



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the 3rd quarter ended on March 31, 2017

ABCOURT MINES INC.

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THIRD QUARTER ENDED ON March 31, 2017

This management's discussion and analysis provides an analysis of our exploitation results and of our financial situation for the quarter ended March 31, 2017 which will enable the reader to evaluate important variations in comparison with the previous year third quarter. This report supplements our audited financial statements and should be read in conjunction with our financial statements and the accompanying notes of June 30, 2016. Our financial statements are 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, evaluation and exploitation 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 valuation of mining properties with a view to commercial production. On March 31, 2017, the Company was exploiting the Elder mine. 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 3rd QUARTER ENDED ON MARCH 31, 2017

For the 3rd quarter, the net profit was \$186,215 and for the nine-month period ended on March 31, 2017, the net loss was \$1,995,878.

After losing \$2,132,093 during the first six months of the reporting period, a net profit of \$186,215 was made during the quarter ending on March 31, 2017. This improvement was realized in the 3rd quarter with a production of 9,160 tonnes per month at the Elder mine with a grade of 4.65 g/t of gold (in March, the grade was 5.41 g/t of gold) compared to 7,749 tonnes per month with a grade of 4.46 g/t of gold in the previous six-month period. The net profit for the 3rd quarter was affected negatively by a large inventory of gold and silver at a cost of \$2,795,711. Part of this gold was ready to be sold and it was effectively sold early in April. The other part was in the mill circuit (see page 23 of this report).

Besides, the results for the nine-period ending on March 31, 2017, were affected negatively by the value of options granted to directors and management (\$582,000), the interests on the new assessments from Revenu Quebec for years 2011, 2012, 2013 and 2014 (\$259,618) and the start-up costs of the Sleeping Giant mill (\$500,000). The sum of these expenses represents two-third of the accumulated loss for the nine-month period ending on March 31, 2017. These items are non-recurrent, non-repetitive and should not affect results for the next quarter.

PRINCIPAL ANNUAL INFORMATIONS (audited)

Periods ended on June 30

	2016	2015	2014
Statement of comprehensive income			
Other revenues	11,536,126	20,361	-
Interests	11,175	6,035	17,391
Net profit (Net loss)	1,733,592	(1,013,091)	(331,967)
Net loss per share diluted	0.01	(0.005)	(0.002)
Statement of financial position (\$)			
Cash and term deposits	2,679,474	1,043,372	934,486
Total assets	33,574,141	23,577,441	22,648,536
Decommissioning provision	5,939,350	252,646	229,678
Mining exploration (\$)			
Exploration and evaluation assets	7,023,883	17,035,740	15,951,740

QUARTERLY INFORMATION (non-audited)

	2017 March	2016 March	2016 Dec.	2015 Dec.	2016 Sept.	2015 Sept.	2016 June	2015 June
Statement of comprehensive income (\$)								
Revenues	4,256,683	4,587,823	6,205,585	20,957	3,809,123	15,113	6,919,465	11,361
Interests	2,531	3,141	2,558	2,831	1,492	1,093	4,879	3,230
Net profit (net loss)	186,215	479,130	(925,934)	(179,807)	(1,206,159)	(102,849)	1,537,118	(684,043)
Net profit (net loss) per share diluted	0.00	0.00	(0.00)	(0.00)	(0.00)	(0.00)	0.01	(0.00)
Statement of financial position (\$)								
Cash and near cash	1,107,671	2,241,900	3,331,463	3,830,274	1,776,442	2,111,615	2,550,474	1,043,372
Total assets	37,249,683	25,600,237	37,791,888	24,922,108	36,228,483	23,385,685	33,574,141	23,577,441
Decommissioning provisions	5,871,174	271,637	5,907,044	264,977	5,930,203	258,738	5,939,350	252,646
Mining exploration (\$)								
Exploration and evaluation expenditures net of credits and sale gold before January 1 st , 2016	97,254	141,619	186,111	(1,357,786)	39,343	(1,274,224)	13,844	(648,362)

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 properties. According to this strategy, in the short term, the Company is focussing on stabilizing and increasing the Elder production. Hence, in the next few months, the advance of drifts will enable us to reach a new area with a higher grade of gold mineralization and to correct drop in grade over the past few months. In addition, the Company is evaluating the possibility of having a new working schedule to increase production to at least 10,000 tonnes per month. Also, discussions are currently taking place to use the full capacity of the Sleeping Giant mill, thereby reducing the operating cost of the mill.

For the long term growth in the gold sector, the Company has recently started discussions with outside parties to accelerate the exploration on some gold properties with a very good potential including substantial gold mineralization, recently acquired with the Sleeping Giant assets.

Also, considering the very favourable zinc market, we have accelerated our search for a formula to finance the development of the Abcourt-Barvue project with important silver-zinc resources.

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

INTERIM STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME

For the three-month and nine-month periods ended March 31, 2017 and 2016:

	2017		2016	
	3 months	9 months	3 months	9 months
	\$	\$	\$	\$
ELDER MINE PRODUCTION				
Sales of gold and silver ingots	4,253,722	14,238,471	4,581,527	4,581,527
Operating mining cost	3,447,318	13,353,367	3,729,124	3,729,124
Royalties	125,889	424,631	124,457	124,457
Amortization and depletion	287,793	862,217	146,011	146,011
Costs of sales	3,861,000	14,640,215	3,999,592	3,999,592
GROSS PROFIT	392,722	(401,744)	581,935	581,935
EXPENSES				
Part XII.6 Taxes	634	634	1,359	1,359
Professional fees	26,911	168,667	34,749	181,754
Restoration of mining sites	-	6,888	310	37,568
Interest and penalties	(45,027)	214,591	-	11,539
Taxes, licences and permits	1,831	4,227	85	85
Advertising	700	5,517	1,460	6,711
Software and internet	69	1,689	14,121	18,928
Salaries and administrative fees	52,386	135,085	29,198	60,802
Payroll charges	11,137	27,346	3,495	11,921
Insurance	55,474	190,940	3,088	9,333
Office expenses	33,855	70,332	10,694	38,089
Accretion expense	8,930	26,124	6,390	18,721
Registration, listing fees and shareholder's information	44,519	65,355	24,237	37,646
Forest expenses	-	-	-	(2,182)
Options granted in relation with the plan	-	582,000	-	-
Bank expenses	973	2,215	6,057	17,218
Amortization of property, plant and equipment	2,739	9,980	1,659	5,081
	195,131	1,511,590	136,902	454,573
PROFIT (LOSS) BEFORE OTHER REVENUES	197,591	(1,913,334)	445,033	127,362

INTERIM STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME (suite)

For the three-month and nine-month periods ended March 31, 2017 and 2016:

	2017		2016	
	3 months	9 months	3 months	9 months
	\$	\$	\$	\$
PROFIT (LOSS) BEFORE OTHER REVENUES	197,591	(1,913,334)	445,033	127,362
OTHER REVENUES				
Interest income	2,531	6,581	3,141	7,065
Other income	2,961	32,920	6,296	34,003
	<u>5,492</u>	<u>39,501</u>	<u>9,437</u>	<u>41,068</u>
PROFIT (LOSS) BEFORE INCOME TAXES	203,083	(1,873,833)	454,470	168,430
Income taxes	30,868	118,293	8,605	41,815
Deferred taxes recovery	(14,000)	(46,248)	(33,265)	(69,859)
	<u>16,868</u>	<u>72,045</u>	<u>(24,660)</u>	<u>(28,044)</u>
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	<u>186,215</u>	<u>(1,945,878)</u>	<u>479,130</u>	<u>196,474</u>
PROFIT (LOSS) PER SHARE				
Basic and diluted	0.00	(0.00)	0.00	0.00

COMMENTS

Revenues

Our revenues come essentially from the sale of gold and silver ingots. During the third quarter, our revenues from the sale of gold and silver totaled \$4,253,722 and our other revenues total \$5,492. A decrease of 7% from the third quarter of 2016, which is explained by a slight drop in the average price per ounce of gold sold, from \$1,671/oz in 2016 to \$1,627/oz in 2017 and also by a small reduction in the ounces of gold sold, 2,742 in 2016 compare to 2,614 in 2017. In fact, the revenues produced by the sale of gold and silver were \$4,581,527 in the third quarter of 2016 and other revenues were \$6,296. For the nine-month period ended on March 31, 2017, sales of gold and silver totaled \$14,238,471 while other revenues totaled \$39,501. No comparison for the nine-month period is possible as for the first six-month period of 2016, the mine was not in commercial production.

Expenses

The costs of sales, including the mine operating costs, royalties, amortization and depletion, for the third-quarter, was \$3,861,000, compared to \$3,999,592 for the same period in 2016. A decrease of 3.5% compared to 2016. The cash costs dropped from \$1,405/oz in 2016 to \$1,367/oz in 2017, decrease of about 3%. For the nine-month period ending on March 31, 2017, the cost of sales was \$14,640,215. No comparison with 2016 for the nine-month period is possible as for the first six-month of that period, the mine was not in commercial production.

The expenses for the third quarter totaled \$195,131, a \$58,279 increase over the same period in 2016. The increase is mainly due to the increase of salaries and administrative fees, insurance,

office expenses and registration, listing fees and shareholder's information. The cancelation of an environmental penalty resulted in a credit of \$45,027 for the quarter ended March 31, 2017.

Income before income tax

The profit before income tax for the third quarter ending on March 31, 2017 was \$203,083 compared to \$454,470 in 2016.

Net income and comprehensive income

For the three-month period ended on March 31, 2017, the net loss and comprehensive loss was \$186,215. In 2016, the profit was \$479,130. In both cases, the net profit per share, basic and diluted, was \$0.00.

The drop in net profit, as described above, was caused by lower sales, see details above under the **Revenues** heading, and the increase of \$58,279 in expenses as well as the increase of income taxes from \$8,605 in 2016 to \$30,868 for the same period in 2017.

OPERATING ACTIVITIES

Cash at the end of the nine-month period ending on March 31, 2017

In the nine-month period ending on March 31, 2017, the cash decreased by an amount of \$1,571,803 whereas in 2016, it increased by \$1,198,528.

The decrease in cash is essentially due to the loss of \$1,945,878 realized in the nine-month period ended on March 31, 2017. The investment activities (\$3,029,990) were almost covered by the financing activities (\$2,902,750).

In 2016, during the prospection and evaluation period, the cost of investment was completely canceled by the sale of gold and silver and a surplus of \$2,215,062 was realized.

Operating Activities

For the nine-month period ended on March 31, 2017, the cash used by operating activities (before the net change in non-cash working capital items) was \$511,805 whereas for the same period in 2016, a surplus of \$377,971 was obtained. As for the net change in non-cash working capital items, amounts of \$932,758 in 2017 and \$2,413,775 in 2016 were used.

Net change in non-cash operating working capital items (nine-month periods)

(Note 4 in financial statements)

	March 31 2017	March 31 2016
	\$	\$
Deposit for future acquisition	-	(225,000)
Interests receivable	-	(3,343)
Taxes receivable	(497,749)	(543,334)
Prepaid expenses	(8,266)	28,453
Other receivables	42,038	(8,835)
Inventory variation	(918,658)	(2,519,906)
Accounts payable and accrued liabilities	514,140	858,190
Income taxes payable	(64,263)	-
	<u>(932,758)</u>	<u>(2,413,775)</u>

Items not affecting cash and cash equivalents:

Fair value of the options exercised accounted for in capital stock	6,400	-
Amortization of equipment accounted for in exploration and evaluation assets	-	81,543
Intermediaries options granted	19,607	-
Decommissioning provision costs for the mine sites accounted for as Property, Plant and Equipment	(94,300)	-
Mining duties adjustment accounted for as Property, Plant and Equipment	120,221	-
Tax credits adjustment accounted for as Property, Plant and Equipment	1,466,680	-
Transfer from Elder's project into Property, plant and equipment	-	7,553,390

Financing activities**For the nine-months period ended March 31, 2017**

	2017	2016
	\$	\$
Units issuance	2,523,800	723,200
Flow-through shares	390,750	296,070
Options exercised	14,000	-
Share issuance expenses	(25,800)	-
	<u>2,902,750</u>	<u>1,019,270</u>

During the nine-month period ended on March 31, 2017, the issuance of units, flow-through shares and the exercise of share purchase options less the cost of share issues generated an amount of \$2,902,750, (\$1,019,270 on March 31, 2016).

Investing activities

Investing activities for the nine-month periods ending on March 31, 2017 and 2016 are summarized as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Tax credit related to resources and mining duties received	84,487	5,997
Deposit for restoration of Elder mine	(120,168)	(120,168)
Acquisition of property, plant and equipment	(2,663,827)	(144,271)
Acquisition of exploration and evaluation assets	(330,482)	(9,959,556)
Gold and silver sales capitalized to the exploration and evaluation assets	-	12,433,060
	<u>(3,029,990)</u>	<u>2,215,062</u>

We cannot compare the investing activities for the period ended March 31, 2017 with investing activities over the same period in 2016. In the first six months of 2016, the mine was in the exploration phase and the sales of gold and silver were accounted for a reduction of exploration and evaluation assets.

FINANCIAL POSITION

Total assets on March 31, 2017, were \$36,915,146 compared to \$33,574,141 on June 30, 2016. The increase was principally due to increases in taxes receivable, inventory, property, plant and equipment, less cash decrease.

The liabilities increased from \$2,492,689 on June 30, 2016 to \$4,421,748 on March 31, 2017.

The increase is explained mainly by the increase in accounts payable and accrued liabilities.

CASH

The cash decreased from \$2,679,474 as at June 30, 2016 to \$1,107,671 on March 31, 2017 due to losses incurred and the increase in gold and silver inventory.

PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment increased, from \$14,936,431 as at June 30, 2016 to \$18,220,662 as at March 31, 2017. The increase of \$3,284,231 is mainly due to the adjustment in tax credits related to resources following the review by Quebec Revenue of the income taxes and the reception of new notices of assessments for the years 2011 to 2014. Quebec Revenue claims the partial or full reimbursement of the tax credits related to resources received for those years for an amount of \$1,466,680. The tax credits were initially recorded as a reduction of the exploration expenses of the Elder Property. After reaching the production stage, it was transferred to property, plant and equipment. Therefore, the credits adjustments were accounted for as property, plant and equipment. Also, the Company received notices of assessments from Quebec Revenue who disallowed the eligibility of certain expenses (Elder) as exploration expenditures according to the mining tax legislation for the fiscal years 2011, 2012 and 2013. An amount of \$120,221 recorded as mining duties receivable was reversed and transferred as an increase to the property, plant and equipment account. For more details see page 16 Contingent Liabilities.

The following table summarizes the additions to property, plant and equipment for the nine-month period ended March 31, 2017:

	2017
<u>Elder</u>	\$
Furniture and equipment	92,687
Tax credits related to resources for 2011 to 2014, cancelled	1,466,680
Refusal of receivable mining tax credits	120,221
Development work	1,026,313
Truck scale	96,132
Buildings	12,942
Changes to estimates to decommissioning provisions for mining sites	(19,300)
	<u>2,795,675</u>
<u>Sleeping Giant</u>	
Sleeping Giant mine	887,749
Processing equipment	218,561
Buildings	10,054
Mobile equipment	244,389
	<u>1,360,753</u>
TOTAL	<u><u>4,156,428</u></u>

INVENTORY

The following tables summarize the information related to inventory for the period ended March 31, 2017 and June 30, 2016:

	2017	2016
	\$	\$
Gold and silver ingots	2,795,711	1,551,107
Ore stock piles	1,170,281	1,623,738
Mine supplies	616,501	488,990
	<u>4,582,493</u>	<u>3,663,835</u>

EXPLORATION AND VALUATION ASSETS

(see note 7 of interim financial statements)

	March 31	June 30
	2017	2016
	\$	\$
Mining properties	1,918,844	1,893,949
Exploration and evaluation expenses	5,413,300	5,129,935
	<u>7,332,144</u>	<u>7,023,884</u>

The cost of exploration and valuation assets has not changed much. They increased by an amount of \$97,254 mainly with the cost of diamond drilling on the Abcourt-Barvue site in January 2017. For the nine-month period ending on March 31, 2017, exploration expenses totaled \$305,587. See p.12 of the Financial Statements for details.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

See note 8 of Financial Statement

For the three-month period ended on March 31, 2017, the accounts payable and accrued liabilities were reduced by almost \$1 million. They went from \$5,296,546 on December 31, 2016, to \$4,256,261 on March 31, 2017.

For the nine-month period ended on March 31, 2017, an increase of about \$2 million in liabilities is explained by the increase of the amounts due to governments (\$1,329,609) and the amounts due to suppliers (\$499,094).

The increase for the nine-month period is mainly due to the new notices of assessments received for the year 2011 to 2014 from Quebec Revenue. Quebec Revenue claims the partial or full reimbursement of the tax credits related to resources received by the Company for those years plus interests. The amount claimed is \$1,722,117. The management of the Company is contesting these new assessments decisions. As an opposition was made, only 50% of the claim is due in the short term that is \$861,056. During the quarter, the Company reimbursed an amount of \$334,537. The balance to pay on March 31, 2017, is \$1,387,580. Of this amount only \$550,965 is payable shortly.

The \$500,000 increase in accounts payable is explained by about \$225,000 due to Hydro-Québec, representing a balance of \$150,000 due for invoices received in December 2016 for the months of July to November 2016 and an amount of \$75,000 for current expenditures, \$200,000 for current transportation of mineralized material and finally, by an amount of \$75,000 reflecting a larger volume of operations in the quarter. In fact, the tonnes broken in the quarter were more important than all other previous quarters.

By excluding the amount not due immediately to Revenu Quebec, that is \$836,615, the total due to creditors is about \$3,419,646. The total of accounts payable and accrued liabilities increased by \$1 million, compared to the amount due on June 30, 2016. The increase is explained by a higher volume of activities. The Company has enough cash to meet its short term obligations.

In fact, its short term assets are made up mainly of very liquid assets, including cash (\$1,107,671), taxes receivables (\$938,483) and other receivable (\$56,142) as well as gold and silver ingots ready to be sold (effectively sold in April for a total of \$1,406,249). The available very liquid assets totaled \$3,508,545.

INTERIM STATEMENTS OF CHANGES IN EQUITY

During the nine-month period ended on March 31, 2017, the equity increased by an amount of \$1,480,122, despite a loss of \$1,945,878, mainly with the issue of units and flow-through shares and the exercise of share purchase options, which generated a sum of \$2,869,800 and the grant of options to directors, management and intermediaries that resulted in an increase in capital of \$601,607. In the previous period, the equity increased by an amount of \$3,162,161 with the issue of units and flow-through shares for a total of \$945,252, the exercise of warrants (\$491,890) and a net profit of \$1,733,592.

STATUTE OF INCORPORATION AND NATURE OF ACTIVITIES

Abcourt Mines Inc. was constituted by letters patent of amalgamation in January 1971 and continued its existence under Part 1A of the Quebec Companies Act in March 1981. On February 14, 2011, the Company was automatically continued under Business Corporations Act (Quebec) following the entry into force of this law. The Company is engaged in the acquisition and exploration of mining properties in Canada. Its shares are trading on TSX Venture Exchange under the symbol ABI, on the Berlin Stock Exchange under the symbol AML-BE and on the Frankfurt Exchange under the symbol AML-FF. The address of the Company's head office is: 506 des Falaises, Mont-St-Hilaire, (Quebec) J3H 5R7.

These interim financial statements were approved by the Board of Directors on March 1, 2017.

GENERAL INFORMATION AND BASIS OF PREPARATION

These interim financial statements have been prepared by the Company's management in accordance with International Financial Reporting Standards («IFRS»), as established by the International Accounting Standards Board and in accordance with IAS 34 «Interim Financial Reporting». These interim financial statements were prepared using the same basis of presentation and accounting policies outlined in the annual financial statements on June 30, 2016. They do not include all the information required in annual financial statements in accordance

with IFRS and must be read in conjunction with the financial statements for the year ended June 30, 2016.

JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgments, estimates and assumption applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's last annual financial statements for the year ended June 30, 2016.

Basis of Measurement

The financial statements have been prepared according to historical costs.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS

Decommissioning provisions for the Elder and Sleeping Giant mining sites

	March 31	June 30
	2017	2016
	\$	\$
Balance, beginning of period	5,939,350	252,646
Changes to estimates	(94,300)	207,439
Provision related to the acquisition of the sleeping Giant assets	-	5,454,000
Accretion expense	26,124	25,265
Balance, end of period	5,871,174	5,939,350

Royalties, excluding mining tax

<u>Property</u>	<u>Royalty</u>
Elder	2 to 3% NSR plus 1% on the value of the ore at the head of the shaft paid to Quebec Government
Barvue	\$0.25 per short ton on former Barvue property and 1 to 1.5% NSR on some other claims
Vendome	2% on Xstrata claims
Abcourt	None
Tagami	1 to 2% NSR
Jonpol	2.5% NSR
Aldermac	\$2.00/t for 1.5 M t
Aldermac West	2% NSR
Sleeping Giant	\$5.00 / t for 350,000 tonnes

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. On the Abcourt-Barvue site, an amount of \$6,888 was spent for restoration during the nine-month period ended on March 31, 2017, \$37,568 in 2016.

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 ON MAY 30, 2017

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	276,678,219	\$42,131,970
Preferred	To determine	Unlimited	None	0

All the shares issued were fully paid.

- (1) Value of capital stock paid in cash is presented net of the fair value of warrants amounting to \$262,453. (43 784 \$ on June 30, 2016).
- (2) Value of flow-through shares is presented net of premium related to the sale of tax deductions amounting to \$58,750 (\$74,018 as at June 30, 2016).
- (3) Value of capital stock issued from the exercise of the share purchase options include an amount of \$6,400 which represents the fair value of the options exercised.
- (4) As at June 30, 2016, the value of capital stock issued from the exercise of warrants include an amount of \$42,543 which represent the fair value of the warrants exercised.

In July 2016, the Company closed a private placement constituted of 23,810,000 units at a price of \$0.10 per unit. Each unit consists of one class « B » share and half warrant, each warrant entitling its holder to purchase one share at a price of \$0.13 over a 12 month period. The total gross proceed of \$2,381,000 was presented net of the fair value of warrants amounting to \$246,953.

In connection with the private placement, 382,200 options were issued to an intermediary. Each option entitles its holder to purchase one unit at a price of \$0.10 per unit for a 12 month period. Each unit consists of one class « B » share and half warrant, each full warrant entitles its holder to purchase one share at a price of \$0.13 for a 12 month period.

In July 2016, 200,000 share purchase options were exercised for a total proceed of \$14,000. An amount of \$6,400 representing the fair value of those share purchase options was accounted for as capital stock.

In December 2016, the Company closed a private placement constituted of 168 units at a price of \$850 per unit. Each unit consists of 10,000 class « B » share at a price of \$0,085 and 5,000 warrants, each warrant entitling its holder to purchase one share at a price of \$0.10 over a 12-month period. The total gross proceed of \$142,800 was presented net of the fair value of warrants amounting to \$15,500.

In December 2016, the Company closed a flow-through private placement of 3,907,500 flow-through shares at \$0.10 per share. The total gross proceeds of \$390,750 were presented net of a premium on flow-through shares of \$58,750.

In December 2015, the Company made a private placement of 14,464,000 units at a price of \$0.05 per unit. Each unit was made up of one class B share and half a warrant; each warrant allowed its holder to subscribe to one share at a price of \$0.07 for a period of 12 months. The total amount received was \$723,200 and was presented net of the fair value of warrants amounting to \$43,784.

Share purchase options and warrants

See note 12 of the Financial Statements, p.17 to 22.

Convertible securities

None

Escrowed shares

None

CONTRACTUAL OBLIGATIONS

Long-term Debt

The Company has no long-term debt, other than the provisions for the restoration of the Elder and Sleeping Giant mines.

CONTINGENT LIABILITIES

- a) The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company is committed to take all the necessary measures for this purpose. Refusal of certain expenses by tax authorities would have negative tax consequences for Abcourt Mines Inc. or for investors. In the past, the Company has respected all its obligations under the flow-through share agreements signed.

During the reporting period, the Company received \$390,750 (\$296,070 on June 30, 2016) following a flow-through placement for which the Company renounced to the benefit of investors.

On March 31, 2017, Management was required to fulfil its commitments within the stipulated deadline for renunciation.

The product of unspent funding related to flow-through financings totals \$299,700 to spend before December 31, 2017 (\$129,000 on June 30, 2016).

- b) In September 2016, the Company received notices of assessment from the Quebec mining tax authorities for 2011, 2012 and 2013 taxing years. The latter refused according to the Quebec mining tax law, some expenses, for these years, as exploration expenses. An amount of \$84,487 was received as reimbursable credits for years 2011, 2012 and 2013. An amount of \$120,221 was accounted as an increase in the plant, property and equipment account. This amount represents part of the adjustment following the revision. The Company filed notices of opposition related to the notices of assessment received for years 2011, 2012 and 2013.

- c) In December 2016, the Company received new notices of assessment from the Quebec tax authorities for the fiscal years 2011, 2012, 2013 and 2014. Revenu Québec disallowed the eligibility of certain expenses as exploration expenditures according to the *Quebec Income Tax Act* for the purpose of calculating the tax credits related to resources and claimed a partial or total reimbursement of the credits. The management of the Company is contesting these new assessments decisions for the fiscal years 2011, 2012, 2013 and 2014. An amount of \$1,466,680 which represents the refused tax credits that were accounted for in plant, equipment and property and an amount of \$255,437 which represents the interests were accounted for in profit or loss. The total amount of \$1,722,117 was claimed by Revenu Quebec. The Company reimbursed \$334,537 during the quarter. As at March 31, 2017, \$1,387,580 is included in the accounts payable and accrued liabilities.

COMMITMENTS

Our commitments are for the restoration of the Elder and Sleeping Giant mine sites and for the sale of gold with Auramet International LLC of New York, USA.

For more details, see note 14 of the interim financial statements, page 24.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities are exposed to the following financial risks: market risk, credit risk, etc.

a) Market risk

i) Fair value

Fair value estimates are made at the statement of financial position date, based on relevant market information and other information about the financial instruments. Fair value of cash, cash reserved for exploration and evaluation, other receivables and accounts payable and accrued liabilities approximate carrying value due to their short-term.

ii) Fair value hierarchy

Cash and cash reserved for exploration and evaluation are measured at fair value and they are categorized in level 2. This valuation is based on valuation techniques based on inputs other than quote prices in active markets that are either directly or indirectly observable.

iii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The management of the Company considers minimal its interest rate risk. The other financial assets and liabilities of the Company do not represent interest rate risk because they are without interest. The Company does not use financial derivatives to decrease its exposure to interest risk.

iv) Currency risk sensitivity

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Most of the Company's transactions are carried out in Canadian dollars. Currency risk arises from the company's expenses in foreign currency, which is primarily denominated in U.S. dollars. The Company does not enter into arrangements to hedge its foreign exchange risk.

Foreign currency denominated financial assets and liabilities in U.S. dollars, translated into Canadian dollars at the closing rate, and which expose the Company to the currency risk are as follows:

	<u>Short term</u> <u>exposure</u> \$
December 31, 2016	
Cash	24,852
Total exposure	<u>24,852</u>

A \pm 1% change of the CAN\$/US\$ exchange rate as at March 31, 2017 would have had an impact of \$250 on profit or loss of the period and equity.

v) Commodity price risk

The commodity price risk is the risk of the fluctuation of gold price. The Company does not provide to use hedging contract to reduce its exposure to the fluctuation of gold and silver price.

b) Credit risk

Credit risk is the risk that a party to a financial instrument fails to discharge an obligation and causes the other party to incur a financial loss. Financial instruments which potentially expose the Company to credit risk mainly consist of cash, cash reserved for exploration and evaluation and other receivables. The credit risk on cash and cash reserved for exploration and evaluation is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Therefore, the Company does not expect any treasury counterparties to fail in respecting their obligations. Credit risk on other receivables is low. The carrying value of cash, cash reserved for exploration and evaluation and other receivables represents the Company's maximum exposure to credit risk and there has been no significant change in credit risk since prior year.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has sufficient financing sources. The Company establishes budgets to ensure it has the necessary funds to fulfill its obligations. As at March 31, 2017, Company's cash amounted to \$1,107,671. In addition, the Company's working capital amounted to approximately \$2,432,103 on March 31, 2017. Taking into account its available cash, management considers that the funds are sufficient to meet its financial liabilities and future financial liabilities for its commitments.

POLICIES AND PROCESSES FOR MANAGING CAPITAL

On March 31, 2017, the Company equity totaled \$26,622,224. The objective of the Company is to ensure that it has enough capital to satisfy its obligation concerning its exploration and mining development plans for the growth of the Company. Also, enough cash is needed for exploration and valuation projects, for investing activities and for its need in working capital.

There were no significant changes in the Company's approach to capital management during the three-month period ended March 31, 2017. The Company is subject to regulatory requirements related to the use of funds obtained by flow-through shares financing. These funds have to be spent for eligible exploration and valuation expenses. In the past, the Company has respected all of these regulatory requirements. The Company has no dividend policy.

MINING PROPERTIES

Abcourt Mines Inc. owns the following properties:

- A gold mine in operation on the Elder and Tagami properties located near Rouyn-Noranda, Quebec, Canada;
- An advanced silver-zinc project on the Abcourt-Barvue and Vendome properties located at Barraute, near Val-d'Or, Quebec, Canada;
- The Aldermac property located near Rouyn-Noranda, Quebec, Canada, an underground mine with historical resources in copper – zinc – silver - gold.
- The Jonpol property located near Amos, Quebec, Canada with historical resources in copper – zinc – silver - gold.

Since June 17, 2016, Abcourt owns also the following properties in Abitibi, Quebec, Canada:

- The Sleeping Giant mine located half-way between Amos and Matagami, and a gold mill with a 700 to 750 tonnes per day capacity. The underground mine has historical, measured, indicated and inferred gold resources;
- Two properties at an advance stage of exploration and valuation, the Discovery and the Flordin properties, located near Quevillon, Quebec, Canada, with measured and indicated and inferred gold resources;
- Several other properties.

Here is some information on each property:

THE ELDER MINE

The Elder mine is owned 100% by Abcourt. This 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, except important pieces of equipment like the hoist, compressors and the electrical distribution system.

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. This report is available on SEDAR.

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 was needed to increase resources before considering mine development before production, or not. This report is available on SEDAR.

This study prepared by Roche Ltd., Consulting Group (Roche) and independent consultants, indicates that enough resources are available to continue with exploration and valuation work.

Commercial production started on January 1, 2016 and results obtained are as follow:

Results obtained in the first six-month period of commercial production , from July to December 2016:

Description	3 months to Mars 31, 2016	3 months to June 30, 2016	6 months to June 30, 2016
Tonnes treated	20, 167	32,095	52 262
Tonnes broken in stopes	25,189	21,042	48 593
Extracted tonnes	25,465	23,404	48 869
Gold ounces produced	2,742	4,656	7 399
Gold recovery	96.1 %	95.2 %	95,7 %
Revenues from sale of gold, silver and other	\$4,622,565 \$229.21 / t	\$6,924,736 \$216.76 / t	11 547 301 \$ 220,95 \$ / t
Price of gold sold	\$1,685 CAN \$1,267 US	\$1,487 CAN \$1,157 US	1 561 \$CAN 1 198 \$US
Production costs including royalties, write-offs and expenses before taxes	\$4,132,620 \$204.92 / t \$1,507 CAN / on \$1,132 US / on	\$5,261,569 \$163.94 / t \$1,130 CAN / on \$879 US / on	9 394 189 \$ 179,75 \$ / t 1 270 \$CAN / on 974 \$US / on
Net profit after taxes	\$404,945	\$1,563,167	\$1,968,112
Mining taxes	\$85,000	\$100,000	\$185,000
Income tax	-	-	-
Cash at end of period	\$2,078,900 \$	\$2,550,474	\$2,550,474

Over the sixth-month period ended June 30, 2016, gold was sold at an average price of Can\$1,561 (US\$ 1,198) per ounce and production costs before taxes were Can\$ 1,270 per ounce (US\$ 974 per ounce). All ore was treated at the Camflo mill owned by Richmond Mines Inc. During that period, the mill treated an average of 8,710 tonnes per month and the mine produced 8,145 tonnes per month.

Results obtained in the following six-month period, from July 1 to December 31, 2016:

Description	3 months at Sept. 30, 2016	3 months at Dec. 31, 2016	6 months at Dec. 31, 2016
Tonnes treated	18,714	30,738	49,452
Tonnes broken in stope	21,640	18,842	40,482
Extracted Tonnes	23,398	22,507	45,905
Gold ounces produced	2 ,62	3,566	5,928
Gold recovery	96.1 %	95.2 %	95,7 %
Revenus from the sale of gold, silver and others	3,799,516 \$ 203 \$ / t	6,185,233 \$ 201 \$ / t	9,985,749 \$ 202 \$ / t
Price of gold sold, per ounce	1,609 \$CAN 1,208 \$US	1,734 \$CAN 1,302 \$US	1,684 \$CAN 1,264 \$US
Average cash costs (\$ / ounce)	2,769 \$ 2,079 \$US	1,358 \$ 1,020 \$US	1,676 \$ 1,258 \$US
Sustaining costs (\$ / ounce)	952 \$ 715 \$US	196 \$ 147 \$US	366 \$ 275 \$US
All-in sustaining costs (\$ / ounce)	3,721 \$ 2,794 \$US	1,554 \$ 1,167 \$US	2,042 \$ 1,533 \$US
Gold and silver ingots inventory	1,439,619 \$	154,295 \$	154,295 \$
Gold and silver in circuit inventory	1,542,996 \$	1,383,921 \$	1,383,921 \$
Total inventory	<u>2,982,615 \$</u>	<u>1,538,216 \$</u>	<u>1,538,216 \$</u>
Loss and comprehensive loss	1,206,159 \$	925,934 \$	2,132,093 \$
Mining taxes	34,000 \$	53,425 \$	87,425 \$
Deferred taxes	(10,000) \$	(22,248) \$	(32,248)\$
Cash at the end of period	2,168,900 \$	3,331,463 \$	3,331,463 \$

Comments on the results obtained from July to December 2016

From July 1 to August 14, 2016, all ore from the Elder mine was hauled and stockpiled at the Sleeping Giant mill site. During that period, some important repairs were made in the mill and the milling of the Elder ore started on August 15, 2016. As the mill operated only from August 15 to December 31, 2016, the tonnage of ore treated in the mill is lower than it was for the previous quarter ending on June 30, 2016, that is 18,697 tonnes compared to 32,095 tonnes. The repair work in the mill not only delayed the milling of the Elder ore, but increased costs substantially and this was reflected in the results. The delay in the start-up of the mill was not unexpected. The mill was closed for two years following the bankruptcy of the previous owner and the latter did not spend enough on mill maintenance. Now, this mill is running normally and treating the Elder ore. There is some additional work to do, but should not cause any delay in the treatment of the Elder ore. In the coming quarter, results should be much better. As there is normally one month of delay between the mining of the ore and the sale of gold, the proceeds from the sale of gold and silver for the first quarter represented only 78% of the value of the mine production. Please note that the inventories increased by \$2,5 M. As the inventories are valued at the lowest of costs or the net value of sale, they do not produce any profits. Administration costs increased substantially, mainly by the value on the options granted to management, mostly to replace options that had expired. This so-called expense which accounts for 50% of the loss is punctual and non-recurring.

From October to December 2016, 30,738 tonnes were treated at the Sleeping Giant mill. The recovery was 96.2%. The average cash cost was \$1,358 Can (US\$1,020). The all-sustaining cost was \$1,554 Can (US\$ 1,167). A net loss of \$925,934 was realized. Different reasons are given on page 3 of the Financial Statements to explain this loss.

Results obtained in the quarter ended on March 31, 2017:

Description	3 months at March 31, 2017
Tonnes treated	25,424
Tonnes broken in stopes	27,581
Extracted tonnes	27,479
Gold ounces produced	3,703
Gold recovery	96.1 %
Revenues from the sale of gold, silver and others	\$ 4,253,722
Price of gold, per ounce	CAN\$1,627 US\$1,231
Average cash costs (\$ / ounce)	CAN\$ 1,367/on US\$ 1,034/on
Sustaining costs (\$ / ounce)	CAN\$ 486/on US\$ 368/on
All-in sustaining costs (\$ / ounce)	CAN\$ 1,853/on US\$ 1,402/on
Gold and silver ingots inventory	\$1,120,718
Gold and silver in circuit inventory	\$ 1,674,993
Total inventory	\$ 2,795,711
Net income and comprehensive income (Loss and comprehensive loss)	\$ 186,215
Mining taxes	\$ 30,868
Deferred taxes	\$ (14,000)
Cash at the end of period	\$ 1,107,671

See explanation on the quarter results given at page 3 and 6 of this report.

Non-GAAP Financial Performance Measures

This management's discussion and analysis presents certain financial performance measures, total cash costs per ounce of gold produced, sustaining costs and all-in sustaining costs per ounce of gold produced which are non-International Financial Reporting Standards (IFRS) performances measures. This data may not be comparable to data presented by other gold producers. Non-GAAP financial performance measures should be considered together with other data prepared in accordance with IFRS.

The cash costs and all-in sustaining costs are common performance measures in the gold mining industry. The Company reports cash cost per ounce based on ounces produced. Cash cost include operating mining costs, royalties but is exclusive of amortization and depletion and sustaining capital expenditures. The all-in sustaining costs include costs of sales, includes sustaining capital expenditures and administrative costs but excludes amortization and depletion and accretion expenses. The Company believes that the all-in sustaining costs present a complete picture of the Company's operating performance or its ability to generate free cash flows from its operation.

ACQUISITION OF THE SLEEPING GIANT MINE AND MILL

On June 17, 2016, Abcourt completed the acquisition of the Sleeping Giant mine and mill and several other properties with excellent showings of gold.

Sleeping Giant mine and its mill (the "Property") is located half way between Amos and Matagami, in Abitibi, Québec, in the territory covered by the Plan Nord of the Quebec government. The property was acquired from Deloitte Restructuring Inc, acting solely as court-appointed receiver (the "Receiver") for the Aurbec Mines Inc's assets. The purchase price was \$2,548,727.

Among the assets that Abcourt will acquire, there is a mill with a capacity of 700 to 750 tonnes of ore per day, that is about 250,000 tonnes per year. This capacity is adequate to treat the Elder and the Sleeping Giant production. The process is carbon in pulp. There are also installations to deposit the mill tailings, underground infrastructures including two shafts and drifts, a mechanical shop, offices, a store, dries and mining equipment, surface installations, an important inventory of parts, four (4) mining leases and sixty-nine (69) adjacent cells and several other exploration properties.



Surface plant of the Sleeping Giant mine

Resources

In 2013, InnovExplo produced a 43-101 resource calculation for Aurbec Mines Inc, using the following criteria:

Cut-off grade = 6.5 grams / tonne of gold

Specific weight = 2.85 grams / cm³

High values reduced to = 60 grams / tonne of gold in diamond drill holes and
55 grams / tonne of gold for samples taken in the mine.

It indicates that the grade is superior to the grade mined in Abitibi, but as these resources are not considered current by the Company, the Company is therefore prohibited under Canadian Securities regulations to publish these results including those which are NI 43-101 compliant.

Restart of the mill and mine

The mill was started on August 15, 2016 and the mine will be re-opened as soon as rehabilitation is completed, probably before the end of 2017.

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.

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. Subsequently, various alternatives were considered to improve the profitability of this 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 77% 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.

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. Before starting this project, 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.

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:

Table 1. Resources of 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 will 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.

2014 – 2015 diamond drilling program

During the 2014 – 2015 fiscal period, two holes for a total of 558 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. Expenses incurred totaled \$165,275 mainly for diamond drilling and for the restoration of the site.

Diamond drilling 2015 - 2016

During the month of October and November 2015, nine holes were drilled on surface for a total of 2,148 meters. Five holes, AB15-03 to AB15-07 were drilled at depths of about 250 meters in the central part of the Abcourt zone, to upgrade inferred resources into indicated resources. Good values over interesting widths were cut by four out of five holes in this area. Besides, three holes were drilled at depths of about 150 meters at the eastern limit of the Barvue zone to upgrade inferred resources into indicated resources. Again, good values over substantial widths were cut.

The true widths represent about 60 % to 75 % of the core lengths. See table below:

2015 drilling

Hole No.	From m	To m	Length m	Ag g/t	Zn %
AB-15-03	240.0	249.0	9.0	92.01	5.81
AB-15-04	318.0	322.0	4.0	32.92	1.26
AB-15-05	270.0	286.0	16.0	63.18	2.24
AB-15-06	243.0	264.0	21.0	66.46	2.81
AB-15-07	266.0	274.2	8.2	118.19	5.00
AB-15-08	112.0	126.7	14.7	155.23	2.06
AB-15-09	167.0	182.3	15.2	42.45	2.92
AB-15-10	170.3	178.5	8.2	61.75	3.86

2016 drilling

Hole No.	From m	To m	Length m	Ag g/t	Zn %
AB 16-01	365.0	370.0	5.0	200.5 107.8 (c)	1.70
AB 16-02			No significant value		
AB 16-03	359.0 370.0	370.0 373.0	11.0 3.0	21.0 36.8	0.46 2.06
AB 16-04	209.4 254.3 291.5	210.0 257.3 293.0	0.6 3.0 1.5	14.1 123.0 62.1	9.40 1.12 0.05
AB 16-05	214.0	222.2	8.2	25.9	2.24

The true width is about 70% of core length.

Holes AB 16-01 to AB 16-3 were drilled at depths of about 300 meters in the central part of the Abcourt body to improve the classification of inferred resources into indicated resources.

Hole AB 16-01 gave good results.

Holes AB 16-04 and AB 16-05 were drilled at the eastern end of the Barvue body, at depths of 175 to 200 meters and both holes gave good results. These holes were drilled in the same area as the 2015 holes. The pyrite mineralization generally associated with the best zinc values remain strong (3 to 8 %) and this indicates that the zone continues at depth and to the east.

Forward-looking statement

The zinc stocks on the London Metal Exchange have been decreasing rapidly lately and the price

of zinc is increasing. The exchange rate of the CAN/US dollars is favourable. The possibility of starting the development of the Abcourt-Barvue project in the coming year looks good.

Drilling 2016 – 2017

In December 2016 and January 2017, a surface drilling program totaling 2,462 meters was completed on the Abcourt-Barvue property to improve the classification of some resources and to find depth extensions of the silver-zinc mineralization.

In most cases, excellent results were obtained. See below:

Hole No.	From m	To m	Length m	Ag g/t	Zn %
AB 16-06	211.5	219.0	7.50	66.8	2.66
AB16-07	172.0	176.0	4.00	43.0	1.86
AB16-08	251.0	254.6	3.60	21.9	6.08
AB16-09	220.5	230.5	10.00	47.8	1.55
AB16-10	222.0	231.1	9.10	41.5	3.27
AB16-11	<i>See Note 1</i>				
AB16-11 A	230.0	235.0	5.00	37.8	4.09
	239.0	250.3	11.30	7.4	2.80
AB16-12	160.0	161.93	1.93	12.9	13.80
	275.7	292.4	16.65	4.7	2.00
AB17-01	318.0	319.75	1.75	15.6	0.38
AB17-02	234.0	240.0	6.00	49.8	1.37
	240.0	242.9	2.90	2.2	4.25

Note 1: Hole abandoned due to important deviation.

Most of these holes were drilled to increase the data base on which the inferred resources calculations are based.

True widths represent between 60% and 75% of core lengths.

The intersections were obtained at depths of about 250 meters.

Additional drilling on this property is justified as long as results are similar to the ones reported above.

THE DISCOVERY PROJECT

The Discovery project has 124 claims with a total area of 3,371 hectares (33.7 km²). The property is located about 30 km to the north-west of Lebel-sur-Quévillon, Québec. The gold at Discovery is found in quartz-carbonate veins in a deformed and metamorphosed gabbro. The latest calculation of historical resources was made by InnovExplo in 2008. A significant gold mineralization is indicated. As these resources are not considered current by Abcourt, the Company is therefore prohibited under Canadian Securities regulations to publish them.

In 2010, North American Paladium (NAP) drilled 40 additional holes totalling 25,481 meters (G.M. 67103) covering sections 900 to 1600E. The A, B and C zones were intersected in what appears to be a network of quartz veinlets containing 3 to 8% pyrite and pyrrhotite in equal amounts. Some good values were intersected in zones A (B-10-197, 5.81 g/t of gold over 3.2 m, B-10-198, 4.36 g/t of gold over 11.6 m, B-10-199A, 4.35 g/t of gold over 3.0 m) and C (B-10-178, 10.7 g/t of gold over 4.56 m, 4.00 g/t of gold over 4.5 m). True width is about 70% of core length.

In 2011, NAP drilled 18 holes totaling 7,307.7 meters (GM 67614) on sections 300 to 1500E. Zones A and B were cut over lengths of approximatively one meter B-11-195: 24.5 g/t gold / 1.1 m; B-11-200: 46.0 g/t of gold / 1.0m; B-11-207: 54.4 g/t of gold / 1.0 m: and rarely over more than 3.0 meters, B-11-192: 5.21 g/t of gold over 7.1 m; B-11-200: 48.1 g/t of gold / 4.5 m.

After the 2008 calculations by InnovExplo, NAP drilled 58 additional holes totaling 32,788.7 meters. An update of resources is clearly justified, considering the numerous intersections obtained by the 2010 and 2011 drilling campaigns. In addition, the 2011 drilling intersected high gold values in the 1200E zone. This zone is open laterally and at depth. The drilling pattern has to be reduced to increase the level of reliability in certain parts of the Discovery zone which extends more than 2 km long.

FLORDIN PROJECT

The Flordin property is located approximately 25 km to the north of Lebel-sur-Quévillon. It consists of 25 cells covering 976 hectares. In 1987 – 1988, an access to the B zone mineralization with a ramp permitted the extraction of two bulk samples. The milling of these bulk sample at the Bachelor Lake mine gave the following results:

5,174 tonnes with a grade of 2.51 g/t of gold in 1987

4,053 tonnes with a grade of 4.25 g/t of gold in 1988

In 2011, the project was re-assesses by Cadiscor with an open pit plan. Again, the Company is prohibited to publish these results.

A total of 157 additional holes were drilled subsequently. Any future work at Flordin should include an update of the mineral resources. In its February 2013 report (GM 67662), NAP reports several intersections with values higher than 5 g/t of gold between the Flordin and the Cartwright zones. These new intersections could add some tonnes to the resources calculated by InnovExplo.

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 Barvallée part of the property.

In 1998, the Company drilled nine holes for a total of 1,505 meters (4,936 feet) in the Barvallée 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</u> <u>g/t</u>	<u>Ag</u> <u>g/t</u>	<u>Cu</u> <u>%</u>	<u>Zn</u> <u>%</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, 2015 and none is expected for the next period.

The development of this property will be synchronized with the development of the Abcourt-Barvue project.

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.

Drilling in October 2015

During the month of October 2015, a 360-meter hole was drilled to localize a mineralized zone, without success.

Additional work will be done next year to find the extension of the base metal mineralization.

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.

No expenditure in the 2015 period

During the 2015 period, no work was done on this property.

COMMENT ON HISTORICAL RESOURCES

Work must be done to upgrade or verify the historical mineral resources as current mineral resources.

A qualified person has not done sufficient work to classify the historical estimate as current mineral resources, and the issuer is not treating the historical estimate as current mineral resources.

OTHER PROPERTIES

Cameron Shear

The Cameron Shear property is located between the Discovery and Flordin. It is owned jointly with Canadian Royalties. The property is located 30 km to the north of Lebel-sur-Quévillon. Various exploration programs over the past 40 years have found a few showings of gold. The most interesting showing is the Riocanex zone which is probably an extension of the Flordin zone. The NAP participation (possibly 50%) in the Cameron Shear zone was sold to Maudore (Aurbec) on March 23, 2013, hence Abcourt has a possible participation in that project. According to the agreement realized in 2006 between Cadiscor and Canadian Royalties (C.R.), if the participation of a participant is reduced to less than 10%, a 2% royalty is given and will apply to any future production. The buy-back of 1% of this royalty may be realized with a payment of \$1M. The legal status of the project is therefore undetermined.

Laflamme (gold)

The Laflamme project is located approximately 30 km to the west of the town of Lebel-sur-Quévillon, in Abitibi, Québec. The property consists in 472 cells covering an area of approximately 24,716 ha held jointly with Midland Exploration Inc. A new gold discovery was made in hole La-11-11 which gave 9.7 g/t of gold over 1.0 meter. In July 2011, Aurbec won a 50% participation in the property but it has not contributed to any exploration work done after December 2012. Consequently, Midland now owns 65% of the project and it does some exploration work every year. According to the initial agreement with Cadiscor, if a participant is reduced to 10%, a 2% royalty will be apply to any future production from the property. The buy-back of 1% royalty may be made with a \$1.5M payment.

Harricana (gold)

The 93 cells of the Harricana group are located to the north-west of the Géant Dormant property and cover 5,238 ha. They are adjacent to that property, in a similar geological context. Its location is strategic.

Dormex (gold)

The Dormex claims lies to the south of the Géant Dormant mine. The property is made up of 127 cells covering an area of 6,189 hectares (62.9 km²). In 2010, 4,206 meters were drilled by North American Palladium (NAP) in a reverse circulation program combined with a ground and an aerial surveys to generate gold targets in an area often covered with glacial sediments more than 40 meters thick. Its location adjacent to Géant Dormant is strategic.

Veza (gold)

In 2009 and 2010, Abcourt has acquired by staking 85 claims and 19 cells totalling 2,233 hectares in Veza 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 exploration and valuation expenses. In the 2014 - 2015 period, several 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.

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

2017/06/01

(s) Marc Filion

Marc Filion

Chief Financial Officer

2017/06/01