \$229,678 as at June 30, 2014 (\$208,798 as at June 30, 2013). No other provision is needed in relation with the other properties of the Company.

Share-based Compensation

The Company accounts for stock-based compensation over the vesting period of the rights to stock options. Share purchase options granted to employees and directors and the cost of services

received are evaluated and recognized on fair value basis using the Black-Scholes option pricing model.

Equity-settled Share-based Compensation Transactions

For transactions with parties other than employees, the Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. When the Company cannot estimate reliably the fair value of the goods or services received, it measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

Flow-through Shares

The Company considers that the issue of flow-through shares is in substance an issue of common shares and the sale of tax deductions. The sale of tax deductions is measured using the residual method. At the time the flow-through shares are issued, the sale of tax deductions is deferred and presented as other liability in the statement of financial position. When eligible expenditures are incurred (as long as there is the intention to renounce them), the sale of tax deductions is recognized in the income statement as a reduction of deferred tax expense and a deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

Warrants

In connection with financings, the Company may grant warrants. A warrant entitles its holder to purchase one share at a price determined at grant for a certain period of time. Proceeds from the sale of units are allocated between shares and warrants issued using the relative fair value method. The Company uses the Black-Scholes pricing model to determine the fair value of warrants issued.

Share Issuance Expenses

Share issuance expenses are recorded as an increase of the deficit in the year in which they are incurred.

Basic and Diluted Loss per Share

The basic loss per share is calculated using the weighted average of shares outstanding during the year. The diluted loss per share, which is calculated with the treasury method, is equal to the basic loss per share due to the anti-dilutive effect of share purchase options and warrants.

Revenue Recognition

Investment transactions are accounted for using the accrual basis and interest income is accrued based on the number of days the investment is held during the year.

Revenue from the sale of gold and silver of Elder project are considered to be directly attributable to the development of the project and are recorded as a reduction of exploration and evaluation

expenses of Elder project. Revenue is recognized when the Company has transferred to the buyer the significant risks and rewards incidental to ownership of the metals. The amount of revenue can be measured reliably and it is probable that the economic benefits associated the transaction will flow to the Company.

Mining Properties Option Agreements

Options on interests in mining properties acquired by the Company are recorded at the value of the consideration paid, including other benefit given up but excluding the commitment for future expenditures. Commitment for future expenditures does not meet the definition of a liability and thus are not accounted for. Expenditures are accounted for only when incurred by the Company.

When the Company sells interests in a mining property, it uses the carrying amount of the property before the sale of the option as the carrying amount for the portion of the property retained, and credits any cash consideration received and also fair value of other financial assets against the carrying of this portion (any excess is recognized as a gain in the profit or loss statement).

NSR Royalties

The NSR royalties are generally not accounted for when acquiring the mining property since they are deemed to be a contingent liability. Royalties are only accounted for when probable and can be measured with sufficient reliability. Royalties are payable on Elder mining project (see Notes 7 and 16).

Income Taxes and Deferred Taxes

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes except when deferred income results from an initial recognition of goodwill or from initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they will reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting year and which, expected to apply to taxable income in the years during which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income or loss in the year that includes the enactment date. The Company establishes a valuation allowance against deferred income tax assets if, based on available information, it is probable that some or all of the deferred tax assets will not be realized.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. At the end of each reporting period of financial information, the Company reassesses the tax deferred asset not recognized. Where appropriate, the Company records a tax deferred asset that had not been recorded previously to the extent it has become probable that future taxable profits will recover the tax deferred asset.

Segment Disclosures

The Company currently operates in a single segment: the acquisition, exploration and development of mining properties. All of the Company's activities are conducted in Canada.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in accordance with IFRS requires management to use good judgment and to make estimates and assumptions that affect the application of accounting policies as well as the carrying amount of assets, liabilities, revenues and expenses. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed regularly. Any revision of accounting estimates is recognized in the period during which the estimate is revised and in future periods affected by these revisions.

Key sources of uncertainty of estimations

a) Impairment of exploration and evaluation assets

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that their carrying amount may exceed recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company shall measure, present and disclose any resulting impairment loss. Indications of impairment as well as the evaluation of recoverable amount of exploration and evaluation assets require significant judgment. Management considers various factors including, but are not limited to, financial and human resources available, exploration budgets planned, importance and results of exploration work done previously, industry and economic trends and price of minerals.

Based on analyses performed during the year 2013, the Company has impaired Vezza exploration and evaluation costs for a total of \$113,287. No impairment was recognized during the year ended June 30, 2014.

b) Valuation of credit related to resources and mining duties credit

Credit related to resources and mining duties credit for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their reimbursement.

The calculation of the Company's credits necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be determined with certainty until notice of assessments and payments have been received from the relevant taxation authority. Differences arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to tax credits related to resources and to mining duties credits, exploration and evaluation assets and income tax expenses in future periods.

The amounts recognized in the financial statements are derived from the Company's best estimation and management's judgment as described above. However, the inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore have an impact on the Company's financial position and its cash flows.

c) Share-based Payment

The fair value of share purchase options granted to employees is determined using Black-Scholes pricing model that takes into account the exercise price and expected life of the option, the current price of the underlying stock, its expected volatility, the expected dividends on the stock and the current risk-free interest rate for the expected life of the option. The inputs used to determine the fair value are composed of estimates aim to approximate the expectations that would likely be reflected in a current market or negotiated exchange price for the option.

Critical judgments in applying accounting policies

a) Decommissioning provisions for mining sites

The Company assesses its decommissioning provisions for mining sites annually. Determining these obligations requires significant estimates and assumptions due to the numerous factors that affect the amount ultimately payable. Such factors include estimate of the scope and cost of restoration activities, legislative amendments, known environmental impacts, the effectiveness of maintenance and restoration measures and changes in the discount rate. These uncertainties may lead to differences between the actual expense and the allowance. At the date of the statement of financial situation, decommissioning provisions for mining sites represent management's best estimate of the charge that will result when the actual obligations are terminated. The management of the Company utilized the estimation included in the "Preliminary Economic Assessment" on the Elder project prepared by the firm "Roche Ltd, Consulting Group".

b) Start of commercial production

Management assesses the stage of advancement of the Elder mine to determine when it will begin commercial production. The Company uses its judgments and considers a number of criteria to determine when the mine will enter into commercial production, which will result in a reclassification of all expenses capitalized to Elder Mine in production. Among others, the following criteria are used:

- The achievement of a predetermined level of activities; a production of 150,000 tons of ore per year as used in the "Preliminary Economic Assessment" on the Elder project by the firm Roche Ltd, Consulting Group.
- The ability to support a continuous production and achieve constant operating results over a period of time;
- Recovered grade, ore value and significant revenues;
- Stage of completion of development works.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS

The Company provided information on its deferred exploration and evaluation assets in note 7 of its annual financial statements for the year ended June 30, 2013 and June 30, 2014. The Company has no deferred expenses other than mining properties and deferred exploration and evaluation assets.

The Company has no research and development expenses.

The following table provides details on the general and administrative expenses, the net change in non-cash operating working capital items and the items not affecting cash and cash equivalent:

Administration fees	2014	2013
	\$	\$
Part XII.6 taxes	1,600	-
Amortization of property, plant and equipment	10,175	90,834
Professional fees	89,587	93,923
Consultant fees	6,033	35,998
Restoration of a mining sites	14,388	41,129
Bank expenses	2,029	3,233
Taxes, licences and permits	292	28
Advertising	7,056	3,826
Software and internet	3,390	15,075
Salaries and administrative fees	60,222	53,479
Insurance	16,522	10,077
Fees and financing costs	12,638	32,538
Office supplies	33,623	31,295
Payroll charges	13,115	4,262
Forestry expenses	536	6,353
Accretion expenses	20,880	-
Registration, listing fees and shareholder's information	53,312	42,228
Share-based compensation	14,100	40,150
Impairment of exploration and evaluation expenses	-	<u>113,287</u>
	<u>359,498</u>	<u>617,715</u>

For the 12-month period ending on June 30, 2015, the administrative expenses, excluding amortizations and impairments, should be in the order of \$400,000 to \$500,000.

Net change in non-cash operating working capital items:

	2014	2013
	\$	\$
Taxes receivable	(110,489)	86,763
Prepaid expenses	(13,623)	(16,236)
Other receivables	6,581	823
Accounts payable and accrued liabilities	<u>470,346</u>	<u>90,429</u>
	<u>352,815</u>	<u>161,779</u>

Accounts payable and accrued liabilities in 2014 are higher than those of 2013, as the level of activities was almost three times higher.

Items not affecting cash and cash equivalents:

	2014	2013
	\$	\$
Acquisition of mining properties by share issue	12,000	-
Depreciation of equipment accounted for in exploration and evaluation assets	147,591	-
Decommissioning provisions for mining sites computed to exploration and evaluation assets	-	208,798
Tax credit related to resources receivable and mining duties receivable accounted for as a reduction of exploration and evaluation assets	516,961	1,078,900
Tax credits adjustment	7,635	-
Gold and silver ingots in inventory, accounted for in exploration and evaluation assets	964,295	-

CONTRACTUAL OBLIGATIONS**Long-term Debt**

The Company has no long-term debt, other than the provision for the restoration of the Elder mine site when operations will be terminated.

Provisions for decommissioning the Elder mine site:

	2014	2013
	\$	\$
Balance, beginning of the year	208,798	-
Elder mine obligation	<u>20,880</u>	<u>208,798</u>
Balance, end of the year	<u>229,678</u>	<u>208,798</u>

In the June 2013 statement, the amount of the obligation was established at \$480,670 and it represented the estimate of Elder mining site restoration costs. This amount has been capitalized for a period of ten years with an inflation rate of 1.2% and was subsequently discounted at a 10% rate. Its present value is therefore \$229,678 as at June 30, 2014.

In September 2013, the Ministère des Ressources Naturelles du Québec requested a guaranteed payment amounting to \$240,336 before August 22, 2014 in relation with the Elder mining site restoration. In addition, two other payments of \$120,168 are required respectively for August 22, 2015 and August 22, 2016. These payments will be held in trust to cover the future restoration cost at the Elder mine. Guaranteed payments will be made to comply with the *Règlement modifiant le Règlement sur les substances minérales autres que le pétrole, le gaz naturel et la saumure*, effective as of August 22, 2013. The security now required by the *Direction de la Restauration des sites miniers*, aims to cover all the restoration of the entire mining sites, including the accumulation areas. Management have asked for some payment facilities and is waiting for an answer.

Flow-Through share financing

The Company has spent all the amount raised by private placements closed between August and October 2013 (\$294,875).

Royalties

<u>Property</u>	<u>Royalty</u>
Elder	2 to 3% NSR
Barvue	\$0.25 per short ton on former Barvue property and 1 to 1.5% NSR on some other claims
Vendome	2% NSR on Xstrata claims
Abcourt	0
Tagami	1 to 2% NSR
Jonpol	2.5% NSR
Aldermac	\$2.00/t for 1.5 M t
Aldermac West	2% NSR

Environment

A settling pond on the Abcourt-Barvue property was restored during the 2005-2010 years. We also installed a water treatment plant to treat a small leachate produced by the restored basin. Restoration expenses were \$14,388 in 2014 and \$41,129 in 2013.

OFF BALANCE SHEET ARRANGEMENTS

The Company did not enter into any arrangements off balance sheet.

CAPITAL STOCK

Authorized

Unlimited number of preferred shares without par value which may be issued in one or more series; the privileges, rights, conditions and restrictions will be determined by the Board of Directors. None are outstanding.

Unlimited number of subordinate class "A" shares, without par value, non-voting, none are outstanding.

Unlimited number of class "B" shares, without par value, voting.

AUTHORIZED AND ISSUED CAPITAL STOCK AS AT JUNE 30, 2014

Share Class	Par Value	Authorized Number	Number of shares Issued	Amount Received
Class A (not voting)	None	Unlimited	None	0
Class B (voting)	None	Unlimited	182,332,419	\$36,024,060
Preferred	To determine	Unlimited	None	0

As of the date of this report, the Company has 196,323,719 class B share (common) issued and outstanding.

SHARES AND WARRANTS ISSUED IN 2014

During the period ended on June 30, 2014, 15,312,647 shares were issued and 5,860,000 warrants were issued for a total of \$1,170,275. The value of the warrants was calculated according to the Black-Scholes method. The premium on flow-through shares was \$10,140 and the value of warrants was \$72,466.

For additional information, see note 11 in the audited financial statements for the financial year ended on June 30, 2014.

OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES AT JUNE 30, 2014 AND AT THE DATE OF THIS REPORT

Options on June 30, 2014

The following table summarizes the information on the options granted according to the option plan of the Company.

Options Outstanding	Weighted average remaining contractual life	Exercise price \$
7,500,000	2 years	0.12
1,250,000	1.2 years	0.10
600,000	3.4 years	0.10
350,000	0.7 year	0.10
200,000	0.4 year	0.10
200,000	0.2 year	0.10
300,000	4.7 years	0.10
<u>100,000</u>	0.7 year	0.16
<u>10,500,00</u>		

Warrants outstanding as at June 30, 2014

The following tables summarize the information related to the warrants.

Warrants Outstanding as at June 30, 2014	Exercise price \$	Expiry Date
2,150,000	0.10	October 2014
3,710,000	0.10	August 2014
<u>871,000</u>	0.16	October 2014
<u>6,731,000</u>		

Changes in warrants during the 12-month period ended on June 30, 2014

Changes during the period ending on June 30, 2014, were as follows:

	Number	Weighted average exercise price
		\$
Balance, beginning of year	2,492,500	0.18
Granted	5,860,000	0.10
Expired	<u>(1,621,500)</u>	0.20
Balance, end of year	<u>6,731,000</u>	0.11

Weighted average fair value for warrants granted: **2014:** \$0.01 **2013:** \$0.02

Additional warrants issued between June 30 and October 28, 2014:

<u>Quantity</u>	<u>Subscription price</u>	<u>Expiry date</u>
6,045,500	0.10 \$	July 2015

Convertible securities

None

Escrowed shares

None

RELATED PARTY TRANSACTIONS

The tables below show related party transactions and balances payable for each of the Company's related party. The amounts payable are usually settled in cash.

	2014	2013
	\$	\$
Private company controlled by the Chief Executive Officer and President of the Company		
Fees included in exploration and evaluation expenses and in administration costs:		
Services rendered as engineer and at financing meetings	294,000	281,104
<u>Re-invoiced expenses</u>		
Amount included in exploration and evaluation expenses	43,314	40,216
Forestry expenses	-	1,820

Restoration of a site	153	423
Consultant's fees	-	519
Office supplies	-	3,276
Sub-total	<u>43,467</u>	<u>46,254</u>
Royalty		
Payment of a 2% NSR royalty on the main part of the Elder property, which was purchased from Canuc Resources Corporation in 2001	183,844	-
Amount included in accounts payable and accrued liabilities as at June 30, 2014	174,445	-
	2014	2013
	\$	\$

Directors and key management personnel

Salaries and administrative fees	4,000	4,800
Professional fees	18,792	26,040
Share issuance expenses	7,585	5,200
Fees and financing costs	3,011	-
Share-based compensation	14,100	37,800
Registration, listing fees and shareholders' information	<u>6,400</u>	<u>-</u>
Balance included in accounts payable and accrued liabilities as at June 30	<u>9,164</u>	<u>7,375</u>

These transactions are measured at the value of the consideration paid or received, which was established and agreed by the related parties.

For the 2014 period, the share-based compensation totaled \$14,100 (\$40,150 in 2013).

SUBSEQUENT EVENTS

In August 2013, the Company signed a milling agreement with Aurbec Mines Inc. ("Aurbec"), a subsidiary of Maudore Minerals Ltd. From October 2013 to September 2014, the Elder gold mineralization was treated at that mill. However, on September 8, 2014, Aurbec filed a Notice of Intention to make a proposal under the Bankruptcy and Insolvency Act. Consequently, we are assessing various alternatives for the milling of our mineralized material. There are two or three mills with available capacity in the Val-d'Or area.

In July 2014, the Company closed a private placement constituted of 1,900,300 flow-through shares at a price of \$0.085 per share. The total gross proceeds of \$161,525.50 will be presented net of premium of flow-through shares of \$9,500.

In July 2014, the Company closed another private placement constituted of 12,091 units at a price of \$70 per unit. Each unit consisted of 1,000 class "B" share and 500 warrants, each whole warrant entitling its holder to purchase one share at \$0.10 for a 12 month period. The total gross proceeds of \$846,370 will be presented net of fair value of warrants amounting to \$57,260. The fair value of each warrant granted was estimated using the Black-Scholes pricing model according to the following assumptions: estimated duration of 1 year, risk-free interest rate of 1.01%, share price at the time of grant of \$0.08, dividend yield of 0% and expected volatility of 56%. As of June 30, 2014, an amount of \$280,000 was already cashed and included in the statement of financial position as prepaid subscriptions.

MINING PROPERTIES

Abcourt Mines Inc. (the "Company") has two mining projects at an advance stage of development in Abitibi, Quebec, Canada:

- A silver/zinc project with the Abcourt-Barvue and Vendome properties north of Val-d'Or Quebec, Canada.
- A gold project with the Elder and Tagami properties near Rouyn-Noranda, Quebec, Canada.

and two advanced exploration projects, also in Abitibi, Quebec, Canada:

- The Aldermac property located near Rouyn-Noranda, Quebec, Canada with historical resources in copper, zinc, silver and gold.
- The Jonpol property located near Amos, Quebec, Canada with historical resources in copper, zinc, silver and gold.

Here is some information on each property:

THE ELDER-TAGAMI MINE

The Elder mine is owned 100% by Abcourt. The mine is conveniently located inside the mining community of Rouyn-Noranda, Quebec, just six miles (ten km) northwest from the town center. The property comprises 34 contiguous claims and a mining concession covering an area of 876 hectares. Royalties of 2% to 3% are payable on different parts of the property.

The surface plant includes an office, a service building, a hoist room and a shaft building. The mine is serviced to a depth of 794 meters (2,606 feet) by two shafts and several drifts on 16 levels. Almost all of the mining equipment is available and all the facilities are in place.

The ore is found in several quartz veins generally striking N-40°-E on surface but east-west at a depth of 305 meters (1,000 feet) down the mine and dipping on the average at 22° to the south-east, with the exception of the no 4 vein which is striking north-south and dipping 22° to the east. The CDR vein is located 4,500 feet (1,377 m) south of vein no. 1.

Between 1984 and 1989, a total of \$23 M was spent on this property by the Aunore Resources Inc – Nova Beaucage Mines Limited joint venture. The surface plant was installed and the

necessary equipments were purchased. The mine was dewatered, 4,268 meters (14,000 feet) of old drifts were rehabilitated, the shaft was deepened 15 meters (50 feet), new stations were established on three upper levels, in no 2 shaft, that is the 4th, 5th and 6th levels, an ore pass and a waste pass system with loading pockets was established, 142 surface and 75 underground diamond drill holes were drilled, approximately 2,134 meters (7,000 feet) of new drifts were excavated, ventilation raises were driven and a few stopes were started. Approximately 13,200 metric tonnes of ore with a grade of 0.198 oz/mt of gold were extracted. Following a drop in the price of gold, the mine was closed and almost all mining equipment was sold.

From 1995 to 2012, several surface drilling programs were completed and results obtained were used to revise the 43-101 resources. Also, all the old historic data were converted to the metric system. The revision of resources was completed by Mr. Jean-Pierre Bérubé, P. Eng. Mr. Bérubé is a qualified, independent person.

Here are the results of the 2012 calculations:

Table 1a – Measured and indicated resources at Elder and Tagami

ZONE	MEASURED			INDICATED			MEASURED + INDICATED			GOLD OUNCES
	TONNES	GRADE	WIDTH	TONNES	GRADE	WIDTH	TONNES	GRADE	WIDTH	
	(metric)	(g/t)	(m)	(metric)	(g/t)	(m)	(metric)	(g/t)	(m)	
ELDER	512,739	6.68	2.20	671,139	6.50	2.16	1,183,878	6.58	2.18	250,341
CDR	-	-	-	4,172	16.49	2.50	4,172	16.49	2.50	2,213
TAGAMI	---	---	---	<u>173,162</u>	<u>6.54</u>	<u>2.10</u>	<u>173,162</u>	<u>6.54</u>	<u>2.10</u>	<u>36,391</u>
TOTAL ALL	<u>512,739</u>	<u>6.68</u>	<u>2.20</u>	<u>848,473</u>	<u>6.55</u>	<u>2.10</u>	<u>1,361,212</u>	<u>6.60</u>	<u>2.14</u>	<u>288,945</u>

Table 1b – Inferred resources at Elder and Tagami

ZONE	TONNES	GRADE	WIDTH	GOLD OUNCES
	(metric)	(g/t)	(m)	
ELDER	412,668	5.76	1.92	76,392
CDR	50,248	5.15	1.83	8,328
TAGAMI	<u>175,384</u>	<u>5.69</u>	<u>1.68</u>	<u>32,106</u>
TOTAL ALL	<u>638,300</u>	<u>5.70</u>	<u>1.85</u>	<u>116,826</u>

Based on the new resources estimate (NI 43-101), a preliminary economic assessment report (PEA) was prepared to determine if additional exploration work were needed to increase resources before considering mine development, or not.

The NI 43-101 preliminary economic assessment report on the Elder gold mine project prepared by Roche Ltd., Consulting Group (Roche) and independent consultants, indicates a total cash flow of \$138 M over a 10.4-year initial period of mine life, a before-tax Net Present Value (NPV) of \$81.8 M at a discount rate of 8%, a before-tax Internal Rate of Return (IRR) of 140.5% and a payback period of 1.1 years.

This study is based only on the 43-101 Elder resource calculations made by Mr. Jean-Pierre Bérubé, Eng., listed above and filed on SEDAR on May 9, 2012. It does not include any of the indicated and inferred gold resources located on the adjacent Tagami property, or any new resources that may be found by doing some exploration at the Elder mine.

The P.E.A. includes approximately 130,000 tonnes of inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The qualified persons responsible for this 43-101 report are Pierre Casgrain, Eng., Garand Gagnon, Eng., Alain Dorval, Eng., and Martin Magnan, Eng., of Roche Ltd., Consulting Group and Lise Chénard, Eng., Michel Bilodeau, Eng., and Jean-Pierre Bérubé, Eng., independent consultants.

Here is the economic analysis extracted from the P.E.A. report:

GENERAL

A preliminary economic/financial analysis of the project has been carried out using a cash flow model. The model is constructed using annual cash flows in constant money terms (third quarter 2012). No provision is made for the effects of inflation. As required in the financial assessment of investment projects, the evaluation is carried out on a so-called "100% equity" basis, i.e., the debt and equity sources of capital funds are ignored.

Results are presented on a before-tax basis. The model reflects the base case macro-economic and technical assumptions given in this report.

MACRO-ECONOMIC ASSUMPTIONS

The main macro-economic assumptions used in the base case are given in Table 1 below.

The gold price forecast is based on the average London Fix over the past three-year period. The sensitivity analysis examines a range of gold prices 30% above and below the base case price.

Table 1 – Macro-Economic Assumptions

<i>Item</i>	<i>Unit</i>	<i>Value</i>
<i>Gold Price</i>	<i>\$US/oz</i>	<i>1436</i>
<i>Exchange Rate</i>	<i>CAD/USD</i>	<i>1.00</i>
<i>Discount Rate</i>	<i>% per year</i>	<i>8</i>
<i>Discount Rate Variants</i>	<i>% per year</i>	<i>6 & 10</i>

Apart from the base case discount rate of 8 %, two variants of 6 and 10 % are used to determine the net present value of the project. These discounts rates represent possible weighted-average costs of capital to the investor.

MINERAL ROYALTIES

The present financial analysis incorporates royalty agreements resulting in three rates of payments that depend on the location of the resources extracted. A 3 % NSR royalty applies to resources extracted from levels 1 to 9, a 2.5 % NSR royalty applies to resources extracted from level 10, and a 2 % NSR royalty applies to resources extracted from levels 11 to 15.

Technical Assumptions

The main technical assumptions used in the base case are given in **Table 2** below.

Table 2 – Technical Assumptions

Item	Unit	Value
Total Resources Mined	K tonnes	1488.9
Design Extraction Rate	tonnes milled / year	150,000
Life of Mine	Years	10.4
Average Mill Feed Grade	g/t Au	5.48 ⁽¹⁾
Toll Mill Process Recovery	%	94
Total Gold Production	K ounces	246.5
Average Mining Operating Cost	(CA\$ / tonne mined)	66.41
Transport Cost to Toll Mill	(CA\$ / tonne milled)	12.50
Average Process Operating Cost (Toll mill)	(CA\$ / tonne milled)	32.73
General & Administration Cost	(CA\$ / tonne milled)	15.34
Refining Cost	(CA\$ / oz Au)	3.00

⁽¹⁾ 5.48 g/t = 0.176 ounce of gold per tonne

A reduced production of 80,000 tonnes milled in the first year of production provides for a ramp-up to the full capacity of 150,000 tonnes milled per year in the following years.

FINANCIAL MODEL AND RESULTS

A summary of the base case results is given in **Table 3** below.

The cash flow statement for the base case is reproduced in **Table 4** of the report.

In **Table 3** and the cash flow statement, the following can be observed:

A total at-mine revenue of \$353.3 M is forecast. This amounts to an average of \$237.27 per tonne milled.

The total pre-production capital expenditure is evaluated at \$ 2.1 M, excluding working capital, and the total sustaining capital requirement, excluding closure costs, is evaluated at \$2.2 M. An initial working capital, equivalent to 6 months of operating expenses in year 1, is provided at start-up, and is reduced to an equivalent of 3 months thereafter. The Spare Parts and Capital Spares entries listed under the indirect capital expenses are included in the initial working capital requirement. The initial working capital outlay is \$5.3 M. Additional amounts

are injected or withdrawn as total annual operating costs increase or decrease over the life of mine. A total of \$0.6 M is provided for closure costs.

The total operating costs are estimated at \$200.7 M for the life of the mine or on average \$134.83/tonne milled. The total NSR royalty payments are evaluated at \$9.8 M or on average \$6.56 per tonne milled.

The financial results indicate a total before-tax cash flow of \$137.9 M, a before-tax Net Present Value (NPV) of \$81.8 M at a discount rate of 8 %, a before-tax Internal Rate of Return (IRR) of 140.5 % and a payback period of 1.1 years.

Table 3 – Project Evaluation Summary

<i>Items</i>	<i>Base Case (M CAD \$)</i>
Total At-mine Revenue	353.276
Pre-production Capital Expenditures (excludes Spares)	2.121
Sustaining Capital Expenditures	2.228
Initial Working Capital Requirement	5.317
Mine Closure Costs	0.562
Total Operating Costs	200.745
Total NSR Royalty Payments	9.766
Total Before-tax Cash Flow	137.854
Before-tax NPV @ 8%	81.823
Before-tax NPV @ 6%	92.562
Before-tax NPV @ 10%	72.636
Before-tax IRR (%)	140.5
Before-tax Payback Period (years)	1.1

SENSITIVITY ANALYSIS

A sensitivity analysis indicates that, within the level of accuracy of the cost estimates, project viability does not appear to be affected by the under-estimation of capital costs and operating costs, taken individually. The net present value is more sensitive to variations in operating expenses and the price of gold. A gold price of approximately \$875 per ounce results in break-even condition i.e. yields an NPV of zero at a discount rate of 8%.

The full report was filed on Sedar under the heading «technical report» and on our website.

This positive economic analysis justifies a mine development program at the Elder mine with the objective of completing a feasibility study and putting the Elder gold mine in production as soon as possible (within the next 6 months).

Current operations

The mine is in a mine development phase with about 65 persons working at the mine. As we were not able to get the necessary financing to proceed according to the plan used to prepare the PEA study, we had to modify the approach. As soon as we received the Certificate of Authorization from the ministry of Environment and permits to use explosive from the *Sûreté du Québec*, in April 2013, we started with the preparation of stopes and the extraction of ore from stopes.

From the beginning of the mine development period in May 2013 to June 30, 2014, 47,000 tonnes of mineralized material were extracted from the mine and 44,968 tonnes were treated at the Aurbec mill. At the end of the period, there were 2,000 tonnes of mineralization stockpiled in part at the mine and in part at the mill. The treated material had a grade of 4.90 grams of gold per tonne.

At the mill, 6,618.8 ounces of gold and 2,768.3 ounces of silver were recovered. Gold was sold at an average price of CAN\$1,380 per ounce and silver was sold at an average price of CAN\$ 21.72 per ounce. The proceeds from the sales and the inventory of gold and silver ingots have a value of CAN\$ 9,192,102, for an average of \$ 204.41 per tonne of mineralization.

On the 8th level, the exploration drift to the west outlined a narrow zone of mineralization with an average of 6.66 grams of gold per tonne over an average width of 1.28 meter for a distance of 20 meters. In the last face of the drift, a 0.4-meter vein with a grade of 50.16 grams of gold per tonne, was exposed and in the roof of the drift, another band of mineralization with an average grade of 5.59 grams of gold per tonne over a width of 1.83 meter and a length of 20 meters was found. The drift will be extended to find the extension of these veins. Stopping will start when the full extent of these veins will be known. On level 6, a cross-cut is progressing towards the old workings and will give access to 170,790 tonnes of measured and indicated resources with a grade of 6.50 grams of gold per tonne and 66,373 tonnes of inferred resources with a grade of 6.22 grams of gold per tonne. The target was reached in the first days of October 2014. Based on the resources calculations, level 6 will be the most productive of the mine. As soon as stopes are opened, production will increase rapidly.

In the three stopes that we have on the 7th level, additional gold mineralization in the roof and in the floor of stopes was found. These stopes were expected to have a height of 2 to 3 meters, but in some places, we have found as much as 7 meters of mineralization. This additional mineralization will eventually be reflected in a revised calculation of resources. However, because of the additional height in stopes, we had to re-inforce the pillars and this work had the effect of retarding the production in these stopes during the April – June 2014 quarter. During this quarter, 7,470 tonnes were extracted from the mine, compared to the 12,500 tonnes extracted in the previous quarter. This decrease in production was only temporary. Things are back to normal and we will add a second shift soon to increase production.

The Aurbec mill was used to treat our mineralization to the end of September. Meanwhile, we are negotiating an agreement with another company to treat our mineralization for the October 2014 – April 2015 period. Moreover, we are looking for a mill to purchase.

The management of the Company expects that the treatment of the gold mineralization during the mine development stage will produce enough revenues to cover most but not all future mine development costs. To satisfy all its needs, the Company will, as in the past, finance itself by the issue of shares or by debt.

For Elder-Tagami, the following has to be realized:

- Hire additional miners and buy some mine equipment to increase the production rate;
- Realize a mine development program to have access to new stopes;
- Assess other more economical possibilities to treat our material. Several mills in the area are available or have available capacity. However, we are also evaluating the possibility of buying a mill;
- Prepare a feasibility study;
- Decide to go into commercial production as soon as all the necessary elements will be in place;
- Raise \$2 to \$5M to buy mining equipment, for mine development work and to create an adequate working capital.

Expansion plans and plans to increase productivity are not considered now.

Our budget for the period 2014 - 2015, will be according to the revenues received from the sale of gold and the financings realized. Our budget for the extraction of about 100,000 tonnes containing about 15,500 ounces of recoverable gold is estimated at about \$20 million for that period.

ABCOURT-BARVUE PROPERTY

The Abcourt-Barvue property is conveniently located at Barraute, 60 kilometers (35 miles) north the mining community of Val-d'Or, Quebec. It covers 5,865 hectares with 139 claims and two (2) mining concessions held 100% by Abcourt.

In 1950, zinc was discovered on surface on the Barvue claims. The mine was operated from 1952 to 1957 with an open pit by Barvue Mines Limited and from 1985 to 1990 with an underground operation by Abcourt Mines Inc.

Our objective is to place this property into production. From 2002 to 2007, several drilling programs, technical and environmental studies were completed or were done to provide data for a feasibility study and to support our applications for permits. The feasibility study is now completed but various alternatives are considered to improve the profitability of this project. In February 2011, Abcourt purchased the Xstrata Zinc Canada Division interest in fifteen half claims being part of the Vendome property. The purchase of these claims will allow us to add Vendome to the Abcourt-Barvue project.

Resource calculation and feasibility study 2006 - 2007

In May 2006, a revision of the Abcourt-Barvue resources was completed by an independent qualified person, Mr. Jean-Pierre Bérubé, P.Eng., consultant for MRB & Associates of Val-d'Or, Québec, Canada. This revision was made according to NI 43-101 Standards. This report is available on SEDAR.

Genivar, Limited Partnership of Quebec City and Bumigeme of Montréal, completed a feasibility study, which was published in February 2007. With this feasibility study, almost all the resources were converted into proven and probable ore reserves. This report is available on SEDAR.

The mining plan involves the extraction of 85% of the ore from an open pit and the treatment of this ore in a mill built on the mine site with a capacity of 1,800 tonnes per day for a total of 650,000 tonnes per year.

We are also evaluating the possibility of increasing the mill capacity to 2,740 tonnes per day, for a total of 1,000,000 tonnes per year. The amount needed for the opening of the Abcourt-Barvue mine, according to the scenario proposed in the 2006 feasibility study, is \$71M, including working capital. However, we have assessed several other scenarios since that time (not 43-101) with costs between \$46M and \$70M. We also looked at the possibility of spinning off this project into a new company. Before proceeding with this plan, we have to choose the best scenario as a function of metal prices and update the feasibility study. The start of this project depends on the availability of funds and we have no guarantee that we will get the necessary funds in the near term, but the outlook for zinc is good.

New resources calculations in 2014

A 43-101 report on the Abcourt-Barvue resources was prepared by Mr. Jean-Pierre Bérubé, engineer and independent consulting geologist with pertinent experience in this field. This report indicates an increase in indicated and inferred resources in comparison with those of 2006. This report was filed on SEDAR.

Here is a comparative table of resources in all categories:

CATEGORY	2014 Estimate			2006 Estimate		
	TONNES	Ag (g/t)	Zn (%)	TONNES	Ag (g/t)	Zn (%)
Measured	6,284,000	43.98	3.09	6,516,000	58.32	3.33
Indicated	1,799,000	95.51	2.94	503,000	98.35	3.44
M + I	8,083,000	55.45	3.06	7,019,000	61.19	3.33
Inferred	2,037,000	114.16	2.89	1,506,000	120.53	2.98

If the open pit outlines designed in 2007 by GENIVAR remain unchanged, it is estimated that 77% of the measured and indicated resources could be extracted from an open pit and 23% from underground operations.

The increase in tonnage between the 2006 estimate and the 2014 estimate was brought about by additional diamond drilling in 2010 and 2011 and by a substantial increase in the price of silver which enabled us to use a lower cut-off grade.

The measured resources are generally extending from surface to a maximum depth of 165 meters. The indicated resources are generally located in the immediate extensions of the measured blocks from elevation -125 to -300 meters.

2013 – 2014 diamond drilling program

In the Fall of 2013 and in January 2014, seven holes for a total of 1,546 meters were drilled on surface in the eastern and western part of the property and at depth on mining concession 393. Low grade mineralization was found as indicated in hole BB13-02, as follow:

<u>FROM</u>	<u>TO</u>	<u>LENGHT METERS</u>	<u>SILVER g/t</u>	<u>ZINC g/t</u>
166.10	171.00	4.90	2.15	0.61
253.00	254.00	1.00	6.30	1.82
268.00	279.60	11.60	6.61	0.48
285.10	287.20	2.10	5.93	3.08

Expenses incurred in the 12-month period ending on June 30, 2014

During the 12-month period ending on June 30, 2014, a total of \$258,898 was spent, principally for the revision of the resources and for a 1,546-meter drilling program on surface.

Plan for 2015

We are planning to add a few diamond drill holes at the extremities of the property and to start a mine development program as soon as funds become available.

THE VENDÔME PROPERTY

The Vendome property is located 11 kilometres (seven miles) south of the Abcourt-Barvue property. It comprises 59 full claims for a total of 2,546 hectares owned 100% by Abcourt.

In the 1950's, a small ore body was discovered and a three-compartment shaft was sunk to a depth of 160 meters (525 feet). Three levels were established at depths of 76 meters (250 feet), 114 meters (375 feet) and 153 meters (500 feet). A total of 2,134 meters (7,000 feet) of drifts and raises were excavated and 540 holes were drilled underground for a total of 66,700 meters (218,776 feet). At the same time, two deposits, the **Barvallee** and the **Belfort** were found on strike to the west by surface drilling. In addition, some holes drilled in the Magador batholith found some gold values.

In 1987, a surface plant was installed and a short (76 meters) ramp was excavated on the Barvallee part of the property.

In 1998, the Company drilled nine holes for a total of 1,505 meters (4,936 feet) in the Barvallee sector of the zone. Results were very encouraging.

In 2011, four holes were drilled to confirm historical resources and excellent results were obtained. See our Press Release dated August 9, 2011. An evaluation of resources according to NI 43-101 was completed by Mr. Jean-Pierre Bérubé, Consulting Engineer, and a report was published on February 12, 2013. Mr. Bérubé is a qualified independent person. This report was filed on SEDAR.

Here are the 43-101 Vendôme resources:

<u>Category</u>	<u>Tonnes</u>	<u>Grade</u>			
		<u>Au g/t</u>	<u>Ag g/t</u>	<u>Cu %</u>	<u>Zn %</u>
Mesured	347,890	1.46	73.97	0.52	9.78
Indicated	<u>364,332</u>	<u>1.00</u>	<u>47.15</u>	<u>0.74</u>	<u>5.33</u>
Total	712,222	1.23	60.11	0.63	7.50
Inferred	<u>305,769</u>	<u>0.99</u>	<u>36.77</u>	<u>0.49</u>	<u>4.30</u>
Total all categories	<u>1,017,991</u>	<u>1.15</u>	<u>53.10</u>	<u>0.59</u>	<u>6.54</u>

No significant expenditure was done on this property during the 12-month period ending on June 30, 2014 and none is expected for the next period.

THE ALDERMAC PROPERTY

In January 2007, Abcourt announced that a 4-year option was signed for 100% of the Aldermac property located in Beauchastel township near Rouyn-Noranda, Quebec, Canada. This 303-hectare property is the site of a former mine, serviced by a 495-meter 3-compartment shaft and nine levels. In the past, it produced two million tons of ore with a grade of 1.78% Cu, 0.2 oz/t Ag, 0.02 oz/t Au and 1.50% ± Zn.

Around the old mine and 300 meters further east, where a new ore body was discovered in 1987, historical resources are as follows:

<u>Description</u>	<u>Short tons</u>	<u>Cu %</u>	<u>Zn %</u>	<u>Ag oz/t</u>
Area around the old mine	620,000	1.60 ±	2.00 ±	0.2
New ore body to the east	<u>1,150,000</u>	<u>1.50</u>	<u>4.13</u>	<u>0.9</u>
Total	1,770,000	1.54	3.38	0.6

The historical resources reported above were prepared before the introduction of National Instrument 43-101 (“43-101”). The historical resources have not been verified and should not be relied upon. This being said, Abcourt believes that these estimates, particularly the ones prepared by Wright Engineers, were estimated by competent persons. This statement is made by Mr. Renaud Hinse, professional engineer, President of Abcourt Mines Inc. Mr. Hinse is a qualified person under 43-101.

A 22-hole drilling program totalling 5,514 meters at a cost of \$601,399 was completed during the 2008 winter. Several excellent values over important widths were cut and reported in Press Releases and previous annual reports. See our Web site: www.abcourt.com.

Having placed a priority on Elder-Tagami and Abcourt-Barvue, only \$551 was spent on this property in 2014. However, this property is interesting and additional work will be done as soon as funds become available.

THE JONPOL PROPERTY

In March 2007, Abcourt announced the signature of a 7-year option to purchase 100% of the Jonpol property located in Dalquier township near Amos, Quebec, Canada. This 880-hectare property was subject to several exploration programs in the past and three shafts were sunk, the deepest reaching a depth of 152 meters.

This exploration work outlined the following historical resources:

Zone	Date	Author	Short tons	% Cu	% Zn	oz/t Ag
Upper Ag-Zn	1969	Waisberg ⁽¹⁾	20,000	- -	4.0	8.0
Jay Copper	1969	Waisberg	26,000	3.5	- -	1.0
Main West Cu	1974	Kilborn ⁽²⁾	1,946,000	1.04	- -	0.02
Lower Ag-Zn-Cu	1983	Getty ⁽³⁾	815,000	1.25	3.21	3.55

⁽¹⁾ S. Waisberg, 1969, Conigo Mines Ltd

⁽²⁾ H.B. Hicks, 1974, Kilborn Engineering Ltd, preliminary feasibility study for 1,000 TPD mining and milling plant

⁽³⁾ D. Titaro, 1983, Getty Canadian Mines Ltd, work summary

In addition, several significant gold intersections were obtained in the drilling.

This information comes from a report by C.M Cooke, senior project geologist for Aur Resources Inc., dated November 1992.

The historical resources reported above were prepared before the introduction of National Instrument 43-101 (“43-101”). The historical resources have not been verified and should not be relied upon. However Abcourt believes that these estimates, particularly the ones prepared by Kilborn and Getty, were estimated by competent persons. This statement is made by Mr. Renaud Hinse, professional engineer, President of Abcourt Mines Inc. Mr. Hinse is a qualified person under 43-101.

Aur Resources, with whom we had negotiated the first agreement, was amalgamated with Teck-Cominco Limited. We renegotiated the Agreement with the latter and obtained more advantageous conditions.

Diamond drilling in the first quarter of the 2012 period

During the first quarter of the period ended on June 30, 2012, we drilled nine holes. Eight of these holes were drilled on the western extension of a silver zone indicated by previous drilling. These holes only gave low values. The ninth hole was drilled to intersect a rhyolite-tuff contact. It cut a 1-meter mineralized section averaging 267.50 g/t silver and 0.24 % zinc at an approximate depth of 100 meters.

Diamond drilling in the period ending on June 30, 2013

In September 2012, six additional holes, for a total of 1,466 meters, were drilled. These holes did not produce any significant results.

Expenditures in the 2014 period

During the 2014 period, an amount of \$40,805 was spent, essentially for internal geological studies.

THE VEZZA PROPERTY

In 2009 and 2010, Abcourt has acquired by staking 85 claims and 19 cells totalling 2,233 hectares in Vezza Township, Quebec. This property covers about 8 km along the Casa Berardi-Douay-Cameron deformation zone where several gold occurrences have been reported in the past. This new property is currently in the exploration stage and is without a known body of commercial ore or economic deposit.

In the period ending on June 30, 2013, we drilled four holes (1,011 meters) on the sediment/volcanic contact, usually mineralized with pyrite and some gold. No significant value was intersected. These holes were drilled to renew the claims.

During the period ending on June 30, 2013, the Company decided to write-off the value of the deferred value and evaluation expenses and in the 2014 period, 11 cells were abandoned.

PERSON RESPONSIBLE OF TECHNICAL INFORMATION

The qualified person under National Instrument 43-101 respecting standards of disclosure for mineral projects, who is responsible of the technical information relating to the mining properties of the Company, is Mr Renaud Hinse, mining engineer, President of Abcourt Mines Inc.

RISKS AND UNCERTAINTIES

RISK FACTORS

In the course of its business and affairs, the Company faces the following risks factors:

Fluctuations in the Market Price of gold and other metals

The profitability of mining operations, and thus the value of the mineral properties of the Company, is directly related to the market price of gold and other metals. The market price of gold and other metals fluctuates and is affected by numerous factors beyond the control of any mining company. If the market price of gold and metals should decline dramatically, the value of the Company's mineral properties could also decrease dramatically and the Company might not be able to recover its investment in those interests or properties. The selection of a property for exploration or development, the determination to construct a mine and place it into production and the dedication of funds necessary to achieve such purposes, are decisions that must be made long before first revenues from production are received. Price fluctuations between the time that such decisions are made and the commencement of production can, drastically, affect the economics of a mine.

Financial Risk

Additional funds will be required in the future to finance the Company's exploration and development work. The Company may have access to funds through the issuance of additional equity and borrowing. There can be no assurance that such funding will be available to the Company. Furthermore, even if such a financing is successfully completed, there can be no assurance that it will be obtained on terms favourable to the Company or provide the Company with sufficient funds to meet its objectives, which could adversely affect the Company's business and financial condition.

Exploration and Mining Risks

Mineral resources exploration and development is highly speculative and involves a high degree of risk, which even a combination of careful evaluation, experience and knowledge may not be able to avoid. While the discovery of a deposit may prove extremely lucrative, most exploration efforts are not successful in that they do not result in the discovery of mineralization of sufficient quantity or quality to be profitably mined. Substantial sums may be required to establish ore reserves, develop metallurgical processes and build mining and processing facilities at a given site. **There is no assurance that ores will be discovered by the Company in quantities sufficient to warrant mining operations. There is also no assurance that the mining properties of the Company will be brought into commercial production.** The economic life of a mineral deposit depends on a number of factors, some of which relate to the particular characteristics of the deposit, particularly its size and grade. Other factors include the proximity of the deposit to infrastructure, the production capacity of mining facilities and processing equipment, market fluctuations, possible claims of native peoples and government regulations, including regulations relating to prices, royalties, allowable production, importation and exportation of minerals, environmental protection and the protection of agricultural territory. The effect of these factors cannot be accurately predicted and may prevent the Company from providing an adequate return on investment.

Regulatory Compliance, Permitting Risks and Environmental Liability

Exploration, development and mining activities are subject to extensive Canadian federal and provincial laws and regulations governing exploration, development, production, taxes, labour standards, waste disposal, protection and conservation of the environment, reclamation, historic and cultural preservation, mine safety and occupational health, toxic substances as well as other matters. The costs of discovering, evaluating, planning, designing, developing, constructing, operating and closing a mine and other facilities in compliance with such laws and regulations is significant. The costs and delays associated with compliance with such laws and regulations could become such that the Company cannot proceed with the development or operation of a mine.

Mining in particular (and the ownership or operation of properties upon which historic mining activities have taken place) is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to the Company (or to other companies within the industry)

at a reasonable price. To the extent that the Company becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to the Company and could have a material adverse effect on the Company. Laws and regulations intended to ensure the protection of the environment are constantly changing, and are generally becoming more restrictive.

Risks concerning titles to Properties

Although the Company has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interests.

Industry Conditions

Mineral resource exploration and development involves a high degree of risk that even a combination of careful assessment, experience and know-how cannot eliminate. While the discovery of a deposit may prove extremely lucrative, few properties that undergo prospecting ever generate a producing mine. Substantial sums may be required to establish ore reserves, develop metallurgical processes and build mining and processing facilities at a given site. There can be no assurance that the exploration and development programs planned by the Company will result in a profitable mining operation. The economic life of a mineral deposit depends on a number of factors, some of which relate to the particular characteristics of the deposit, particularly its size, grade and proximity to infrastructure, as well as the cyclical nature of metal prices and government regulations, including those regarding prices, royalties, production limits, importation and exportation of minerals, and environmental protection. The impact of such factors cannot be precisely assessed, but may prevent the Company from providing an adequate return on investment.

Outlook

Management will continue to manage its funds rigorously, its primary objective being to optimize return on investment for the Company's shareholders. The Company's development strategy is focused on the discovery of economically-viable deposits that will generate profits from mining and ensure the Company's survival. In applying its development strategy, management will take into account the global exploration context, stock market trends and the prices of gold and other metals.

Competition

The Company competes with major mining companies and other natural resource companies in the acquisition, exploration, financing and development of new properties and projects. Many of these companies are more experienced, larger and better capitalized than the Company. The competitive position of the Company depends upon its ability to obtain sufficient funding and to explore, acquire and develop new and existing mineral-resource properties or projects in a successful and economic manner. Some of the factors which allow producers to remain competitive in the market over the long term are the quality and size of an ore body, cost of production and operation generally, and proximity to market. The Company also competes with other mining companies for skilled geologists and other technical personnel.

Permits and Licenses

The operations of the Company require licences and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licences and permits that may be required to carry out further exploration, development and mining operations at its projects.

Volatility of Stock Price and Limited Liquidity

The common shares of the Company are listed on the TSX Venture Exchange and on the Frankfurt and Berlin Exchanges. The common shares have experienced volatility in price and limited trading volume over the last several years. There can be no assurance of adequate liquidity in the future for the common shares.

Dependence on Key Personnel

The Company is dependent on the services of certain key officers and employees. Competition in the mining exploration industry for qualified individuals is intense and the loss of any key officer or employee if not replaced could have a material adverse effect on the business and operations of the Company.

STRATEGY AND OUTLOOK

Our objective is to maximize the value of the Company for our shareholders and our strategy to obtain this result is to develop our gold properties. To proceed with this strategy, a private placement was completed in 2014 and the funds received were used to realize an important development program at the Elder mine. Our objective is to reach full production as soon as possible, i.e. 12,500 tonnes per month and 2,000 ounces per month. In addition, we are always trying to figure a way or a formula which will allow us to start the mine development of the Abcourt-Barvue property with substantial silver and zinc resources. During the 2014 period, the zinc price increased substantially.

For any additional information, please consult our web site www.Abcourt.com and the SEDAR site www.sedar.com.

CERTIFICATE

This management's discussion and analysis has been examined by the Audit Comitee and approved by the Board of directors of the Company.

(s) Renaud Hinse
Renaud Hinse
Chief Executive Officer
2014/10/28

(s) Marc Filion
Marc Filion
Chief Financial Officer
2014/10/28