

Abcourt Mines Inc.

February 21, 2012

TSX Venture – ABI: C\$0.14 -- 12 Month Target: C\$0.80, (US Listing: ABMBF) (Frankfurt: AML)

Transitioning From Drilling & Resource Definition to Advanced Development & Future Production Focus at Two Significant Quebec Properties

Focused in Quebec's prolific Abitibi Greenstone Belt, Abcourt now has several base metal properties and a gold property, all 100% owned. We focus in on two of these, the **Elder gold property** and the **Abcourt-Barvue zinc-silver property**, both of which are past producers, are receiving the bulk of exploration & development spending by the company, and offer strong potential for near term production. These properties will be the value drivers for the stock over the next 12 – 24 months.

Investment Thesis The current gold resource estimate (2009) at Elder stands at over 200,000 oz Au (150,000+ oz Measured & Indicated, 45,000+ oz Inferred). A new resource estimate is on the way by the end of March which incorporates 19,515 m of drilling in 2010 / 11. Expectations are for a sizable increase. A Preliminary Economic Estimate is soon to follow in April, which is expected to be a major milestone for ABI and representing a turn in the road toward production. The attractiveness of this project lies in its low expected capx to place into production (under \$20 million), low operating costs (estimated @ \$650 / oz), and previous underground development. With assumed production of 135,000 tpy (or about 25,000 ounces), the current gold price does the rest, resulting in annual pretax operating cash flows of over \$20 million (Au @ \$1500 / oz). This generates a payback of less than one year and several years of cash flow after that, upwards of \$15 million after tax according to these calculations. If the company can achieve production at Elder, the stock has the potential to appreciate by several multiples.

We believe the market does not factor in this potential yet, given the current ~\$20 million market cap vs. the magnitude of these potential cumulative cash flows. Should the company produce a PEA that points the way to a production scenario, along with additional moves that show a clear intent and ability to accomplish this, we believe this will be the point at which the current lows will be a distant memory.

Following a positive Feasibility Study at Abcourt-Barvue in 2007, subsequent drilling and property acquisitions are expected to result in a larger resource base with which to increase the model production rate (from 650k tpy to 1m tpy), leading to lower operating costs and increased rates of return (for an enhanced ability to fund the project). Following a successful mining operation at Elder, the company should be in an excellent position to fund the currently projected \$60 million in preproduction capx to again realize a second, significant bump in value when the decision is made to go to production.

Key Points

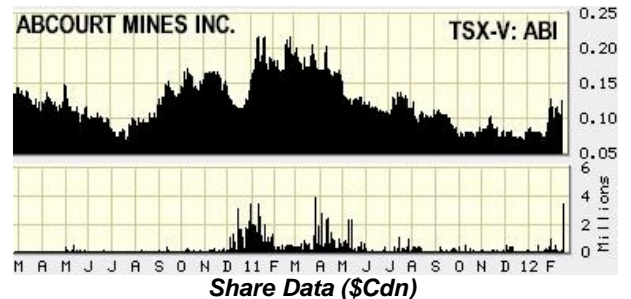
▲ **Elder Au Property.** Elder is a past producing underground gold mine from 1944-64 (350,000 oz). A joint venture spent \$23 million in the 1980s to successfully put the property into production, but the mine was forced to close with the collapse of the gold price (under \$400/oz). There is valuable infrastructure in place, offering low initial capx and making it within the reach of ABI to develop. A 2009 resource estimate had M&I resources of 805,028 t @ 6.5 g/t and Inferred resources of 237,289 tonnes @ 6.1 g/t, for total resources of over 200,000 oz. Drilling since then is expected to add considerable tonnage at even better grades.

Abcourt is increasingly on track to once again bring this property into production. A new resource estimate is expected in March, 2012, with a PEA to follow in April. The mine is being dewatered and expected to be complete soon. The company is increasingly positioning itself to make Elder a highly profitable producer, including gaining new board members with proven experience with mine development.

With potential annual after tax cash flow of \$15+ million at today's gold prices and excellent exploration prospects (with drilling at depth to follow dewatering), **potential is for a \$100+ million asset.**

▲ **Abcourt-Barvue Zn-Ag Property.** A 2007 Feasibility Study was based on a 500 m lb. Zn, 13+ m oz Ag resource over a 13 year minelife, generating an IRR of 20.5% and NPV(8%) of \$28.1 m (based on \$15 Ag/oz, \$0.88 Zn/lb.). Moving to 1 m tpy from 650k tpy is expected to lower operating costs by \$5/t and simulations indicate an IRR of 27.2% and NPV(8%) of **\$53.9 m**. The company has taken steps to make this a reality, drilling the western part of the orebody to increase / upgrade reserves, along with purchasing the neighboring Vendome property to add to that resource base. A new 43-101 resource estimate should form the basis for revised mine planning and moving forward to production.

▲ **Target Price.** Our 12 month target of C\$0.80 is based on a positive PEA at Elder, moving forward to production at Elder with a revaluation of the asset based on projected cash flows, combined with greatly enhanced prospects at Abcourt-Barvue following a revised resource estimate.



Recent Price:	\$0.14
52-week Price Range:	\$0.06 - \$0.25
Shares Outstanding:	151.5 million
Fully Diluted Shares:	230.9 million

Capitalization (\$Cdn):

Market Capitalization:	\$21.21 million
Cash Balance (1/26/2012):	\$5.5 million

Corporate Information:

President, CEO:	Renault Hinse
Website:	www.abcourt.com

Value Catalysts–

Potential \$100+ m mkt cap, \$0.80 / ABI share price.

- ▲ Increased resources at Elder, Abcourt-Barvue.
- ▲ Successful PEA for Elder, leading to potential for production in less than 12 months.
- ▲ Revised resource for Abcourt-Barvue meets company goal for a increased production rate and significantly increased rate of return – enhanced ability to finance on the heels of a successful scenario at Elder (2013).

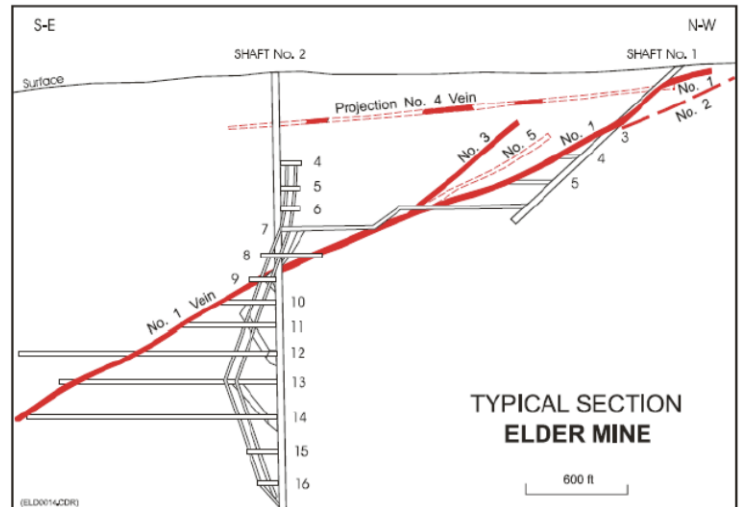
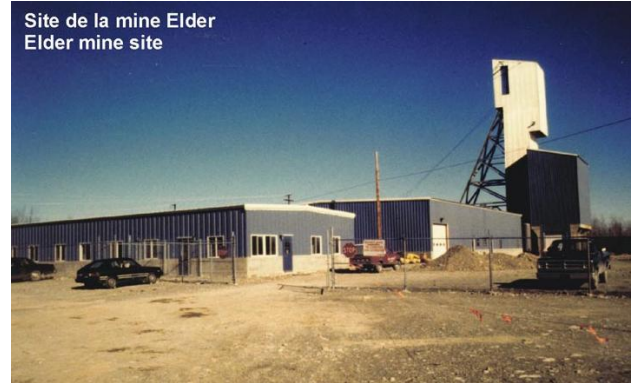
ELDER Gold PROPERTY (100% - 947 hectares)
Rouyn-Noranda mining camp, Quebec THE COMPANY

Following a lengthy history of development, Abcourt purchased (consolidated) the various portions of the current property from 1993 – 98. It is located 10 km NW of Rouyn-Noranda and is easily accessed. The town of Rouyn-Noranda is a very active community with a long mining history that began in the 1920s with the discovery of a large copper and gold deposit. Since 1927, there have been approximately 200 mines that have produced 5 million tonnes of Cu, 6.2 million tonnes of Zn, 1860 tonnes of Au, and 5500 tonnes Ag. Mining continues to play a major role in the local economy as there are currently 3 active mines in the area (Mouska, Doyo n, & LaRonde) and Xstrata's Horne Smelter.

There has been considerable development at the Elder mine. From 1947 – 66, the mine produced close to 2.23 million tons of ore @ 0.155 opt Au and 71.4% silica for a total of 348,000 ounces Au. In the last years of operation, only limited underground drilling for new ore was carried out. By June, 1966, lower gold and silica grades from the bottom levels and escalating costs made the operations uneconomical and the mine was closed.

The site is still well equipped with functional buildings and mining equipment (reportedly in excellent shape). The surface infrastructure consists of the following:

- Three compartment, 110' high head frame.
- 50' x 50' x 20' high hoist room equipped with 350 hp 6' diameter double drum 700 tpd / 2700' hoisting capacity, cage and skips.
- Compressor room with 2 compressors (1700 cfm each).
- 80' x 130' warehouse / dry / shop complex.
- 40' x 82' office building.
- Substation.
- Operating equipment (dewatering pumps, transformers, breakers, mobile & mining equipment / spare parts, fans, mine air propane heating system, etc).
- 0.56 hectare settling pond with pump house.



Between 1984 and 1989, a joint venture spent a total of \$23 million to put the property back into production. This included:

- Dewatering the mine
- Rehabilitating 4,268 meters (14,000 feet) of old drifts, deepening the shaft 15 meters (50 feet), establishing new stations on three upper levels in No. 2 shaft, cutting an ore pass and a waste pass system with loading pockets.
- Installing a surface plant and purchasing equipment.drilling 142 surface and 75 underground diamond drill holes,
- Excavating 2,130 meters (7,000 feet) of new drifts, driving ventilation raises and starting a few stopes.

At that time Proven and Probable Reserves were calculated by the mine staff as 753,000 tons @ 0.17 oz /ton Au. An additional "Possible" tonnage was stated as: 456,000 tons @ 0.17 oz /ton Au.- (note – these calculations were made before the publication of NI 43-101 standards).

From April – June, 1989, a total of 14,076 tons (13,200 tonnes) was produced @ 0.189 oz / ton (7.44 g/t) Au. Following a drop in the price of gold, the mine was temporarily closed.

Following consolidation of several small additional properties by Abcourt, there have been several periods of activity.

- 1996 / 97 – Tagami property – 21 hole drilling program (2,896 m) outlines high grade gold on the West Gold showing.
- 1995-98 – Elder property – 16 drillholes were completed (2,496 m) which confirmed and increased the mineral resources on the east end of the mine.



The mine was also dewatered to the 12th level (509 meters) but following a drop in the price of gold in 1998, the pumps were removed and the mine was once again put on care & maintenance basis.

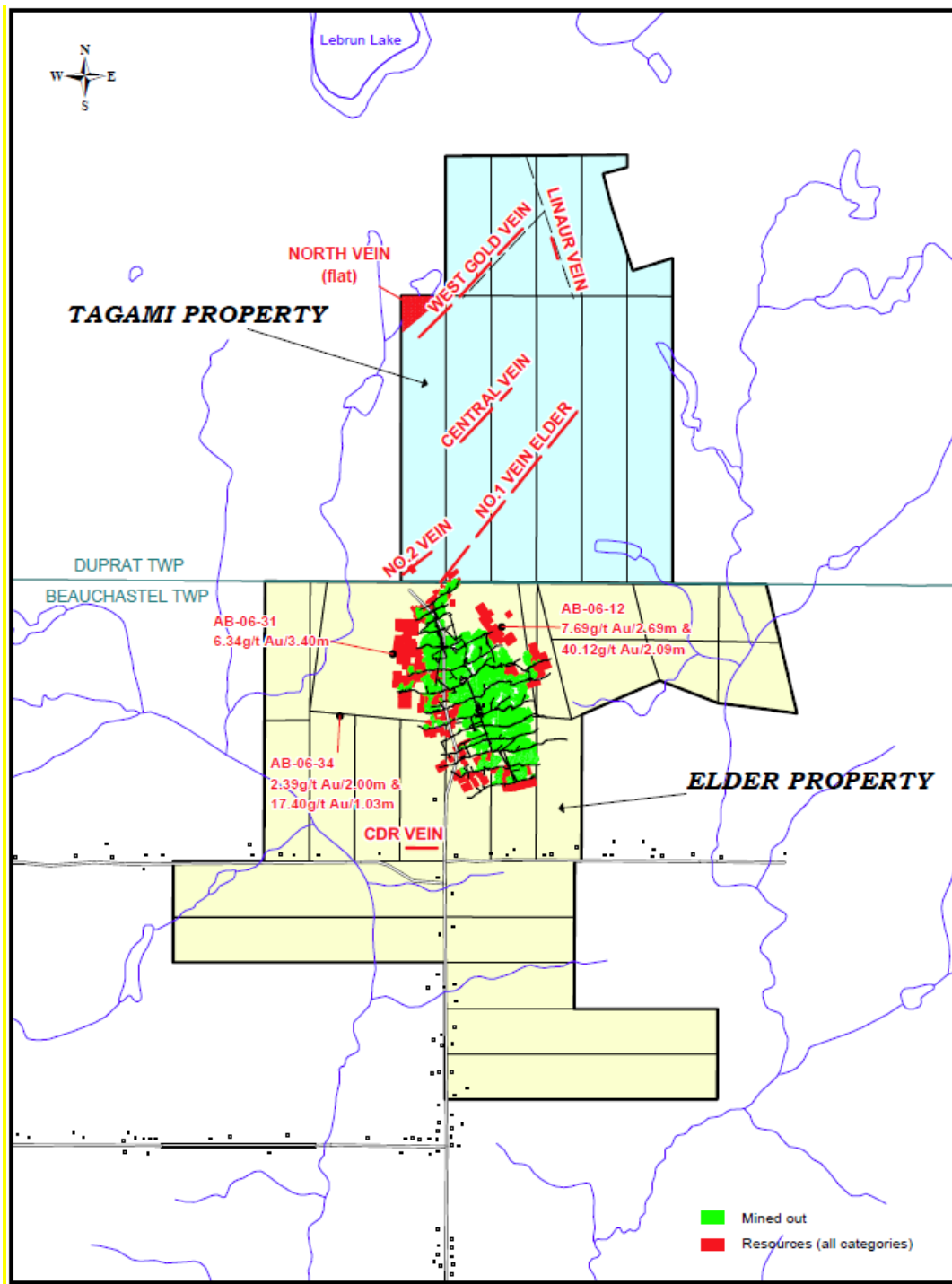
In 2006/2007, 35 surface holes were drilled for a total of 7,001 meters. Twenty-seven (27) of these holes were drilled at the eastern and western limits of the mine to confirm or to extend the main zone. Four holes were drilled in #4 vein and intersected a mineralized zone over 1.5 to 7.0 meters. In addition, four holes were drilled about 300 meters west of the mine area. One of these holes intersected a strong fault zone and one vein above and another vein below the fault. These veins assayed 2.39 g/t gold over 2.0 meters and 17.40 g/t gold over 1.03 meter. This discovery indicates that new veins may be found along the extension of the Elder mine main ore structure.

In July 2009, a revision of the resources for the Elder property was completed by an independent qualified person, Mr. Jean-Pierre Bérubé, P. Eng., consultant from Trois Rivières, Quebec, Canada. This revision was made according to NI 43-101 Standards.

Cut-off grade	3.8 grams/tonne			5.1 grams/tonne		
	Tonnes	Au gr/t	Ounces	Tonnes	Au gr/t	Ounces
Measured	402,286	6.5	83,635	256,379	7.7	63,736
Indicated	<u>402,742</u>	<u>6.6</u>	<u>85,502</u>	<u>287,296</u>	<u>7.7</u>	<u>71,422</u>
Measured & Indicated	805,028	6.5	169,137	543,675	7.7	135,158
Inferred	237,289	6.1	46,722	159,704	7.2	37,067

Exploration has continued since then. In 2010, it was announced that diamond drilling of 20 definition holes totaling 3,331 m on the NE half of the West Gold Zone of the Tagami property, combined with results obtained in holes drilled previously, outlined a continuous zone of mineralization 400 meters long in a north-east direction, partly in a flat zone and partly in a shear zone dipping 40-60° to the east. This zone has been traced from surface to a depth of 147 meters with an average vertical thickness of 2 meters and a grade of 8 grams of gold per tonne. Preliminary calculations by management indicated a potential of 225,000 tonnes with a gold content of **60,000 ounces**. It was also noted that definition drilling in the SW part of the West Gold Zone could add significantly to the gold potential of the West Gold structure.

In 2011 Abcourt drilled ~5000 metres on Elder and the adjoining Tagami property. On Tagami, ABI found a new zone (now referred to as the number 7 zone) parallel with the number 1 zone. This new zone represents a significant find for the company and is expected to yield interesting values in the future as the Company tracks and drills it from the existing levels underground once dewatering is complete.



To summarize:

- The mine site is well equipped with functional buildings, mining equipment, infrastructure.
- A current 200,000+ oz. 43-101 compliant resource and expected to increase (March/11).
- Strong potential for a further 60,000+ ounces at Tagami West, with possibility for more.
- Additional drilling since then shows strong support for additional resources – hence the current 43-101 resource estimate.
- In view of these good results, ABI is now also converting past data to metric and completing a Preliminary Economic Assessment.

In short, current efforts in 2012 represent the culmination of a series of successful programs and a prelude to even more successes.

From an economic point of view, the potential economics of re-opening the mine have been investigated. A summary is given below.

Elder Gold Mine Economics

- The Elder mine can be brought back into full production in the near term, within 6 - 15 months following a favorable PEA.
- Production rate, based on the existing 43-101 resources, is foreseen at 135,000 tpy, thus producing about 25,000 ounces of recoverable gold per year over a period of 8 to 9 years using the current M & I numbers, however the new upcoming resource calculation (with its lower cut-off and addition of recent drilling numbers) is expected to considerably increase the mine life.
- At the beginning, the ore could be shipped to a number of potential mills. Mining MarketWatch Journal has confirmed with Abcourt that they have been actively courted by local mills recently for samples of Elder ore - there is ample unused milling capacity within a 150 km radius of Elder.
- Projected cash cost is estimated at US\$600-650 per ounce of gold. Cash flows with gold at US \$1,300/ounce and a rate of exchange of CAN \$1 = US \$1.00 are estimated at about CAN \$17.0M per year for a period of more than 8 years using the current resource (longer using the upcoming).
- Payback on capex to period at the above gold price would be about 1 year. Eventually Abcourt would want to build a mill if justified (add ~\$15M).

Estimated capital costs required to take Elder to production:

- | | |
|--|-------------|
| 1- Dewatering of mine, new resource calculation, and PEA | CDN\$ 1.6M |
| 2- Lateral development and underground diamond drilling | CDN\$ 10 M |
| 3- Purchase of equipment and working capital | CDN\$ 4.9 M |

(If the mill Abcourt uses has a 1000 TPD capacity then Abcourt will need to stockpile ~30,000 tonnes in order to begin supplying the mill)

ABCOURT-BARVUE Zn-Ag OREBODY (100%), Abitibi Greenstone Belt, Quebec

Originally discovered in 1950, this property has a long history of development, along with production in two periods – 1952-57 (5.5 million t @3.09% Zn, 1.13 opt Ag) as an open pit and by Abcourt from 1985-90 (697,016 tons @ 5.04% Zn, 3.85 opt Ag) as an underground mine. In 1990, with the falling price of Zn and Ag, the mine was shut down, with the zinc price @ \$0.40 - \$0.60 / lb.



In 2003, Abcourt began to reactivate the project, drilling 10 holes in 2003, 24 holes in 2004, and 46 holes in 2005. This was followed by a 43-101 resource update in 2006 (MRB & Associates) and a Feasibility Study in 2007 by Genivar. Current resources are as follows:

Feb - 2007						
Abcourt-Barvue mineral reserves statement						
Mining Method	Class.	Tonnes	Ag (g/t)	Zn (%)	Ag (oz.)	Zn (lb.)
Open Pit	Proven	5,338,731	44.79	3.15	7,687,942	370,751,441
	Underground	1,169,662	105.19	2.87	3,955,723	74,007,636
Underground	Proven	315,139	101.61	3.23	1,029,508	22,440,831
	Total u/g	1,484,801	104.43	2.95	4,985,231	96,448,467
Open Pit & Underground	Proven	6,508,393	55.64	3.10	11,643,665	444,759,077
	Probable	315,139	101.61	3.23	1,029,508	22,440,831
	Total	6,823,532	57.76	3.11	12,673,173	467,199,908
Open Pit - Proven Marginal Ore		1,151,502	17.65	1.58	653,432	40,110,312

Remaining Resources (undiluted) after the first 10 years of production					
	Tonnes	Ag (g/t)	Zn (%)	Ag (oz.)	Zn (lb.)
Sections 315E to 1185E – under Barvue pit	453,166	71.23	3.52	1,037,794	35,166,912
Sections 5100E – 5280E in Gs, Abcourt, M&I	109,582	71.38	4.74	251,482	11,451,222
Total Remaining Resources	562,748	71.26	3.76	1,289,276	46,618,134
Inferred resources (undiluted)	1,505,687	120.53	2.98	5,834,727	98,918,197

In the Feasibility Study, the production schedule was established on a 10-year basis (6,446,000 t) because it was estimated that subsequent years of production have minor influence on the economics of the project. It is noteworthy that there are slightly more than 3 additional years of production at the same milling rate. After year 10, this represents a tonnage of about 2 Mt grading 47.88 g/t Ag and 2.43 % Zn for a zinc-equivalent grade of 3.43%. This could be extended further with inferred resources after additional exploration and development.

Economics were established as follows:

ABCOURT MINES INC.

FEASIBILITY STUDY FOR THE FIRST TEN YEAR

- Total production costs: \$29.21/t
- Pre-production capital cost (incl. working cap.) \$46.1 M
- On-going capital cost: \$30.4 M
- Zn = US \$0.88/lb; Ag = US \$15.00/oz; Exchange rate: 1.06 \$Can/\$1.00 US

	With 100% equity		With 60% debt (7%), 40% equity	
	Before taxes	After taxes	Before taxes	After taxes
ROE	25.2%	20.5%	35.0%	29.7%
IRR	25.2%	20.5%	24.1%	19.8%
Payback (yrs)	4	4	4.2	4.2
NPV (8%)	\$47.7 M	\$28.1 M Can	\$44.7 M	\$26.8 M Can
NPV (12%)	\$30.2 M	\$15.9 M Can	\$27.6 M	\$14.8 M Can
EBITDA	\$185 M	\$185 M Can	\$185 M	\$185 M Can

Genivar and Bumigene's recommendation: « The Abcourt-Barvue project contains an economic mineral reserve and, based on the cash flow analysis using realistic long-term metal prices, it is recommended to proceed with the development of a mine... »

Abcourt subsequently conducted a “simulation” to investigate the economics of the property under the assumption that the mining rate was increased to 1 million tonnes per year over a 13 year minelife. What they found is that operating costs were projected to drop by \$5 / tonne, from over \$29 to under \$25, with only a modest increase in capx. Rates of return increased substantially, as does the project NPV.

ABCOURT MINES INC.

SIMULATION FOR 1 M TONNES / YEAR MILL
13 YEARS OF PRODUCTION

- TOTAL PRODUCTION COST: \$ 24.61 / t
- PRE-PROD'N CAPITAL COST Inc. WORKING CAPITAL: \$ 60.2 M
- ON-GOING CAPITAL COST: \$ 53.0 M

Zn = US\$ 0.88; Ag = US\$ 15.00; Exchange \$can/US\$ = 1.01

With 100% EQUITY FINANCING With 60% DEBT (7%), 40% EQUITY

	<u>Before taxes</u>	<u>After taxes</u>	<u>Before taxes</u>	<u>After taxes</u>
ROE	33.29 %	27.19 %	51.54 %	44.66 %
IRR	33.29 %	27.19 %	31.80 %	26.39 %
Payback (years)	2.83	2.93	3.06	3.07
NPV 8%	\$ 87.7 M	\$ 53.9 M	\$ 83.0 M	\$ 51.8 M
NPV 12%	\$ 60.3 M	\$ 35.3 M	\$ 56.3 M	\$ 33.5 M
EBITDA	\$ 300.8 M	\$ 234.5 M	\$ 300.8 M	\$ 238.2 M

Revised Sept 11, 2009

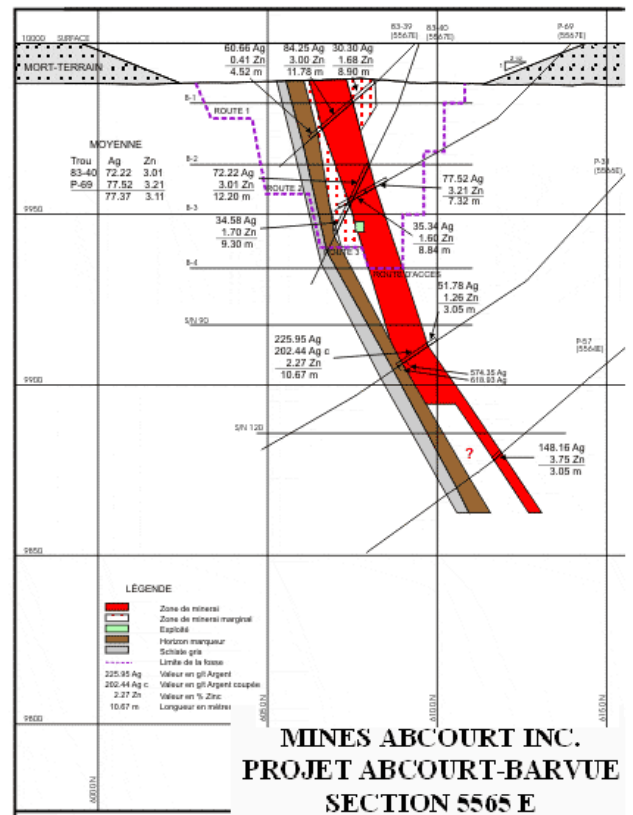
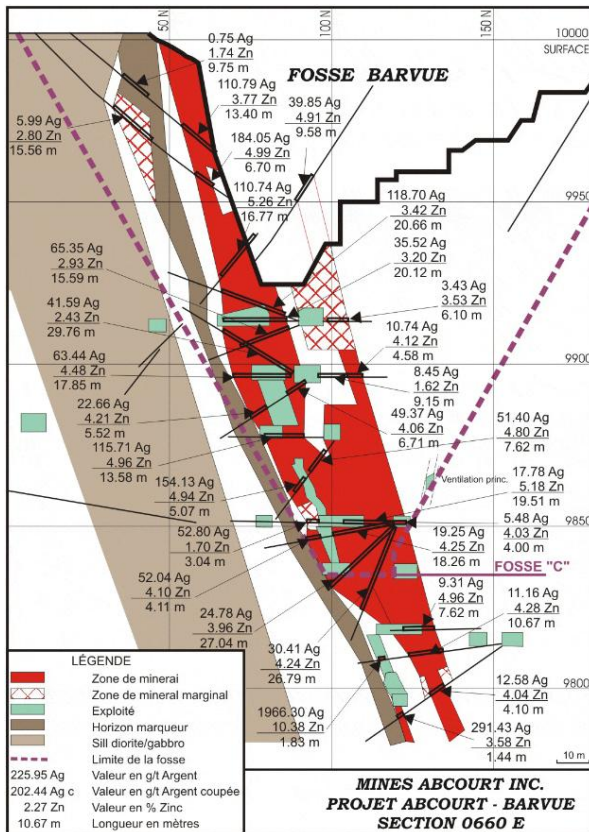
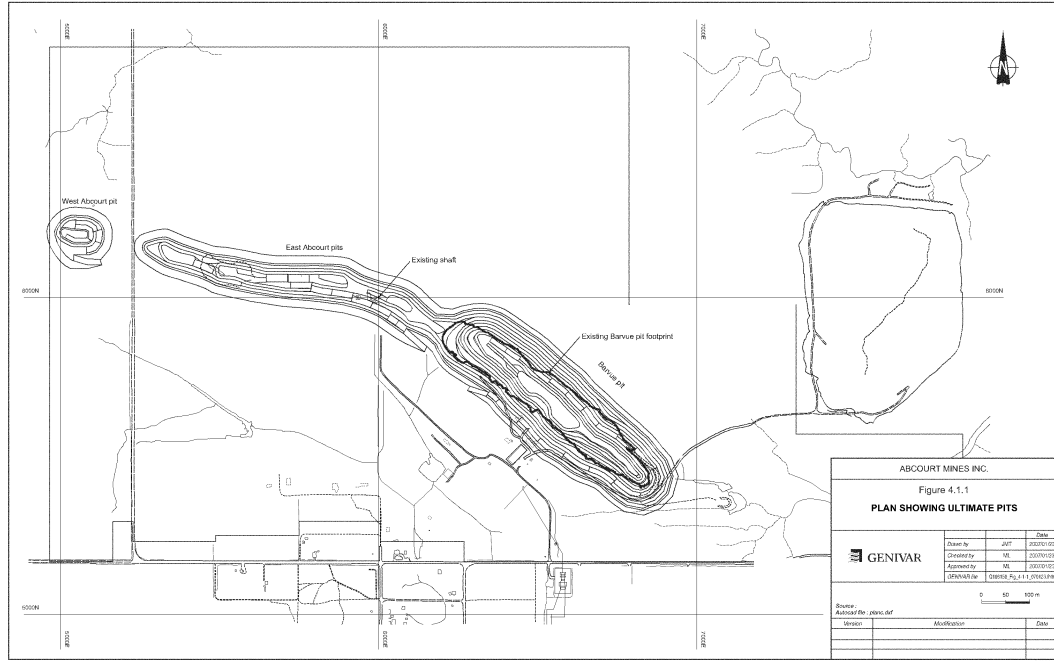
The obvious question becomes – where do the increased resources come from to get to the assumed 13 million tonnes of required ore for this model to work. The answer is that the initial Feasibility Study did not include several million tonnes, which are now part of the “simulation”.

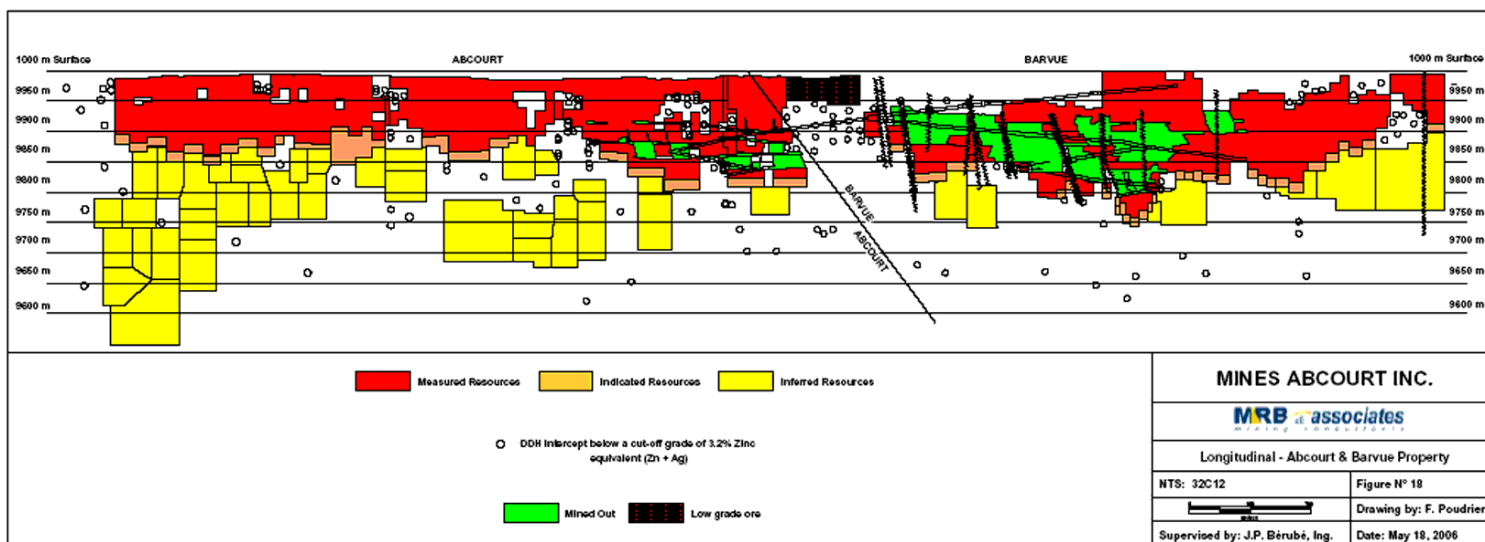
- The remaining known reserves at the end of the 10 year production period evaluated in the 2007 Feasibility Study, combined with other known “marginal resources”. This adds a total of 4.2 million tonnes @ 1/2 opt Ag and 1.40 % Zn to a production plan.
- Other remaining ore reserves & M&I ± resources (0.9 million tonnes).
- Assuming that 0.4 million tonnes of the 1.5 million inferred resources are upgraded and included in the mine plan.
- Inclusion of a portion of the 900,000 ton (historic non 43-101 compliant) “resource” from the Vendome-Barvallee Zn-Cu-Ag-Au satellite property (assumed to be 0.4 million tonnes from Vendome). This property has historically suffered from a disjointed ownership structure which has been resolved with the Abcourt purchase of Xstrata's interest.

This simulation is highly positive on several fronts.

- Processing the additional amounts using virtually the same pit significantly lowers mining operating costs per tonne – from \$29.21 per tonne to \$24.81 per tonne.
- Processing the marginal material means that expensive containment in the tailings area does not have to be done (i.e. for the Zn which leaches).
- Changing the process design away from cyanidation has actually resulted in an increase in recovery for Ag, from 70% to 89%.
- Doubling the production rate comes with relatively low increased capx.
- Because of these factors, the payback period goes to 3 years and after tax IRR goes to over 25% (after tax). NPV(8%) goes to over \$50 million.

Cautionary note - This simulation is not a revision of the Abcourt feasibility study. Such forecasts, plans and mining possibilities are speculative statements and are subject to risks and uncertainties. It is not certain that these statements are correct; eventual results and future events may be greatly different from those expected.





Since then, Abcourt has continued with steps to make the “simulation” a reality.

- On November 15, 2010, ABI finalized the acquisition of 80 claims covering an area of 3,360 hectares at the eastern and western limits of the Abcourt-Barvue property. With these claims and the ones that already owned, the company has 13.5 km of silver-zinc geological formations, near surface and at depth.
- In February 2011, Abcourt purchased the Xstrata Zinc Canada Division interest in fifteen half claims being part of the Vendome property. The purchase of these claims will allow ABI to add Vendome to the Abcourt-Barvue project.

In terms of drilling:

- As of September 30, 2011, ABI had drilled 59 holes, for a total of 13,848 m in order to expand resources and to upgrade inferred resources to measured and indicated.
- In November, 2011, ABI announced that 300 m west of the known ore zone, a few old drill holes possibly indicate a new mineralized zone with good silver values. The company was drilling a few holes in this zone, at depths of 300 m to 400 m to confirm this zone and to establish its extent.

As stated in the company’s September, 2011 MDA, “the next step will be to prepare a revised 43-101 resource estimate”. We expect this to pave the way to enhanced economic studies in order to firm up the aforementioned simulation and continue on to a production focus.

Based on the previously estimated values of 27% after tax project returns and NPV(8) of \$50+ million, there is clearly an opportunity to develop this property, particularly in view of prices used in the calculation (Zn - \$0.88, Ag - \$15/oz) and a healthy long term outlook for both commodities.

**VENDOME-BARVALLE Zinc-Copper-Silver PROPERTY,
11 km S of Abcourt-Barvue, Satellite Property
(100% - 1560 hectares)**

This property is located near the Abcourt-Barvue property. It is a property with considerable past work on two separate claims – the “royalty” claims (original Vendome discovery and later Belfort discovery) and the adjacent Abcourt claims (Barvalle discovery). A small resource on 100% owned Abcourt claims was not significant enough to warrant major exploration effort if only focused on that area.

On February 28, 2011, Abcourt announced that Xstrata has agreed to sell to Abcourt its interest in the Vendome property, consolidating the property. The property is the site of past exploration and development. In the 1950s, a small ore body was discovered (royalty claims) and development was as follows:

- A 3 compartment shaft was sunk to a depth of 525' (160m).'

- 3 levels were established at 250', 375', and 500' (76 m, 114 m, & 152 m).
- A total of 7000' (2134 m) of drifts and raises were excavated.
- A total of 351 holes were drilled underground (64,600', or 19,700 m).

At the same time, two deposits, the Barvallee on the Abcourt (100%) claims and the Belfort (royalty claims) were found on strike to the west by surface drilling.

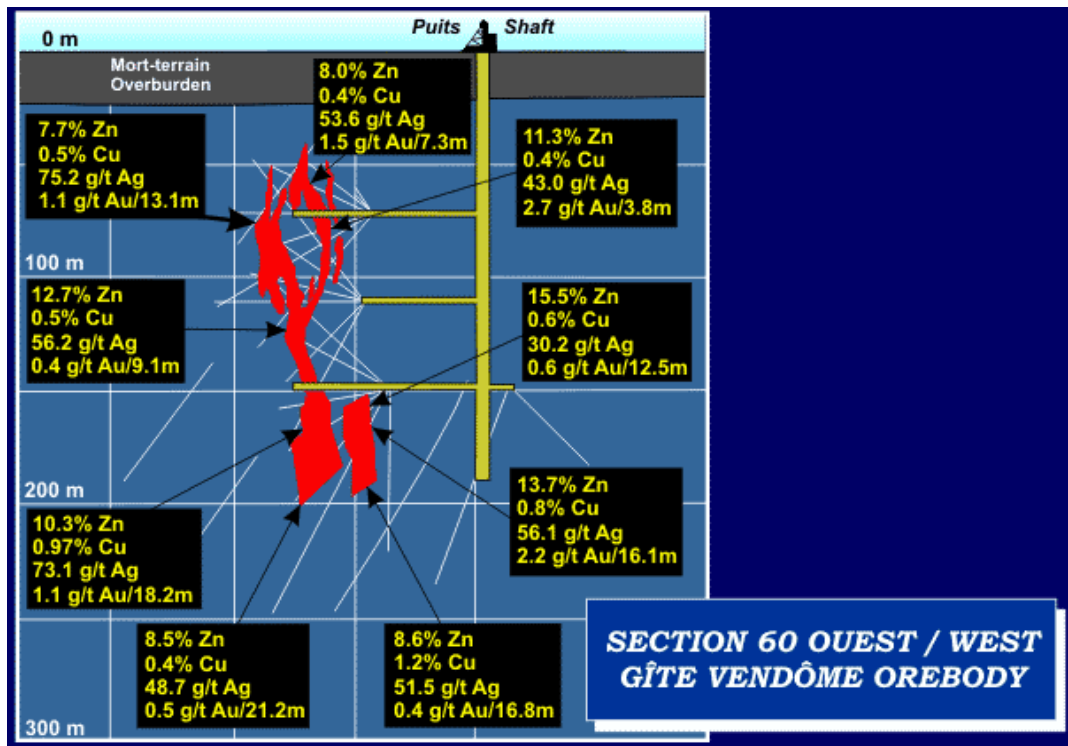
In 1987, a surface plant was installed and a short (76m) ramp was excavated on the Barvallee part of the property. In 1988, the company drilled 9 holes (1505 m) in the Barvallee sector with encouraging results – rock types, alteration, and the widespread sulphide mineralization with significant Au, Ag, Cu, and Zn values intersected are characteristic of proximal zones found around volcanogenic massive sulphide ore deposits.

Resources are as follows:

- On the Barvallee claims, the inferred historical resources, as reported in the Canadian Mines Handbook 1998-99, were 181,000 tonnes grading 5.71% Zn, 1.23% Cu and 44.23 g/t Ag.
- The Vendome historical measured diluted resources, as indicated in the Canadian Mines Handbook 1998-99, are 495,000 tonnes grading 8.07% Zn, 0.48% Cu, 52.46 g/t Ag and 1.20 g/t Au.
- The Belfort inferred historical resources, as reported in the Quebec government's report MB 98-06, total 227,000 tonnes grading 7.0% Zn, 0.21% Cu, 20.92 g/t Ag and 0.41 g/t Au.

ZONE	SHORT TONS	Au oz/t	Ag oz/t	Cu %	Zn %
Vendome	495,000	0.036	1.73	0.48	8.07
Barvallée	181,000	--	1.42	1.23	5.71
Belfort	227,000	0.012	0.61	0.22	7.80
Total	903,000	0.022	1.39	0.56	7.53

These resources were calculated before NI 43-101 was published and a qualified person has not done sufficient work to classify the historical estimate as current mineral resources.



The addition of this property will be greatly beneficial to the Abcourt-Barvue project located only 13 km north of this property – to increase tonnage which not only adds to the value of the Abcourt-Barvue property, it also helps to facilitate a higher mining rate, which reduces cash operating costs per tonne and making the project much more attractive and easier to finance.

OTHER PROPERTIES

We have clearly focused on Abcourt’s two main properties and have done so for what we see as very obvious reasons – first – they are the most advanced and are the focus of spending by the company, and second – given that there is a production focus these properties have the potential to truly power ABI stock to another level.

That being said, there are other properties in Abcourt’s portfolio which have serious merit and deserve attention, particularly in view of the fact that they have either 43-101 resource estimates or historical resources.

Description	Short tons	Au oz/T	Ag oz/T	Cu %	Zn %	Gold ounces	Silver ounces	Copper M.T.	Zinc M.T.
Historic Resources									
Vendome-Barvalee	903,000	0.036	1.73	0.48	8.07	32,500	1,562,000	4,000	66,000
Aldermac-old mine	623,480	---	---	1.60	2.00+/-	---	---	9,000	11,000
Aldermac - new orebody	1,150,000	n/a	n/a	1.50	4.13	---	---	16,000	43,000
Jonpol	2,807,000	n/a	1.11	1.12	0.96	---	3,116,000	29,000	24,000
Total historical	5,483,480	n/a	0.85	1.15	2.91	32,500	4,678,000	58,000	144,000

CONCLUSION

Although ABI’s main asset has historically been the Abcourt-Barvue property, we particularly like the current efforts at Elder from a stock perspective. There are several reasons for this:

- Low projects capx facilitates exploitation by a committed junior.
- Very high expected profitability.
- Near term production potential.
- The combination of low capx, low operating costs and high gold price generate very high values (i.e. unlike other projects, which must have several years of cash flow to pay back capital, significantly lowering NPV).

This is not to say that the Abcourt-Barvue asset should be discounted. We see this as being positioned as a contributor following the successful introduction of Elder as a producer, with the accompanying revaluing of ABI stock, and a willingness by the market to finance a larger project from a capx point of view, given the built in high returns coming from a higher production rate (seriously mitigating risks).

Beyond this, we believe ABI will continue, as appropriate, to develop its additional properties and acquire new ones. Once a producer, this ability should increase.

In sum, we see an orderly roll out and continuing expansion of value-added project for the foreseeable future.

ABI appears dramatically undervalued and presents exceptional opportunity as the current market cap is under C\$22M. Look for near term catalysts with the release of the upcoming resource calculation and PEA at Elder. Near-term the company is positioning itself to make Elder a highly profitable gold producer. With potential annual after tax cash flow of \$15+ million at today’s gold prices and excellent exploration prospects (with drilling at depth to follow dewatering), the potential at Elder alone is for a \$100+ million asset. Couple this with the large inherent resource of 19,644,354 oz Silver + 278,820 Metric Tonnes Zinc in all categories at Abcourt-Barvue and zinc prices expected to rise nearer to US\$1.50/lb in 2013, a rise in share price towards C\$0.80 and above for ABI appears readily achievable near-term. ##

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