MANAGEMENT'S DISCUSSION AND ANALYSIS

For the 2nd quarter ended on December 31, 2016

ABCOURT MINES INC.

ABCOURT MINES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SECOND QUARTER ENDED ON DECEMBER 31, 2016

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 December 31, 2016, in comparison with the previous year second 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 December 31, 2016, 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 2rd QUARTER ENDED ON DECEMBER 31, 2016

For the 2nd quarter, the net loss was $925,934 and for the six-month period ended on December 31, 2016, the net loss was $2,132,093. These losses are explained mainly by the following elements:

- Mining in lower grade zones in stopes (4 g/t of gold vs 5 g/t of gold previously);
- Insufficient broken tonnes and extracted tonnes (average of 7,748.7 tonnes per month vs objective of 10,000 tonnes per month;
- Value of options granted to director and management with a value calculated according to the Black & Scholes formula ($582,000);
- Interest ($259,618) on new notices of assessment of Revenu Quebec for years 2011, 2012, 2013 and 2014;
- Cost of start-up of the Sleeping Giant mill accounted for in operating expenses (approximately $500,000).

Measures were taken to correct the first two items and the three other items are non-recurent, non-repetitive and shall not affect future results.

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)

	2016 Dec.	**2015 Dec.**	**2016 Sept.**	**2015 Sept.**	**2016 June**	**2015 June**	**2016 March**	**2015 March**
Statement of comprehensive income ($)								
Revenues and other revenues	2,558	20,957	3,809,123	15,113	6,919,465	11,361	4,587,823	-
Interests	20,352	2,831	1,492	1,093	4,879	3,230	3,141	933
Net profit (net loss)	(925,934)	(179,807)	(1,206,159)	(102,849)	1,537,118	(684,043)	479,130	(104,459)
Net profit (net loss) per share diluted	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00
Statement of financial position ($)								
Cash and near cash	3,864,998	3,534,274	1,776,442	2,111,615	2,550,474	897,372	2,241,900	472,702
Total assets	37,791,888	24,922,108	36,228,483	23,385,685	33,574,141	23,577,441	25,600,237	24,571,459
Decommissioning provisions	5,907,044	264,977	5,930,203	258,738	5,939,350	252,646	271,637	0.00
Mining exploration ($)								
Exploration and evaluation expenditures net of mining duties, tax credits and production value of gold and silver ingots	208,333	2,632,000	40,062	(1,304,333)	13,844	(648,362)	145,518	460,659

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 the current drop in grade. 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 measured, indicated and inferred gold resources, 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 LOSS AND COMPREHENSIVE LOSS

For the three-month periods ended December 31, 2016 and December 31, 2015:

	2016		2015	
	3 months	6 months	3 months	6 months
ELDER MINE PRODUCTION				
Sales of gold and silver ingots	6,185,233	9,984,749	-	-
Operating mining cost	6,182,495	9,906,049	-	-
Royalties	227,772	298,742	-	-
Amortization and depletion	215,524	574,424	-	-
Costs of sales	6,625,791	10,779,215	-	-
GROSS PROFIT	(440,558)	(794,466)		-
EXPENSES				
Professional fees	78,308	141,756	114,037	147,005
Restoration of mining sites	6,888	6,888	13,862	37,258
Interest and penalties	256,118	259,618	-	11,539
Taxes, licences and permits	1,253	2,396	-	-
Advertising	3,500	4,817	5,251	5,251
Software and internet	236	1,620	925	4,807
Salaries and administrative fees	45,228	82,699	17,993	31,604
Payroll charges	9,227	16,209	5,590	8,426
Insurance	28,863	135,466	3,123	6,245
Office expenses	17,411	36,477	15,058	22,605
Accretion expense	8,341	17,194	6,239	12,331
Registration, listing fees and shareholder’s information	19,836	20,836	11,491	13,409
Forest expenses	-	-	(2,182)	(2,182)
Options granted in relation with the plan	-	582,000	-	-
Bank expenses	659	1,242	8,521	11,161
Amortization of property, plant and equipment	1,241	7,241	1,764	3,422
Various	-	-	4,790	4,790
	477,109	1,316,459	206,462	317,671
OTHER REVENUES				
Interest income	2,558	4,050	2,831	3,924
Other income	20,352	29,959	12,594	27,707
	22, 910	34,009	15,425	31,631
LOSS BEFORE INCOME TAXES	(894,757)	(2,076,916)	(191,037)	(286,040)
Income taxes	53,425	87,425	-	-
Deferred taxes recovery	(22,248)	(32,248)	(11,230)	(3,384)
	31,177	55,177	(11,230)	(3,384)
LOSS AND COMPREHENSIVE LOSS	(925,934)	(2,132,093)	(179,807)	(282,656)
LOSS PER SHARE basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

COMMENTS

Revenues

The revenues come from the sale of gold and silver ingots. For the three-month period ended on December 31, 2016, the revenues from the sale of gold and silver were $6,185,233 and the other revenues were $22,910. For the six-month period ended December 31, 2016, the revenues from the sale of gold and silver ingots were $9,984,749 and the other revenues were $34,009. No comparison with the revenues over the same period in 2015 is possible because the mine was still in exploration phase.

Expenses

The costs of sales including operating mining costs, royalties and amortization and depletion, for the three-month period ended on December 31, 2016, were $6,625,791. The costs of sales for the six-month period ended December 31, 2016 were $10,779,215. No comparison with the costs of sales over the same period in 2015 is possible because the mine was in exploration phase at that time.

The expenses for the second quarter totalised $477,109, a $272,000 increase over the same period in 2015. The increase is mainly due to the interest expenses of $250,000 related to the new notices of assessment received in December 2016 for the tax credits related to resources for the exercises 2011, 2012, 2013 and 2014.

Loss before income tax

The loss before income tax for the quarter ending on December 31, 2016 was $894,757 compared to $194,037 in 2015.

Loss and comprehensive loss

For the three-month period ended on December 31, 2016, the net loss and comprehensive loss was $925,934. The basic and diluted net profit per share for the three-month and six-month period ended on December 31, 2016 and 2015 was $0.00.

INTERIM STATEMENTS OF CHANGES IN EQUITY

During the three-month period ended on December 31, 2016, shareholder equity increased by $1,297,577, despite a loss of $2,132,093 with placements of units and flow-through shares for an amount of $2,914,550 and options granted to management and intermediaries, which resulted in an addition in capital of $601,607. For the same period in 2015, the shareholder equity increased of $662,596, despite a loss of $282,656 with placements of units and flow-through shares for an amount of $1,019,270.

CASH FLOWS

Cash at the end of the six-month period ending on December 31, 2016

Cash for the six-month period ended on December 31, 2016, increased by an amount of $651,989. Over the same period in 2015, there was an increase of $2,786,902.

The 2016 cash increase come from the financing activities which generated $2,906,420, $1,780,641 invested in assets and liquidity used in the operating activities for an amount of $473,790.

Operating Activities

For the six-month period ended on December 31, 2016, operating activities before the net change in non-cash working capital items, used $983,482 of cash, compared to a $303,497 over the same period in 2015.

The net change in non-cash working capital items generated $509,692 for the six-month period ended on December 31, 2016, and used $452,516 over the same period in 2015.

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

(Note 4 in financial statements)

	December 31 2016	**December 31 2015**
	$	$
Subscriptions receivable	(533,535)	-
Deposit for future acquisition	-	(225,000)
Interest receivable	-	(1,271)
Taxes receivable	(549,124)	(132,057)
Prepaid expenses	(6,758)	22,492
Other receivables	53,217	(8,745)
Inventory	86,598	(740,251)
Accounts payable and accrued liabilities	1,554,425	632,316
Income taxes payable	(95,131)	-
	509,692	452,516

Items not affecting cash:	**December 31 2016**	**December 31 2015**
	$	$
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	19,067	-
Decommissioning provision costs for the Sleeping Giant site accounted for as Property, Plant and Equipment	(49,500)	-
Mining duties adjustment accounted for as Property, Plant and Equipment	120,221	-
Tax credits adjustment accounted for as Property, Plant and Equipment and included in accounts payable and accrued liabilities	1,466,680	-

Financing activities

For the six-months period ended December 31, 2016

	2016	2015
	$	$
Units issuance	2,523,800	723,200
Flow-through shares	390,750	296,070
Options exercised	14,000	-
Share issuance expenses	(22,130)	-
	2,906,420	1,019,270

During the six-month period ended on December 30, 2016, the issuance of units, flow-through shares and the exercise of share purchase options generated an amount of $2,914,550, ($1,019,270 over the same period in 2015).

Investing activities

Investing activities for the six-month periods ending on December 31, 2016 and 2015 are summarized as follows:

	2016	**2015**
	$	$
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	(1,531,759)	(58,850)
Acquisition of exploration and evaluation assets	(213,201)	(9,736,394)
Gold and silver sales capitalized to the exploration and evaluation assets	-	12,433,060
	(1 780 641)	2,523,645

We cannot compare the investing activities for the period ended December 31, 2016 with investing activities over the same period in 2015. The mine in 2015 was in exploration phase and the sales of gold and silver were accounted for in exploration and evaluation assets.

FINANCIAL POSITION

Total assets on December 31, 2016, were $37,791,888 compared to $33,574,141 on June 30, 2016. The increase was principally due to cash, subscription receivable and property, plant and equipment.

The cash increased from $2,679,474 on June 30, 2016 to $3,331,463 on December 31, 2016.

There were no significant changes to the inventory. Also, the exploration and valuation assets remained about the same, $7,023,884 on June 30, 2016, to $7,214,863 on December 31, 2016.

Current liabilities increased from $2,492,689 on June 30, 2016 to $5,445,165 on December 31, 2016 due mainly to an increase in accounts payable and accrued liabilities.

CASH AND SUBSCRIPTION RECEIVABLE

The cash increase, from $2,679,474 as at June 30, 2016 to $5,445,165 as at December 31, 2016 due mainly to the increase of the revenue for the quarter ended December 31, 2016.

The subscription receivable of $533,535 is due to private placement completed at the end of the quarter and for which the full amount subscribe was not received and the shares were still to be issued as at December 31, 2016.

PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment increased, from $14,936,431 as at June 30, 2016 to $17,423,926 as at December 31, 2016. The increase of $2,487,495 is mainly due to the tax credits related to resources adjustments 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 claim 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. Elder reached the production stage and was transferred in 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 whom 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 reflected as an increase to property, plant and equipment. For more details see page 14 **CONTINGENT LIABILITIES.**

The following table summarize the additions to property, plant and equipment for the six-month period ended December 31, 2016:

Elder	**2016** **$**
Furniture and equipment	51,071
Tax credits related to resources for 2011 to 2014, cancelled	1,466,680
Refus de crédits remboursables d'impôts miniers	120,221
Travaux de mise en valeur	937,971
Balance de camion	94,618
Buildings	12,942
Changes to estimates to decommissioning provisions for mining sites	(15,500)
	2,668,003
Sleeping Giant	
Sleeping giant mine	20,993
Processing equipment	128,311
Buildings	10,054
Mobile equipment	241,799
	401,157
TOTAL	3,069,160

INVENTORY

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

	Décember 31, 2016 **$**	**June 30 2016** **$**
Gold and silver ingots	1,538,216	1,551,107
Ore stock piles	1,373,893	1,623,738
Mine supplies	665,128	488,990
	3,577,237	3,663,835

EXPLORATION AND VALUATION ASSETS
(see note 7 of interim financial statements)

	December 31 **2016** $	**June 30** **2016** $
Mining properties	1,898,817	1,893,949
Exploration and evaluation expenses	5,316,046	5,129,935
	7,214,863	7,023,884

During the period ended December 31, 2016, there was practically no change in exploration and valuation assets. The exploration and evaluation expenses increase of $208,333. The increase is mainly due to the costs of drilling done on the Abcourt-Barvue property in December 2016. See note 7 of the Interim financial statements.

CURRENT LIABILITIES

Current liabilities increased from $2,492,689 on June 30, 2016 to $5,445,165 on December 31, 2016 due mainly to an increase in accounts payable and accrued liabilities.

The increase of the accounts payable and accrued liabilities is mainly due to the increase of the amount due to governments and the accounts payable. The amount due to governments' increase of approximately $1,800,000, from $263,486 as at June 30, 2016 to $2,040,976 as at December 31, 2016. The increase is mainly due to the new notices of assessments received for the year 2011 to 2014 from Quebec Revenue. Quebec Revenue claim 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 and is included in accounts payable and accrued liabilities as at December 31, 2016. The management of the Company is contesting those new assessments decisions. In order to secure an eventual payment of the claim, the Company has granted to the Quebec Revenue authorities a movable hypothec without delivery for an amount of $872,325. The increase of the accounts payable by 1 million, from $1,027,310 as at June 30, 2016 to $2,029,728 as at December 31, 2016, is explained mainly by an amount due to Hydro-Quebec of $600,000 for the electrical bills for the Sleeping giant site for the months of July to November received in December 2016, capital investments of $200,000 and finally by the increase of the operating activities of the Company for the quarter ended December 31, 2016.

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 mining sites

	December 31 2016	**June 30 2016**
	$	$
Balance, beginning of period	5,939,350	252,646
Changes to estimates	(49,500)	207,439
Provision related to the acquisition of the sleeping Giant assets	-	5,454,000
Accretion expense	17,194	25,265
Balance, end of period	5,907,044	5,939,350

Royalties

Property	Royalty
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. There were no restoration expenses at the Abcourt-Barvue site for the three-month period ended on December 31, 2016, and there were $23,396 in 2015.

OFF BALANCE SHEET ARRANGEMENTS

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

CAPITAL STOCK

Authorized

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

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

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

AUTHORIZED AND ISSUED CAPITAL STOCK AS AT MARCH 31, 2016

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

See note 11 of the interim financial statements for changes in class B capital stock.

As at December 31 and June 30, 2016, 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 represent 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 one class « B » share at a price of $0,085 and half warrant, 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.

<u>Share purchase options and warrants</u>

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

<u>Convertible securities</u>

None

<u>Escrowed shares</u>

None

CONTRACTUAL OBLIGATIONS

<u>Long-term Debt</u>

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

CONTINGENT LIABILITIES

a) In 2015, the Company received two notices of infraction for the Abcourt-Barvue site under the Environment Quality Act. Penalties totaling $45,222 were received related to those notices and are accounted for in accounts payables and accrued liabilities.

   The Company pleaded not guilty and in the opinion of the Company's management, it is unlikely that the Company will pay an amount in relation to above facts. See page 16 Subsequent events.

b) 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 following flow-through placements for which the Company renounced or will renounce tax deductions as at December 31, 2016 ($296,070 as at December 31, 2015). Management is required to fulfil its commitments within the stipulated deadline of one year form this date.

   The product of unspent funding related to flow-through financings totals $390,750 to spend before December 31, 2017 ($126,000 before December 31, 2016 as at June 31, 2016).

c) In September 2016, the Company received notices of assessment from the Quebec tax authorities, whom refuse the eligibility of certain expenses as exploration expenditures according to the mining tax legislation for the fiscal year ended 2011, 2012 and 2013. An amount of $84,487 was received as mining duties for those years. An amount of $120,221 was accounted for as an increase to property, plant and equipment following the credits review. The management of the Company is contesting those new assessment decisions for the fiscal year 2011, 2012 and 2013.

d) 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 those new assessments decisions for the fiscal years 2011, 2012, 2013 and 2014. The amount of $1,722,117 is claimed by Revenu Quebec. As at December 31, 2016, this amount is included in the accounts payable and accrued liabilities. In order to secure an eventual payment of the claim, the Company has granted to the Quebec tax authorities a movable hypothec without delivery for an amount of $872,325. An amount of $1,466,680 which represent the refused tax credits was account for as property, plant and equipment and an amount of $255,437 which represents the interests was accounted for in profit or loss.

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, pages 25.

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:

	Short term exposure $
December 31, 2016	
Cash	81,169
Total exposure	81,169

A ± 1% change of the CAN$/US$ exchange rate as at December 31, 2016 would have had an impact of $812 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 December 31, 2016, Company's cash amounts to $1,686,442 plus $90,000 reserved for exploration and evaluation of mining projects. In addition, the Company's working capital amounts to approximately $5,807,458 on December 31, 2016. 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 December 31, 2016, the Company equity totaled $26,893,426. 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 December 31, 2016. 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.

SUBSEQUENT EVENTS

in Februrary 2017, the plaintiff withdraw the complaints for the two notices of infraction for the Abcourt-Barvue site under the Environment Quality Act for an amount of $45,222. See page 13 and 14.

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^{o}–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^{o} to the south-east, with the exception of the no 4 vein which is striking north-south and dipping 22^{o} 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**			
	TONNES	**GRADE**	**WIDTH**	**TONNES**	**GRADE**	**WIDTH**	**TONNES**	**GRADE**	**WIDTH**	**GOLD OUNCES**
	(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	-	-	-	173,162	6.54	2.10	173,162	6.54	2.10	36,391
TOTAL ALL	**512,739**	**6.68**	**2.20**	**848,473**	**6.55**	**2.10**	**1,361,212**	**6.60**	**2.14**	**288,945**

Table 1b – Inferred resources at Elder and Tagami

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

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 for the 1st, 2nd quarters and the six-month period ending on December 31, 2016 are given below:

Results obtained for the first two quarters of the 2017 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 $ 191 $ / t
Price of gold sold, per once	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	2,982,615 $	1,538,216 $	1,538,216 $
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 in the first quarter ended on September 30, 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 no 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.

Comments on the results obtained in the second quarter ended on December 31, 2016

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.

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 acretion 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 Deloite 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

Conditions of the agreement to the benefit of Abcourt

In addition to the usual conditions, in the context of a sale by a court-appointed receiver, the following conditions are added to the benefit of Abcourt:

• All certificates of Authorization concerning the Environment have to be ceded to Abcourt;

• A collective agreement has to be negotiated with the Syndicat des Métallos, to the satisfaction of Abcourt;

• The amount of $4,027,661 already deposited for the restauration of the site by previous owners has to be transferred to Abcourt. An additional amount of $1,342,397 has to be deposited by Abcourt.

Outstanding points of this Agreement

• **Purchase of mill at good value.**
The purchase of this mill with a capacity of 700 to 750 tonnes per days, enabling Abcourt to treat the Elder and Sleeping Giant production, is purchased at a large discount on the replacement cost of this mill including the tailings pond, without taking into account the value of the gold resources of the property.

• **No dilution of the capital stock and no debt.**
This purchase will be done without the issue of any additional share and no debt. All the debts associated with the previous owners will be settled by the bankruptcy of Mines Aurbec Inc.

• **Tailings pond.**
The tailings pond has enough capacity for two years of operation. In 2014, a study was made by Amec Environment & Infrastructure, a division of Amec America Limited (AMEC) for the enlargement of the tailings pond. This study indicates that in the course of the first two (2) years of operation, a dyke has to be built at a cost of $136,000. In the following year, another dyke and an outlet have to be put in place at a cost of $328,000. In the fourth year, a major expense of $2.4M has to be made to enlarge the pond. For the following five (5) years, an expenditure of about $200,000 annually will suffice.

• Shaft deepened in 2009 – 2011
Mines NAP Québec Ltée deepened the shaft in 2009 – 2011 to open three (3) new levels at depth.

• Historical mineral resources of the Sleeping Giant mine
The historical mineral resources of the Sleeping Giant mine was estimated by InnovExplo in August 2013. These resources were calculated with 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.

Historical Resources of the Sleeping Giant mine, August 1, 2013

Zones	Mesured		Indicated		Mesured and indicated		Inferred resources	
	Tonnes	Au (g/t)	Tonnes	Au (g/t)	Tonnes	Au (g/t)	Tonnes	Au (g/t)
2			29,014	10.5	29,014	10.5	1,280	7.8
3			16,943	9.0	16,943	9.0		
6			56,194	9.9	56,194	9.9	2,361	8.7
8							3,627	9.9
9			5,044	8.2	5,044	8.2		
15			12,268	7.8	12,268	7.8	1,351	10.3
16			9,820	10.8	9,820	10.8	22,588	14.2
18			9,636	14.1	9,636	14.1	2,096	10.8
20			14,986	11.3	14,986	11.3		
30			2,251	10.0	2,251	10.0		
50	2,020	6.9	13,375	10.5	15,935	10.0	1,434	13.4
30W			30,792	12.6	30,792	12.6	3,405	14.5
8N			14,796	13.0	14,796	13.0		
785N			88,950	16.4	88,950	16.4	2,267	7.8
78H							1,290	7.0
Total	**2,020**	**6.9**	**304,100**	**12.4**	**306,100**	**12.3**	**41,700**	**12.4**

In 2015, before the mine was closed, Mines Aurbec Inc excavated a 270-meter access drift on level 1060 m that reached the 30W zone indicated above. Some mining was done between the date of the resources calculations and the date of closing of the mine.

• **Synergy of the Project**

The acquisition of the mill will enable us to reduce the milling costs and its availability will be guaranteed at all times. As the Elder and Géant Dormant ores are compatible, it will be possible to mix them and, consequently, optimize the management of the mill feed and minimize the stock piling of ore at the mines and / or at the mill. This should result in a lessening of working capital needs. We also believe, based on past experience, that the gold recovery will be better particularly at the mill clean-up time.

- **Restart of mill**

  The overhauling of the mill started as soon as the agreement was signed. The first ore was treated in August 2016.

- **Restart of mine**

  Some rehabilitation work has to be done first before restarting the mine. Once these repairs are done, we will be able to re-open the mine.

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

		2014 Estimate				2006 Estimate		
CATEGORY		**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.

<u>Diamond drilling 2015 - 2016</u>

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 signifiant value		
AB 16-03	359.0	370.0	11.0	21.0	0.46
	370.0	373.0	3.0	36.8	2.06
AB 16-04	209.4	210.0	0.6	14.1	9.40
	254.3	257.3	3.0	123.0	1.12
	291.5	293.0	1.5	62.1	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.

<u>Forward-looking statement</u>

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.

<u>Drilling 2016 – 2017</u>

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	See *Note 1*				
AB16-11 A	230.0 239.0	235.0 250.3	5.00 11.30	37.8 7.4	4.09 2.80
AB16-12	160.0 275.7	161.93 292.4	1.93 16.65	12.9 4.7	13.80 2.00
AB17-01	318.0	319.75	1.75	15.6	0.38
AB17-02	234.0 240.0	240.0 242.9	6.00 2.90	49.8 2.2	1.37 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.

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. It gave the following results:

Measured: 3,100 tonnes with a grade of 8.95 g/t Au (895 ounces)
Indicated: 1,279,000 tonnes with a grade of 5.74 g/t Au (236,180 ounces)
Inferred: 1,545,500 tonnes with a grade of 5.93 g/t Au (294,500 ounces)

The historical measured and indicated resources contain 237,000 ounces of gold, mostly in zones "B" and "30".

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 pyrhotite in equal amounts. Some good values were intersected in zones A (B-10-197, 5.81 g/t of gold aver 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. The InnovExplo calculations gave the following historical resources:

Measured: 116,000 tonnes with a grade of 3.25 g/t of gold (12,120 ounces)
Indicated: 2,680,000 tonnes with a grade of 1.74 g/t of gold (149,902 ounces)
Inferred: 1,916,000 tonnes with a grade of 1.59 g/t of gold (97,651 ounces)

In addition, underground resources, with a cut-off grade of 3.5 g/t of gold are:

Indicated: 27,000 tonnes with a grade of 4.66 g/t of gold (4,100 ounces)
Inferred: 283,000 tonnes with a grade of 4.39 g/t of gold (39,910 ounces)

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:

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

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:

Description	Short tons	Cu %	Zn %	Ag oz/t
Area around the old mine	620,000	1.60 ±	2.00 ±	0.2
New ore body to the east	1,150,000	1.50	4.13	0.9
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.

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

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

During the period ending on June 30, 2013, the Company decided to write-off the value of the 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	*(s) Marc Filion*
Renaud Hinse	Marc Filion
Chief Executive Officer	Chief Financial Officer
2017/03/02	2017/03/02