



**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

For the 1st quarter ended on September 30, 2017

ABCOURT MINES INC.

ABCOURT MINES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FIRST QUARTER ENDED ON SEPTEMBER 30, 2017

This management's discussion and analysis provides an analysis of our exploration, evaluation and exploitation results and of our financial situation which will enable the reader to evaluate important variations in exploration, evaluation and exploitation results and in our financial situation for the quarter ended September 30, 2017, in comparison with the previous first 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, 2017. 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 September 30, 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.

PRINCIPAL ANNUAL INFORMATIONS (audited)

Periods ended on June 30

| | 2017 | 2016 | 2015 |
|---|------------|------------|-------------|
| Statement of comprehensive income | | | |
| Revenues | 22,251,954 | 11,536,126 | 20,361 |
| Interests and other revenues | 43,785 | 11,175 | 6,035 |
| Net profit (Net loss) | (906,486) | 1,733,592 | (1,013,091) |
| Net profit (Net loss) per share diluted | 0.00 | 0.01 | (0.005) |
| Statement of financial position (\$) | | | |
| Cash and term deposits | 1,289,470 | 2,550,474 | 897,372 |
| Total assets | 37,458,247 | 33,574,141 | 23,577,441 |
| Decommissioning provisions for mining sites | 5,911,000 | 5,939,350 | 252,646 |
| Mining exploration (\$) | | | |
| Exploration and evaluation assets | 7,416,692 | 7,023,883 | 17,035,740 |

QUARTERLY INFORMATION (non-audited)

| | 2017 Sept. | 2016 Sept. | 2017 June | 2016 June | 2017 March | 2016 March | 2016 Dec. | 2015 Dec. |
|--|---------------|---------------|--------------|--------------|---------------|---------------|--------------|--------------|
| Statement of comprehensive income (\$) | | | | | | | | |
| Revenues | 3,716,814 | 3,809,123 | 8,015,515 | 6,919,465 | 4,256,683 | 4,587,823 | 6,205,585 | 12,594 |
| Interests and other revenues | 766 | 1,492 | 2,250 | 4,879 | 2,531 | 3,141 | 2,558 | 2,831 |
| Net profit (net loss) | (273,819) | (1,206,159) | 1,039,392 | 1,537,118 | 186,215 | 479,130 | (925,934) | (179,807) |
| Net profit (net loss) per share diluted | 0.00 | 0.00 | 0.00 | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 |
| Statement of financial position (\$) | | | | | | | | |
| Cash and near cash | 1,133,193 | 1,776,442 | 1,289,470 | 2,679,474 | 1,107,671 | 2,241,900 | 3,331,463 | 3,830,274 |
| Total assets | 36,890,984 | 36,228,483 | 37,458,247 | 33,574,141 | 37,249,683 | 25,600,237 | 37,791,888 | 24,922,108 |
| Decommissioning provisions | 5,860,500 | 5,930,203 | 5,911,000 | 5,939,350 | 5,871,174 | 271,637 | 5,907,044 | 264,977 |
| Mining exploration (\$) | | | | | | | | |
| Exploration and evaluation expenditures net of credits and sale gold before January 1 st , 2016 | 75,296 | 39,343 | 59,506 | 13,844 | 97,254 | 141,619 | 168,900 | (1,357,786) |

STRATEGY AND OUTLOOK

The Company is focussing on stabilizing and increasing the Elder production. This involves using a new working schedule to increase production to at least 10,000 tonnes per month.

For the long-term growth in the gold sector, the Company has recently started discussions with outside parties to accelerate the exploration on the Discovery and Flordin properties with a very good potential including substantial gold mineralization. These properties were recently acquired with the Aurbec 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.

STATEMENT OF COMPREHENSIVE INCOME (LOSS)

Income

Our revenues consist essentially in the sale of gold and silver. For the 3-month period ended on September 30, 2017, sales of gold and silver totaled \$3,716,814. Expenses, including mining costs, royalties, amortization and depletion, were \$3,854,083. An operating loss was realized.

The net loss was \$273,819.

| | | |
|--|------------------|--------------------|
| EXPENSES | | |
| Professional fees | 24 885 | 63 448 |
| Interest and penalties | - | 3 500 |
| Taxes, licences and permits | 1 134 | 1 143 |
| Advertising | 700 | 1 317 |
| Software and internet | 1 350 | 1 384 |
| Salaries and payroll charges | 49 646 | 44 453 |
| Insurance | 1 393 | 106 603 |
| Office expenses | 17 351 | 19 066 |
| Accretion expense | 19 301 | 8 853 |
| Shareholders and investor relations | 18 443 | 1 000 |
| Share-based compensation | - | 582 000 |
| Bank expenses | 606 | 583 |
| Amortization of property, plant and equipment | 1 237 | 6 000 |
| | <u>136 046</u> | <u>839 350</u> |
| LOSS BEFORE OTHER REVENUES | <u>(273 315)</u> | <u>(1 193 258)</u> |
| OTHER REVENUES | | |
| Interest income | 766 | 1 492 |
| Other income | 12 730 | 9 607 |
| | <u>13 496</u> | <u>11 099</u> |
| LOSS BEFORE INCOME TAXES | <u>(259 819)</u> | <u>(1 182 159)</u> |
| Income taxes and deferred taxes | 14 000 | 24 000 |
| LOSS AND COMPREHENSIVE LOSS | <u>(273 819)</u> | <u>(1 206 159)</u> |
| LOSS PER SHARE | | |
| Basic and diluted | (0,0) | (0,0) |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING | | |
| Basic and diluted | 276,678,219 | 249,705,678 |

Comments:

The 2017 expenses were considerably lower than those for 2016. First, in 2017, the insurance cost was included in operating costs whereas in 2016, it was in expenses.

In addition, in 2016, an amount of \$582,000 was accounted for as share-based compensation. In 2017, there was no such expense.

GLOBAL PERFORMANCE OF THE FIRST QUARTER ENDED ON SEPTEMBER 30, 2017

In the 2017 first quarter, there was a small increase in tonnes treated, compared to the 2016 first quarter.

An increase in the price of gold was annulled by a drop in the rate of exchange of the US\$ into CA\$.

Sustaining costs (US\$/oz) dropped substantially from US\$ 720 in 2016 to US\$ 583 in 2017. The 2017 operating activities generated a surplus of \$857,202 whereas in 2016, they used \$2,318,080.

A surface drilling program was started in September on the Elder property. Several good intersections were cut. This program will be continued to the end of December.

In addition, a 1,000-meter program is being prepared for the Dormex property. Several good intersections were cut in previous drilling. The Dormex property is to the east of the Sleeping Giant property.

NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

The net loss and comprehensive loss for 2017 was \$273,819 compared to a net loss of \$1,256,159 in 2016.

Net loss per share was \$0.00 in 2017 and in 2016.

SUMMARY OF FINANCIAL INFORMATION FOR THE FIRST QUARTER ENDING ON SEPTEMBER 30, 2017 AND 2016

Results for the first quarters ending on September 30, 2017 and 2016, were as follows:

| | 2017 | 2016 |
|--|------------------|--------------------|
| | \$ | \$ |
| Sales of gold and silver | 3,716,814 | 3,799,516 |
| Cost of sales | <u>3,854,083</u> | <u>4,153,424</u> |
| GROSS PROFIT | (137,269) | (353,908) |
| CHARGES | 136,046 | 839,350 |
| Mining income and deferred income taxes | <u>14,000</u> | <u>24,000</u> |
| NET INCOME AND COMPREHENSIVE INCOME | <u>(273,819)</u> | <u>(1,206,159)</u> |

Comments:

Net loss

After taxes, a net loss of \$273,819 in 2017 and \$1,206,159 in 2016, were made in the first quarter.

Sales, costs of sales and operating loss

As noted previously, our revenues come essentially from the sale of gold and silver.

For the first quarter of 2017, sales totaled \$3,716,814. The cost of sales, including mining costs, royalties and write-offs but excluding taxes, was \$3,854,083, leaving an operating loss of \$137,269.

Expenses

In the first quarter, expenses were \$136,046 in 2017 and \$839,350 in 2016. The 2016 expenses were inflated by the cost of insurances for the Sleeping Giant mine and mill but, in the 1st quarter of 2017, they were reclassified to cost of sales.

In 2016, expenses also included an amount of \$582,000 in share-based compensation for the issue of options to replace expired options. There was no such expense en 2016.

STATEMENT ON CASH FLOWS

Operating Activities

During the first quarter ended on September 30, 2016 and 2017, the net change in operating activities generated a surplus of \$16,992 in 2017 and used \$260,406 in 2016.

Investment

Investing activities in 2017 and 2016 are compared as follows:

| | <u>2017</u> | <u>2016</u> |
|--|--------------------|------------------|
| | \$ | \$ |
| Deposit for restoration of Elder mining site | - | (120 168) |
| Acquisition of property, plant and equipment | (934,415) | (800,205) |
| Acquisition of exploration and evaluation assets | (79,064) | (40,062) |
| | <u>(1,013,479)</u> | <u>(921,435)</u> |

Comments on Investment:

In 2015, a first deposit (\$240,336) was made for the restoration of the Elder mine site. In 2016 and 2017, additional deposits of \$120,168 were made in each year. In total, an amount of \$480,672 was deposited.

In 2017, the acquisition of property, plant and equipment totaled \$934,415. This includes \$486,041 mainly for new and rehabilitated drifts at Elder. At the Sleeping Giant mine, construction equipment (excavator and bulldozer) and some milling equipment were purchased for a total of \$323,573. Also, a property was purchased for the storage of core from the Discovery and Flordin properties at a cost of \$55,000.

In 2017, exploration and evaluation assets increased by an amount of \$79,064 (\$40,062 in 2016).

Cash, end of period

At the end of the first quarter 2017, cash was \$1,133,193 compared to \$1,686,442 in 2016. In 2017, the cash was lower, but receivables were much higher, that is \$3,106,650 in 2016 and \$3,859,438 in 2017.

In 2017, stocks were made up essentially of gold ingots (\$2,230,298) and were considered as very liquid assets.

EXPLORATION AND EVALUATION ASSETS

Mining properties

During the first quarter ended on September 30, 2017, the value of mining properties increased by \$3,768. There was no new acquisition in that period.

Exploration and evaluation assets

Details on exploration and evaluation expenses are given in note 8 of the Financial Statement. In the first quarter 2017, exploration and evaluation assets increased by an amount of \$75,296, mainly on the Abcourt-Barvue property (\$39,343 in 2016).

Details on the most important item of exploration and evaluation expenses in 2017:

In 2017, the most important item was:

Engineer's fees and expenses = \$66,275 for ore-treatment tests on the Abcourt-Barvue mineralization. This information will be used for an update of the feasibility study.

FINANCIAL POSITION

Total assets were \$36,890,984 on September 30, 2017, compared to \$37,458,247 on June 30, 2017. The decreased is due mainly to a reduction of receivables (\$1,811,425), partly compensated by an

increase of \$752,788 in stocks. At the same time, accounts payable decreased by an amount of \$256,944.

The amount due to Governments, indicated in note 9 of the financial statements, includes a balance to be paid of \$656,624 (\$906,054 on June 30, 2017), representing an amount (capital + interest) due to Revenu Québec in new assessments received in December 2016, following an audit of our income tax reports for years 2011, 2012, 2013 and 2014. Revenu Québec disallowed some expenses in the calculation of tax credits concerning exploration costs for those years and asked the refund in part or in total of credits already received for those years. Management has filed notices of opposition for years 2011, 2012, 2013 and 2014. The original amount claimed was \$1,785,720 including \$319,553 in interest.

In addition, current payroll deductions and deductions on wages and vacations to pay amount to \$358,553 and are part of the current operating activities of the Company.

INCORPORATION, ACTIVITIES AND CONTINUITY OF EXPLOITATION

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 November 29, 2017.

BASIS OF PRESENTATION AND COMPLIANCE DECLARATION

The quarterly non-audited financial statements of Abcourt Mines Inc., were prepared by management in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the IASB and in accordance with IAS 34, *Interim Financial Reporting*.

For additional information concerning the accounting policies, please consult notes 2 and 3 of the annual, audited, financial statements dated June 30, 2017 (pages 9 to 27).

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS

The Corporation provides information on its exploration and valuation assets in its financial statements for the three-month period ending on September 30, 2017.

The Corporation has no deferred expenses other than mining properties and deferred exploration and valuation assets.

The Corporation has no research and development expenses.

CONTRACTUAL OBLIGATIONS

Long-term Debt

The Company has no long-term debt.

Provisions for decommissioning mining sites

| | 2017 | 2016 |
|----------------------------|-------------|-------------|
| | \$ | \$ |
| Balance, beginning of year | 5,911,000 | 5,939,350 |
| Changes to estimates | (69,801) | (63,949) |
| Accretion expense | 19,301 | 35,599 |
| Balance, end of period | 5,860,500 | 5,911,000 |

The rate used to determine the future value is 1.8% (1.8% on June 30, 2017), while the rate reflecting the current market assessments used to determine the present value of the provisions varies between 1.52% and 1.99% (1.1% and 1.38% on June 30, 2017). The payments schedule was determined by taking into account the measured and indicated resources, the estimated annual production level and the estimated mine life. The changes to estimates was accounted for as property, plant and equipment.

The following table sets forth the estimated *undiscounted* cash flows of future retirement costs used in the calculation of the asset retirement obligations for the quarter ended September 30, 2017 and 2016:

| | Original restoration costs, <u>not discounted</u> |
|---------------------|--|
| Elder Mine | \$480,670 |
| Sleeping Giant Mine | <u>\$5,370,214</u> |
| | <u>\$5,850,884</u> |

The following table sets forth *discounted* provisions for decommissioning mining sites, for the years ending June 30, 2017 and the quarter ended on September 30, 2017:

| | <u>2017</u> | <u>2016</u> |
|---------------------|---------------------|---------------------|
| Elder Mine | \$ 475,500 | \$ 492,000 |
| Sleeping Giant Mine | <u>\$ 5,385,000</u> | <u>\$ 5,419,000</u> |
| | <u>\$ 5,860,500</u> | <u>\$ 5,911,000</u> |

The closure cost of the Elder mine site is being re-evaluated presently and the closure cost of the Sleeping Giant mine site will be revised before December 30, 2017. On August 2016 and 2017, the Company had to deposit a total of \$1,006,915, that is an amount of \$671,277 in 2016 and \$335,638 in 2017. The Company did not deposit these amounts as its management considers that the Elder mine tailings will be used for the restoration of the tailings pond of the Sleeping Giant mine. The revised plan that has to be deposited before December 2017 will take these new elements into account. Consequently, the amounts claimed were not deposited.

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% 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

Nothing special to declare.

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.

Changes in Company class “B” capital stock were as follows:

| | September 30, 2017 | | June 30, 2017 | |
|---|--------------------|-------------------|--------------------|-------------------|
| | Number | Amount | Number | Amount |
| | | \$ | | \$ |
| Balance, beginning of period | 276 678 219 | 42 131 970 | 247 080 719 | 39 518 223 |
| Paid in cash ⁽¹⁾ | - | - | 25 490 000 | 2 261 347 |
| Flow-through shares ⁽²⁾ | - | - | 3 907 500 | 332 000 |
| Share purchase options exercised ⁽³⁾ | | | 200 000 | 20 400 |
| Balance, end of period | <u>276 678 219</u> | <u>42 131 970</u> | <u>276 678 219</u> | <u>42 131 970</u> |

As at September, 30 and June 30, 2017, shares issued were fully paid.

(1) As at June 30, 2017, the value of capital stock paid in cash is presented net of the fair value of warrants amounting to \$262,453.

(2) As at June 30, 2017, the value of flow-through shares is presented net of premium related to the sale of tax deductions amounting to \$58,750.

(3) As at June 30, 2017, the value of capital stock issued from the exercise of the share purchase options include an amount of \$6,400 which represent the fair value of the options exercised.

In August 2016, the Company closed a private placement constituted of 23,810,000 units at a price of \$0.10 per unit. Each unit consisted of one ordinary class « B » share and one-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 proceeds 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 units were issued to an intermediary. Each unit entitling 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 one-half warrant, each full warrant entitling 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 consisted of 10,000 class « B » shares at a price of \$0,085 per share 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 proceeds 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 low-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.

For more details on shares, warrants and options, and comparison with 2016, see the financial statements for the first quarter, pages 24 and 25.

Convertible securities

None

Escrowed shares

None

Subsequent event

None

Contingent liabilities

For details on contingent liabilities, please see the Financial Statements on page 49.

Commitments

As of the date of this report, there is no commitment, except for the restoration plans of the Elder and Sleeping Giant mine sites and the agreement with Auramet for the sale of gold and silver.

Related party transactions

All details are given in the Financial Statements on pages 52 and 53.

SUBSEQUENT EVENTS

None.

FINANCIAL INSTRUMENTS

Fair value

Financial instruments recognized at fair value on the statements of financial position must be classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurement, the fair value hierarchy levels are as follow:

Level 1: quoted prices (unadjusted) observed in active markets for identical assets or liabilities;

Level 2: valuation techniques based on inputs other than quoted prices included in level 1, that are either directly or indirectly observable;

Level 3: valuation techniques with significant unobservable market inputs.

The fair value of financial assets and financial liabilities were measured using Level 2 inputs in the fair value hierarchy.

Cash, receivables (excluding sales taxes to receive) the accounts payables and accrued liabilities (excluding salaries, payroll burdens and amounts due to governments) are accounted for with an approximative fair value considering their short-term maturity.

Exposure and management of risk

The Company's activities are exposed to financial risks: market risk, credit risk and liquidity risk.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price.

The Company is exposed to the following three types of market risks: interest rate risk, commodity price risk and foreign currency risk.

a-1 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 Company is also exposed to fluctuations of interest rates for its cash. The exposure to fluctuations of interest rates is not significant.

Interest rate movements may affect the fair value of the fixed interest financial assets. Because these financial assets are recognized at amortized cost the fair value variation has no impact on profit or loss.

The Company does not use financial derivatives to decrease its exposure to interest risk.

a-2 Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Exposure to currency exchange rates arises from revenues from the sale of precious metals and purchases that the Company carries out abroad. All of the Company's precious metal revenues are either earned in or based on U.S. dollars, while the majority of its operating costs are in Canadian dollars.

The price of gold is established in US dollars; to manage its exposure due to the fluctuation of the US dollar, the Company can occasionally enter into various types of foreign exchange contracts. During the year, the Company did not enter into any forward exchange contracts. At September 30, 2017 and 2016, assets and liabilities denominated in US dollars are not significant.

A sensitivity analysis was performed on net earnings and equity in regards to the US dollar/Canadian dollar exchange rate. In assuming that all other variables being constant, a $\pm 6\%$ (8% in 2016) change of the US dollar / Canadian dollar exchange rate for the reporting period ended September 30, 2017, would have had a $\pm \$223,008$ (\$303,961 in 2016) net earnings and equity impact.

The exchange rate changes have been determined based on the average market volatility in exchange rates in the preceding twelve months.

a-3 Commodity price risk

The Company's earnings are directly related to commodity prices as revenues are derived principally from the sale of gold. For its gold production, the Company can reduce its risk of a decrease in the price of gold through the occasional use of forward sales contracts and put and call options. The risk related to fluctuation of gold price is unchanged from the previous years. In 2017 and 2016, the Company did not enter into any hedging contracts for its gold production.

A sensitivity analysis was performed on net earnings and equity to movements in the price of gold. In assuming that all other variables being constant and taking into account the average exchange rate for the corresponding year, a $\pm 10\%$ in the average selling price of gold realized (\$US per ounce) for the reporting period ended September 30, 2017, would have had a $\pm \$371,681$ net earnings and equity impact.

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 and receivables. The carrying value of these financial instruments represents the Company's maximum exposure to credit risk and there has been no significant change in credit risk since prior year. The receivables are mainly Auramet account receivable following the sale of gold ingots at year end, as such the exposure to credit risk for the Company's receivables is considered low. The credit risk on cash 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.

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. Accounts payable and accrued

liabilities are due in the next financial year. As at September 30, 2017, Company's liquidities amount to \$1,133,193 of which approximately \$167,272 is reserved for exploration and evaluation of mining projects. In addition, the Company's working capital is amounting to approximately \$2,272,170 on September 30, 2017. Taking into account the available cash situation, management considers that the funds are sufficient to meet its financial liabilities and future financial liabilities from its commitments.

POLICIES AND PROCESSES FOR MANAGING CAPITAL

As at September 30, 2017, the capital of the Company consists of equity amounting to \$27,387,797. The Company's capital management objective is to have sufficient capital to be able to meet its exploration and evaluation plan in order to ensure the growth of its activities. It has also the objective to have sufficient cash to finance its operations, the exploration and evaluation expenses, the investing activities and the working capital requirements.

There was no significant change in the Company's approach to capital management during the period ended September 30, 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 incurred for eligible exploration and evaluation expenses. During the year, the Company has respected all of these regulatory requirements. Other than the use of funds obtained by flow-through shares financing, the Company is not subject to any externally imposed capital requirements.

SEGMENT INFORMATION

The Company operates a gold mine in Quebec and has several exploration and evaluation properties in the area. These operating sites are managed separately. The Company assesses the performance of each segment based on earnings before taxes. Accounting policies for each segment are the same as those used for the preparation of the financial statements.

There was no difference in 2017 compared to the quarterly financial statements of 2016 on the basis of segmentation or the basis of evaluation of segment results.

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 also owns 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. Historical, measured, indicated and inferred gold resources have not been checked yet by Abcourt and cannot be reported;
- Two properties at an advance stage of exploration and valuation, the Discovery and the Flordin properties, located near Quevillon, Quebec, Canada. Again, measured, indicated and inferred gold resources reported previously, have not been checked by Abcourt and cannot be reported;
- 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 in vein no. 1 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) in the mine and dipping on the average at 22° to the south-east, with the exception of the vein no 4 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> |

Later in 2012, based on these 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 43-101 study prepared by Roche Ltd., Consulting Group (Roche) and independent consultants, indicated that enough resources were available to continue with our exploration and valuation work.

Commercial production started on January 1, 2016.

Results obtained in the 2017 and 2016 first quarters:

| Description | 3-month September,2017 | 3-month September 30,2016 |
|--|-------------------------------|------------------------------|
| Tonnes treated | 19,932 | 18,714 |
| Ounces of gold sold | 2,284 | 2,362 |
| Gold recovery | | |
| Sales of gold, silver and others | \$3,716,814 | \$3,799,516 |
| Price of gold sold, per ounce | \$1,628 CAN \$1,303.56 US | \$1,609 CAN \$1,217 US |
| Cash costs (\$/on) | \$1,297 CAN \$1,038.68 US | \$2,769 CAN \$2,095 US |
| Sustaining costs (\$/on) | \$727 \$CAN/on \$583 US/on | \$952 CAN \$720 US |
| All-in sustaining costs (\$/on) | \$2,024 CAN \$1,621 US | \$3,721 CAN \$2,816 US |
| Gold and silver inventory ready to be sold | \$573,608 | \$1,439,619 |
| Gold and silver inventory in the circuit | \$1,656,693 | \$1,542,996 |
| Gold and silver inventory total | \$2,230,298 | \$2,982,615 |
| Net profit (loss) after taxes | (\$273,315) | (\$1,206,159) |
| Mining tax | \$25,000 | \$34,000 |
| Deferred taxes | (\$11,000) | (\$10,000) |
| Cash changes from operations | (\$156,000) | (\$2,318,080) |
| Cash, end of period | \$1,133,193 | \$2,168,900 |

Comments on the 1st quarter results for 2017 and 2016:

Small increase in tonnes treated. Increase in gold price annulled by lower rate of exchange of US\$ into CAN\$. Significant drop in production costs of gold ounces and important reduction of cash used from \$1,206,159 in 2016 to \$273,315 in 2017.

Drilling program at Elder mine

In September, a 7,000-meter surface drilling program was started. The objective was to confirm and to check some significant gold mineralization intersections between the 4th level and surface. To-date, 3,871 meters have been drilled. Several good values were intersected. A Press Release will be issued shortly and will give more information.

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 and 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 has acquired, there is a mill with a capacity of 700 to 750 tonnes of ore per day, or 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, five (5) mining leases and forty (40) 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 were 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 in 2018.

ABCOURT-BARVUE PROJECT

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 103 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 1,750 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.

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.

See table on next page.

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 |

True width is about 70% of core length.

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.

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.

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. During the 2017 period, additional diamond drilling was done to check some resources. The possibility of starting the development of the Abcourt-Barvue project in the coming year looks good.

THE DISCOVERY PROJECT

The Discovery project has 83 cells with a total area of 3,990 hectares. 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.

After the 2008 calculations by InnovExplo, NAP drilled 58 additional holes totaling 32,788.7 meters.

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 approximately 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.

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 2,765 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 will add some tonnage 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 20 cells and 39 claims for a total of 2,426 hectares owned 100% by Abcourt.

In the 1950's, an 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 Mogador 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, 2017.

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 to find the extension of the base metal mineralization.

Drilling in 2017

A few holes will be drilled in the Fall of 2017.

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.

Several significant gold, silver, copper and zinc 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.

Aur Resources, with whom we had negotiated the first agreement, was amalgamated with Teck-Cominco Limited.

The royalty payable on any future production was sold by Teck to Osisko Royalties.

No expenditure in the 2015 to 2017 period

During the 2015 - 2017 period, no work was done on this property.

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 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.

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 68.5% 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 applied 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 Sleeping Giant 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 property lies to the south-east of the Sleeping Giant mine. The property is made up of 68 cells covering an area of 6,189 hectares. In 2010, 4,206 meters were drilled by North American Palladium (NAP) in a reverse circulation program combined with a ground and an aerial survey to generate gold targets in an area often covered with glacial sediments more than 40 meters thick. Good gold values were found in some surface diamond drill holes. Additional drilling is justified.

A 1,000-meter drilling program is planned for next month.

Veza (gold)

In 2009 and 2010, Abcourt has acquired by staking 26 cells totalling 736 hectares in Veza Township, Quebec. This property covered about 8 km along the Casa Berardi-Douay-Cameron deformation zone where several gold occurrences have been reported in the past.

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

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 - 2017 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 mineralization 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 evaluation 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, development and exploitation 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
November 29, 2017

(s) Marc Filion

Marc Filion
Chief Financial Officer
November 29, 2017