HOWLETT RESEARCH Corp.

RESEARCH REPORT

# *Abcourt Mines Inc.*

**(ABI – TSX Venture, ABMBF.PK)**

❶ Pursuing advanced mine development at Abcourt-Barvue Zn-Ag property (i.e. equipment purchase) following optimized feasibility study, ❷ conducting drill programs at two properties to both expand known resources and test for large scale mineral potential, and ❸ beginning the process of reopening the Elder Au mine.

## The Company

Focused in Quebec's prolific Abitibi Greenstone Belt, Abcourt now has several base metal properties and a gold property (all 100% owned).

❶ ***Abcourt-Barvue Zn-Ag*** unifies two past producers with significant exploration / development work. It has been the subject of a recent optimized feasibility study on a **500 million lb. Zn**, **13+ million ounce Ag** orebody over a 13 year minelife. Add'l inferred resources & clear exploration potential could result in a long life asset.

❷ ***Elder Au.*** Plans are to re-open the 43-101 compliant ***200,000 oz.*** Au resource following a successful drill program in2005 / 06.

❸ ***Jonpol Cu-Zn-Ag*** with known resources and short term exploration potential to add more + the historic target for a large massive sulphide deposit. A $300,000, 2500 m drill program has begun.

❹ ***Aldermac Zn-Cu*** with known resources at the previous mine and undeveloped high grade discovery / resource in 1987 / 88. There is considerable valuable underground development. Abcourt is now preparing for a $300,000 drilling program there.

❹ ***Vendome-Barvallee Zn-Cu-Ag-Au,***, both properties of merit, but ownership at Vendome-Barvallee needs to be rationalized.

## Targets / Potential

The objectives for Abcourt during 2007 is to:

- Continue to advance Abcourt/Barvue to mitigate / reduce preproduction risks and put the mine into production. This could be expected to result in an increasing multiple over time (i.e. price per Zn equivalent lb.) as the company moves from development to production. With preproduction capital now estimated at about Cdn $43 million and "good" numbers in terms of IRR / payback period, this scenario becomes one that may be within reach of a junior such as Abcourt.
- At Elder, management has begun planning for the re-opening of the still well-equipped *Elder* gold property.
- At *Jonpol*, drilling in and around known resources is focused on establishing significantly higher resources. Deeper drilling below the known rhyolite dome represents an attractive blue sky target.
- at Aldermac, planned drilling is slated to confirm historical numbers (i.e. 2 million tons ?) since past drilling was very wide-spaced. Test for additional resources around the known areas with closer spaced drilling (i.e. above the known high grade zone + step out after confirmation drilling). Given the grades, we would expect to see a *significant* difference in its potential value if any resource identified approaches 2+ million tons and above (see p. 11).
- Given the current somewhat "disjointed" ownership scenario at *Vendome-Barvallee*, it would be helpful to rationalize this in some way to maximize value for all parties.

## Market Data


***Share Data ($Cdn):***

| | |
|---|---|
| Recent Price: | $0.40 |
| 52-week Price Range: | $0.29 - $0.93 |
| Shares Outstanding (June 1, 2007): | 44.6 million |
| Fully Diluted Shares (1): | 47.7 million |

(1) 3.1 million options / warrants @ $0.21 - $1.50.

***Capitalization ($US):***

| | |
|---|---|
| Market Capitalization: | $17.8 million |
| Cash, near cash (June 1, 2007) : | $2.4 million |
| Long Term Debt: | nil |

***Corporate Information:***

| | |
|---|---|
| President: | Renault Hinse |
| Phone: | 819-768-2857 |
| Website: | www.abcourt.com |
| e-mail | rhinse@abcourt.com, jobrien@abcourt.com |

## Investment Considerations (*see additional details p.2*)

**The Upside**. There are essentially three mechanisms by which Abcourt could significantly increase its market value.

- Advance Abcourt-Barvue to a production decision and *realize a multiple expansion* (p / Zn equiv.).
- *Realize meaningful values from its other assets* by achieving positive results with its near term drilling and other programs.
- Engage in transactions to either add one or more interesting properties to the mix - or rationalize its existing portfolio by monetizing certain assets and heighten interest in the remaining ones (i.e. vending its interest in Abcourt-Barvue to a producer ?).

With a Cdn $17 million market cap, there is certainly room for considerable improvement in any number of respects.

**Downside Risks**. Need for capital, exploration risk, commodity price risk.

## Opinion – Valuation Issues

With about two-thirds of its resources represented by zinc, Abcourt is clearly a zinc company. Currently, Abcourt is being valued at between $0.01 - $0.02 per Zn-equivalent lb., a level generally attributed to earlier stage exploration companies, but with known resources.

**Indicative Market Valuation – Zinc Equivalent Basis (see note below)**

| Deposits | Zn (lb.) | Cu (lb.) | Ag (oz.) | Au (oz.) | Zn equiv. (lb.) |
|---|---|---|---|---|---|
| Abcourt-Barvue | 614,708,618 | | 19,643,540 | | 762,035,168 |
| Aldermac (historical) | 104,707,477 | 38,029,350 | 1,046,500 | | 169,600,252 |
| Barvallee | 22,778,560 | 4,906,765 | 257,387 | | 32,069,110 |
| Jonpol | 52,323,000 | 60,851,800 | 2,932,170 | | 165,591,975 |
| Elder | | | | 198,744 | 119,246,400 |
| Total | 794,517,655 | 103,787,915 | 23,879,597 | 198,744 | **1,248,542,905** |
| **Assumed Price** | $1.00 | $1.50 | $7.50 | $600.00 | |
| **Zinc equivalent lb** | 794,517,655 | 155,681,873 | 179,096,977 | 119,246,400 | |
| | | | | Total | **1,248,542,905** |
| | | | Market Cap ($Cdn mil.) | | 17.85 |
| | | | EV / Zn Equiv | | **$0.0143** |

*Note - The historic resources for Aldermac, Barvallee, and Jonpol were all prepared before the introduction of National Instrument 43-101 and would today be considered as resources of various categories. No additional information is available at this time and the historical resources have not been verified and should not be relied upon. However, Abcourt has stated that these estimates were prepared by competent persons.*

There could be two reasons for this:

- Perception of high risks associated with putting the Abcourt-Barvue mine in production.
- Virtually no appreciation for the value of recent acquisitions in 2007.
- Discounts to zinc assets owing to an uncertain outlook for Zn commodity pricing.

From the point of view of getting Abcourt-Barvue into production, we would point out several considerations:

1 meter = 3.28 ft.
1 oz/ ton = 34.3 grams / tonne
1 metric tonne = 1.1023 ton

- The optimized Feasibility Study shows ***good numbers*** – payback period of 4.08 (60% debt) and Internal Rates of Return (20% with a Zn price of US $1.15 and 15+ % when Zn is assumed to decline to US $0.75 in year 5).
- This former producer has considerable ***existing infrastructure*** – this is not a greenfield site. In addition, it is located in Quebec's Abitibi area – this is definitely ***mining country***.
- ***Proproduction capx*** now stands at $43 million – a level that is relatively more achievable for a junior company such as Abcourt than a much larger project.
- ***Management*** has experience in putting this type of asset into production.

For companies in production, EV / Zn. Equiv. amounts tend to increase to about Cdn $0.04 - $0.09.

From the point of view of realizing some value for Abcourt's other assets:

- These are assets with ***known resources that can be increased*** through near / medium term drill programs - it would seem likely that impressive results would be noted by the market.
- These assets also possess ***significant, valuable development,*** which would be expected to enhance the economics of a future production scenario. *Examples* of this include underground development at all three properties (Elder, Aldermac, & Vendome).
- With the ***Elder gold property***, it is noteworthy that the mine not put into production in 1989 when Noranda decided to take gold-bearing quartz material from its own Silidor mine and the venture was unable to raise funds for its own mill. Investigation of scenarios whereby this asset could be placed back into production could be expected to have a definite impact on Abcourt's Net Asset Value (and market cap). This is actually a rather advanced project.
- As management pursues the process of reopening the Elder mine

From the point of view of discounting the value of zinc assets owing to an uncertain outlook for long term commodity Zn pricing, we simply note that – with the currently contemplated scenario B (whereby Zn is assumed to decrease to about $0.75 / lb.), the Abcourt market cap approximates the 8% NPV at this level. It would seem that a healthy discount is already being applied to Abcourt. Obviously, if long term Zn prices continue (say at levels above $0.85 - $0.90), the NPV calculation would rise to more of a value in line with the Abcourt'-Barvue "Base Case" (which is obviously significantly higher). One thing is certain – ***Abcourt is levered to the price of zinc and if one's view on zinc is positive, Abcourt may be one way to play this***.

**Comparison of scenarios A and B with feasibility study base case**

| | Base Case | Scenario A | Scenario B |
|---|---|---|---|
| | as per March/07 Feasibility Study | (with used mill equipment) | (with used mill equipment) |
| **Weighted Avg Metal prices and Exchange rate over the 10-y** | | | |
| Au ($US/oz) | 560 | 515 | 517 |
| Ag ($US/oz) | 9.54 | 8.97 | 9,00 |
| Zn ($US/lb) | 1.15 | 0.89 | 0,90 |
| Exchange rate ($C/$US) | 1.15 | 1.18 | 1,18 |
| **Zinc price variation from 2009 (Year 1) to 2018 (Year 10)** | | | |
| Near term prices ($US/lb Zn) | **1,36 (Y1 to Y3)** | **1,31 (Y1); 1,18 (Y2); 1,04 (Y3)** | |
| Medium term prices ($US/lb Zn) | **1,36 (Y4 to Y6)** | **0,91 (Y4); 0,81 (Y5)** | |
| Long term prices ($US/lb Zn) | **0,85 (Y7 to Y10)** | **0,75 (Y6 to Y10)** | |
| **Economics** | | | |
| Total Revenue (NSR) | 435 171 700 $ | 361 755 600 $ | 341 107 100 $ |
| Preproduction Capex | (67 879 000 $) | (53 467 000 $) | (43 059 000 $) |
| On-going Capex | (24 417 800 $) | (23 739 800 $) | (35 043 200 $) |
| Total Opex | (200 825 484 $) | (208 164 633 $) | (193 085 045 $) |
| **60% debt / 40% equity financial evaluation BEFORE TAXES** | | | |
| Return on equity (ROE) | 40.27% | 27.31% | 32,50% |
| Cumulative Cashflow | $130,752,405 | $62,276,633 | 62 513 720 $ |
| Net present value (8%) | $59,899,543 | $24,299,264 | 24 859 700 $ |
| Project IRR | 25.31% | 17.57% | 20,15% |
| Payback Period | 3.75 | 4.69 | 4,08 |
| **60% debt / 40% equity financial evaluation AFTER TAXES** | | | |
| Taxes | $46,445,792 | $22,197,846 | $21,759,879 |
| Return on equity (ROE) | 33.66% | 22.98% | 27.45% |
| Cumulative Cashflow | $84,306,613 | $45,078,788 | $40,753,842 |
| Net present value (8%) | $35,189,886 | $13,534,846 | $14,089,619 |
| Project IRR | 20.27% | 14.26% | 16.26% |
| Payback Period | 3.76 | 4.69 | 4,08 |
| **Other economics parameters -100% equity** | | | |
| EBITDA | 234 346 216 $ | 153 590 967 $ | 148 022 055 $ |
| TAXES | (50 740 916 $) | (25 660 530 $) | (24 575 691 $) |
| BARE-BONES VALUATION | 183 605 300 $ | 127 930 437 $ | 123 446 364 $ |

## Conclusion

- At a market cap of about Cdn $17 million, Abcourt-Barvue Zn-Ag property is being discounted to the low end of the range for exploration / development properties having significant resources.
- The market does not appear to impute any meaningful values for the other Abcourt assets.

We see strong potential for this to change in 2007 and into 2008.

- The Abcourt-Barvue continues to move forward toward a production decision, which we see as having potential to raise its price / Zn equivalent lb. value.
- Drill programs at Jonpol and Aldermac have potential to signficantly raise the profile of these assets and consequently the NAV (market cap) for Abcourt.
- News concerning detailed plans for placing the Elder gold property into production could also lead to a meaningful value being placed on this property.

For these reasons, we would rate Abcourt as a ***speculative buy for risk oriented investors wishing exposure to junior base metal exploration / development companies***. Our justification for this is Abcourt's low current market cap (Cdn $20 million) combined with several properties that have clear potential to generate news – any one of which we see as having potential to increase the Abcourt market value by a minimum of $10 -$20 million.

## ABCOURT-BARVUE Zn-Ag OREBODY (100%), Abitibi Greenstone Belt, Quebec (3174.71 hectares)

*Summary*

- Recent positive Feasibility Study is complete with 500+ million lbs. Zn, 13+ million oz Ag orebody. Roughly 13 years of production + exploration potential for long term mining.
- Now focused on ❶ permitting and ❷ raising capital, both of which represent the next major milestones and potential significant ratchet upward in company valuation.

*The Property*

The Abcourt-Barvue property represents the unification of 2 previously independent projects: *Abcourt* and *Barvue*, which is now comprised of 2 mining concessions and 38 mining claims (all contiguous). It is located in the *Abitibi* area of NW Québec, 37 km east from the town of Amos and 56 km north from the mining community of *Val-d'Or*. It is transected by highway 397 in a N-S direction, and by highway 386 in a E-W direction, linking Barraute to Amos, and is easily reached year round.

**Abcourt-Barvue deposit in production during two periods**

1. **1952 – 57**. 5,002,190 tonnes @ 38.74 g/t Ag & 2.98% Zn from an open pit.
2. **1985 – 90**. 632,319 tonnes @ 131.65 g/t Ag & 5.04% Zn from underground production.

In 1990, with the falling price of silver and zinc, the Abcourt-Barvue mine was shut down after five years of underground production. The site is still well provided with useable infrastructures and mine equipment (i.e. Volvo and Caterpillar trucks, jumbo drills, scoops, pumps, ventilators, compressors, etc.), and electricity is available from a power line that supplies the mine site. The proximity of an active mining center such as Val-d'Or guarantees the availability of material and human resources for exploration and mining.

*Work History*

In 1950, a geological survey of the *Quebec Department of Mines* under the supervision of Dr. W.W. Weber discovered zinc mineralization in range VII in Barraute Township. This discovery initiated a widespread prospecting and staking rush.

| Date | Abcourt Property | Barvue Property |
|---|---|---|
| **1950** | | • Discovery of Zn. Gérald Leclerc obtains 3.62% Zn and 188.7 g/t Ag over 6.7 m from a surface trench. |
| **1950 – 51** | • Surface exploration, 36 DDH (9240 m). The mineralized zone was followed over 900 m to the west of the Barvue property | • Drilling – 100 DDH (1200 m).<br>• Early resource delineation – 17 tonnes @ 3.26% Zn, 39 g/t Ag over 760m, up to 31 m wide and 210 m depth. |
| **1952 - 57** | • Underground exploration – 17 DDH (375 m). A 3 compartment shaft was sunk to 170 m depth and 225 m of drifts were excavated. | • Open pit production. Daily rate of 3130 tons/day. Total production of **5,514,000** tons @ **3.09% Zn**, **1.13 opt Ag**.<br>• Open pit – 825 m long, 150 m width, 75m depth. |
| **1957** | | • Underground mining. Drifting of decline between 76 m and 152 m levels, with excavation between levels. Work stops owing to falling Zn price. |
| **1968 – 69** | • Surface drilling. 54 DDH (coincident with rise of Ag price). | |
| **1971** | • Surface drilling. 7 DDH (1144m). | |
| **1974** | | • NOREX options claims, followed by dewatering underground workings, feasibility study. |
| **1975** | • Drilling. 18 DDH (5069 m), metallurgical testing. | |

| Date | Abcourt Property | Barvue Property |
|---|---|---|
| **1983 - 84** | • Dewatering, rehabilitation.<br>• Major drilling programs. 128 DDH (9678 m), 31 DDH (2824 m), 69 u/g DDH (3037 m) | • *Abcourt purchases property*. Mine dewatered, u/g development & drilling completed.<br>• Mining reserves confirmed. |
| **1985 - 90** | • Surface drilling (9 DDH, 1399m)<br>• u/g drilling (215 DDH, 6778 m)<br>• Barvue mine connected to the Abcourt shaft with an internal ramp.<br>• Surface drilling (28 DDH, 2688m), u/g drilling (29 DDH (1122 m). | • Production. **697,016 tons** @ **5.04% Zn**, **3.85 opt Ag** (add'l 204 oz. Au recovered from Ag concentrate). |
| **1990 -93** | • NOREX option – multifaceted program including several geophysical surveys (electro-magnetic, magnetic and gravimetric), pedogeochemical survey, and did a total of 9,287 m of diamond drilling. Some gravimetric anomalies and several electro-magnetic conductors (EM) documented by Noranda were not tested by drilling and indicate a potential for mineralization.<br>• Norex carried out the following ***deep diamond drilling programs***:<br>1991: 3 holes totaling 1,324 meters<br>1992: 2 holes totaling 852 meters<br>1993: 4 holes totaling 2,468 meters. | |
| **1997 - 2007** | • 1998. 1 DDH (167 m), 2140 m of BQ drilled at Barvue (9 holes on mineralized zone 6.9 m wide, 118 m length, 117 m high between a depth of 70 – 187 m. 1 hole in Abcourt sector (3.92 m mineralized zone at a depth of 242 m, still open at depth.<br>• 1999. 2 DDH (284.75 m)<br>• 2003. 10 holes (530 m)<br>• 2004. 24 holes (1169m).<br>Most of the holes in the 2003 / 04 program were drilled near surface in the western part of the deposit to establish the limits of a high-grade silver zone which could be included in a potential open pit. These holes returned high silver values. Another 5 holes w ere drilled in the walls of the Barvue pit to improve the definition of the mineralized zone. Seven additional holes were drilled in the western part of the Abcourt-Barvue deposit to increase the confidence level in the mineral resources.<br>• 2005. 46 holes (5879 m).<br>• In October 2005, Abcourt initiated a Feasibility study using a combination of Abcourt personnel, GENIVAR and other specialist consultants.<br>• In May, 2006 a revised ***mineral resource estimate*** was completed as part of a 43-101 Technical Report completed by MRB.<br>• In February, 2007, the ***Feasibility Study was completed***. | |

A technical valuation by ROCHE, consulting engineers, documented the Abcourt-Barvue mine facilities and equipment. At that time (1999), the cost to rehabilitate the buildings and surface installations was estimated at $50,000.

*General Geology, Deposit Types*

The Abcourt-Barvue property is located within the Abitibi geological Subprovince. With an 85,000 km2 surface, ***the Abitibi belt is the largest greenstone belt of the world and also one of the richest mining areas***. Locally, ***the Abcourt-Barvue and the entire Barraute area is host to a wide range of mineralized deposits:***

- The *Canadian Bolduc* asbestos chrysotile mine,
- Ni-Cu-PGE occurrences (i.e. *Consolidated Mogador*),
- *Vendôme* Volcanic-Hosted Massive Sulphide (VHMS) deposit,
- *Swanson* syenite-associated disseminated gold deposit,
- *Michaud* no.1 and no.2 related Cu-Mo-Au porphyry,
- Mo-Bi and Li-Be deposits associated with S-type granitoids (i.e. *Québec Lithium mine* & *Molybdenite Corporation mine*), and
- The *Bartec* orogenic lode gold deposits (e.g.).

In the Abcourt shaft area, the mineralized horizon changes its strike from E-W to SE-NW in the Barvue portion of the deposit. On the property, the units have steep (75°) dips to the north with a well developed E-W regional schistosity. The stratigraphic tops for these units have been documented in the field as being to the north. A marker tuff unit allows good stratigraphic correlation in the Abcourt-Barvue deposit area.

*Mineralization*

The Abcourt-Barvue mineralized zone has a ***thickness ranging from 2 m to 30 m*** and a total E-W strike length of ***2.2 km***. Thickness of the mineralized horizon tends to increase from west to east, with the most important zones located in the Barvue area. Mineralization is distributed into two sub-parallel horizons and has been delineated by diamond drilling to a maximum vertical depth of ***425 m*** below the surface. The mineralized horizon is recognized to a vertical depth of 600 m (AB-92-05) in the mine sector and to 160 to 450 m (AB-91-02.-03 and AB-92-04) along the laterals extensions. Mineralized horizons have steep (75°) dips to the north.

- Favorable felsic volcanoclastic rocks and graphitic shale units have been documented on the property along the Abcourt-Barvue trend but also elsewhere on the property (i.e. North zone area).
- Potential of the Abcourt-Barvue trend extends at depth but also towards the west and to the south-east through the former Bar-Manitou zone.
- Magnetic anomalies located on the north-west and south-west sides of a granodioritic pluton, with some gravimetric anomalies and several electro-magnetic conductors (EM) indicate a potential for mineralization.
- Ankerite and fuchsite have been recognized on surface in the south-western portion of the property. These minerals are found in close association with gold occurrences in the area (e.g. Swanson) and indicates that the Abcourt-Barvue also has a significant gold potential.

*Current Program*

***From 1997 to the last drilling program in 2005, all the exploration work has been carried out by Abcourt with the objective of increasing and improving the quality of the resources likely to be exploited by open pit or underground mining to a depth of 150 meters***. A total of 10,170 m of diamond drilling has been completed since 1997, from which an amount of 5,879.2 m was carried out in 2005. This program was successful – in 2005 total resources were estimated at over 6 million tonnes (over 500 million lbs Zn and 10+ million oz. Ag) – which was not only increased with the drilling program but the vast majority of the resource was reclassified as Measured.

**March, 2005**

**Abcourt-Barvue mineral resources estimate – Summary (undiluted)**

| | Tonnes | Ag (g/t) | Zn (%) | Ag (oz.) | Zn (lb.) |
|---|---|---|---|---|---|
| Measured resource | 3,265,100 | 68.84 | 3.96% | 7,227,513 | 285,233,742 |
| Indicated resource | 430,908 | 82.82 | 3.78% | 1,147,505 | 35,892,086 |
| **M & I resources** | **3,696,008** | **70.47** | **3.94%** | **8,375,018** | **321,125,828** |
| **Inferred resources** | **2 781 774** | **122.11** | **3.27%** | **10,922,692** | **200,233,038** |

The Abcourt-Barvue measured and indicated resources along the mineralized structure span a distance of 2,230 m (1,080 m west of the shaft in an E-W direction, and 1,150 m east of the shaft in a S49ºE direction). The dip is 75º to 90º to the north.

In the May, 2005 resource estimate, a phase I drilling program was recommended to: ❶ upgrade resources to reserves, and ❷ increase and upgrade the inferred resources to the indicated resources category. This is exactly what has occurred – note below the significant upgrading of reserves to the M&I category – see next page.

**Favorable Characteristics**

- Lateral and at-depth geological continuity of the mineralization
- Simple geometry, easily amenable to mining.

**Feb - 2007**

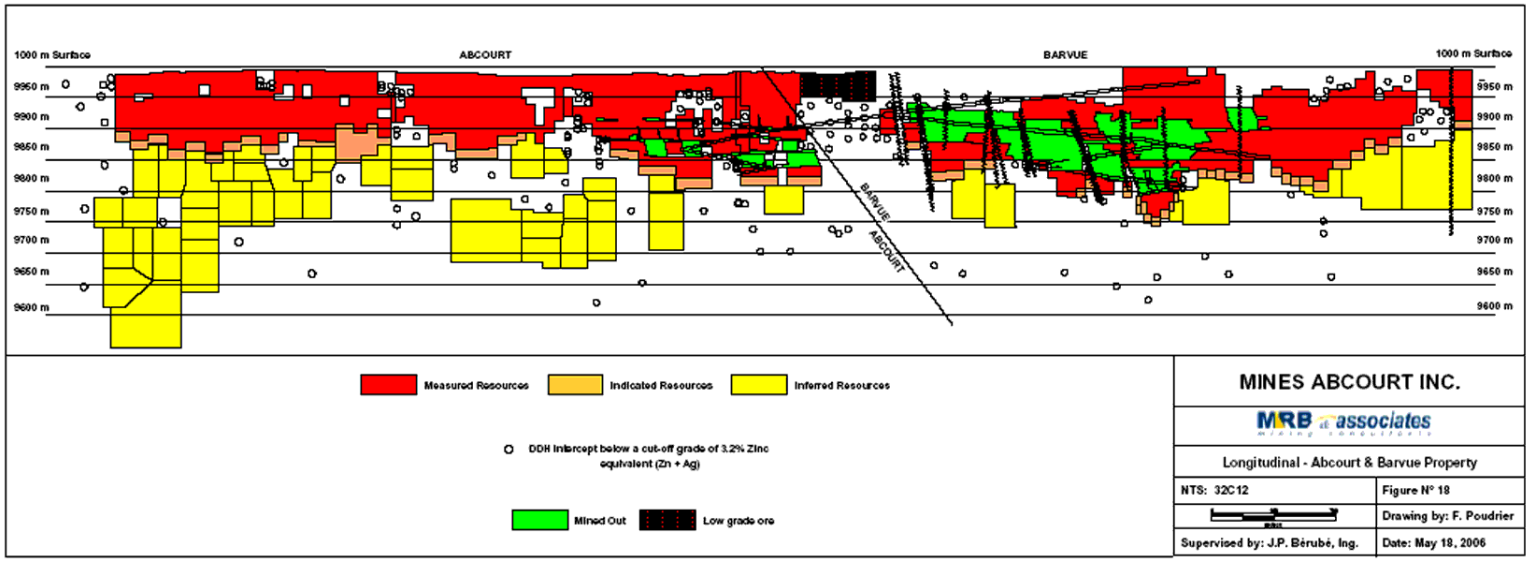
**Abcourt-Barvue mineral reserves statement**

| 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 | Proven | 1,169,662 | 105.19 | 2.87 | 3,955,723 | 74,007,636 |
| | Probable | 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** |

- **Proven ore reserves** are all located between surface and a maximum vertical depth of ***160 m*** but with the majority of the material being located between the surface and ***–75 m*** from surface.
- **Probable ore reserves** are located along the fringe of the proven ore reserves.
- **Inferred** resources are presently known to reach a maximum vertical depth of 360 m below surface. Most inferred resources are located in Abcourt area where silver content is higher. The Abcourt-Barvue mineralization remains untested laterally and at depth.

The Abcourt-Barvue mineralization remains untested laterally and at depth.



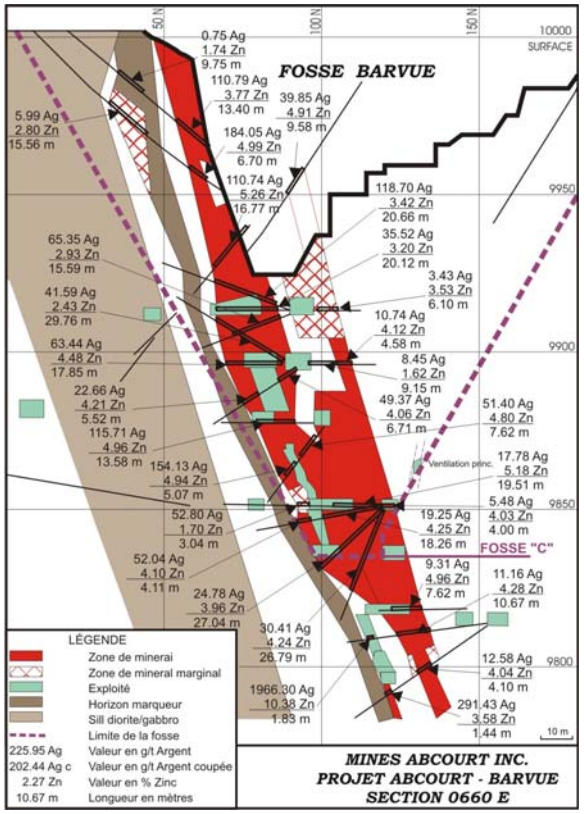

*General Mine Plan*

About 85 % of the P&P ore reserves are planned to be mined by open pits to a maximum depth of 166 m. The remaining ore reserves and the measured and indicated resources are amenable to production using the underground Avoca cut-and-fill method, later in the 10-year production schedule, with three main declines as access to a maximum depth of 200 m.

In **Barvue**, the ore lays in the south wall of the old pit, at its eastern extremity and below the current pit floor (76 m deep) to a maximum depth of 240 m. The mining proposal for Barvue includes deepening and expanding the pit to the east and at depth to 166 m from surface and underground mining of the remaining ore reserves and measured and indicated resources at depth.

In the **Abcourt** sector it is proposed to mine the upper part of the ore body by open pit to a maximum depth of 72 m. Mining under the pit will proceed with underground methods using three declines for access and trackless equipment to a depth of 150 to 200 m where Avoca cut-and-fill stopes will be developed.

The main process steps for treating the Abcourt and Barvue ores are ❶ primary crushing and stockpiling, ❷ SAG/ball grinding, ❸ silver-zinc flotation, and, ❹ dewatering of a



silver-zinc concentrate by thickening and filtration. There is also a pyrite (or sulphide) concentrate produced as the last stage of differential flotation. This pyrite (or sulphide) concentrate is disposed of in a safe sulphide containment cell. In year 6, a cyanidation circuit is added in the mill.

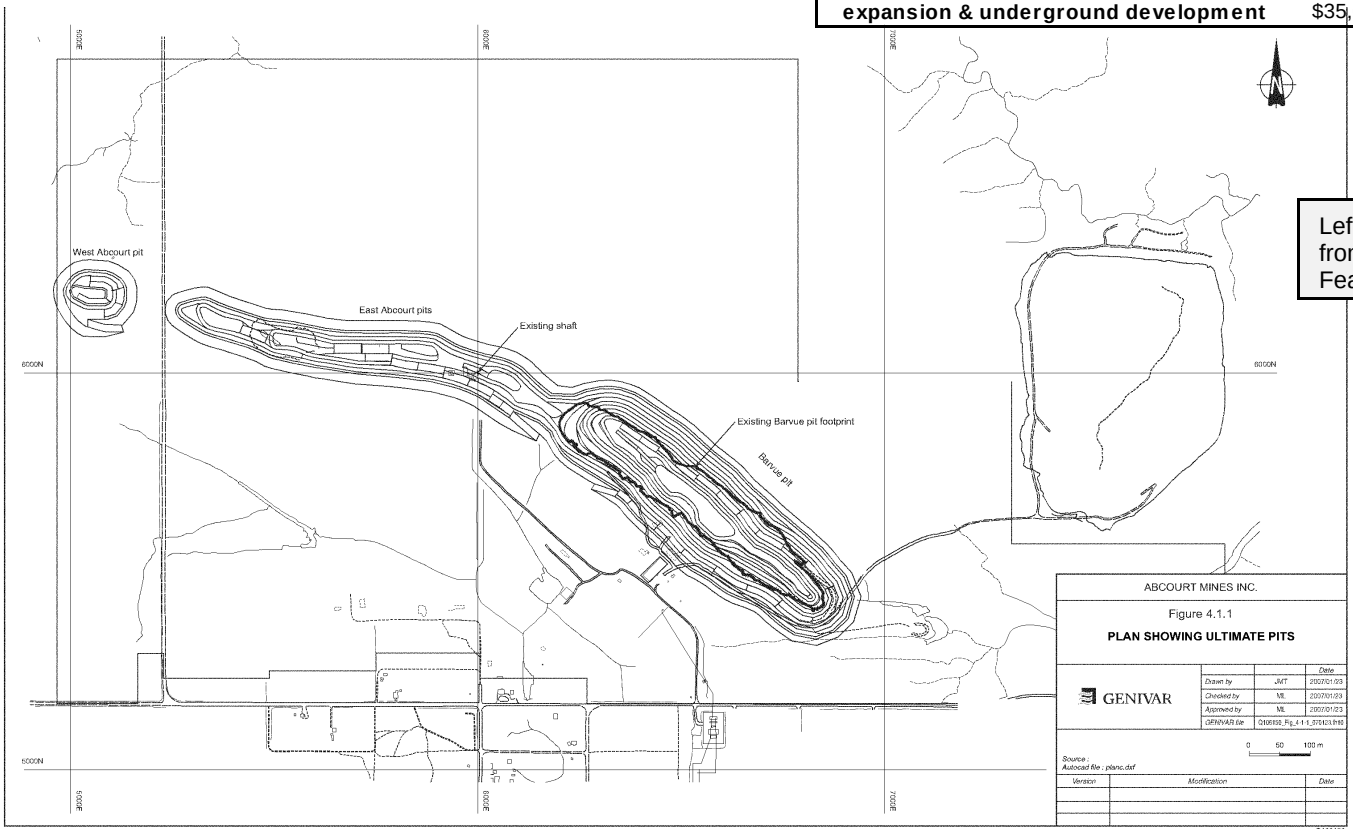
The design criteria used for development of the flowsheet have been based on the test information available and BUMIGEME (metallurgical consultant) in-house experience for similar operations.

*Production Schedule*

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.

| General Parameters | | |
|---|---|---|
| Annual ore production | 650 000 | t |
| Mill head grade | 3.11% | Zn |
| | 55.09 g/t | Ag |
| Recovery of zinc | 96.00% | Zn |
| Distribution of silver in zinc concentrate | 80.00% | Ag |
| Operation schedule | 365 | d |
| Daily nominal capacity | 1 800 | t |
| Operating time | 92 | % |
| Daily design capacity | 1 956 | t |
| Milling rate | 81.5 | t/h |
| Ore specific gravity | 3 | t/m³ |
| Ore bulk density | 2.2 | t/m³ |
| Zn concentrate specific gravity | 4.25 | t/m³ |
| Zn concentrate bulk density | 2.3 | t/m³ |
| Zn concentrate grade | 54.50% | Zn |
| Zn concentrate weight recovery | 5.48 | % |

| Capital Cost Estimate ($Cdn – 000s) | |
|---|---|
| Mine | $14,509 |
| Process Plant | $24,760 |
| Infrastructure | $1,862 |
| Owners Costs | $1,930 |
| **Preproduction Capital** | **$43,059** |
| Working Capital | $3,070 |
| Surface & open pit, mill expansion & underground development | $35,043 |




Left, from p.73 Feas. Study

| Item | Unit Costs | |
|---|---|---|
| | Mining | Milling |
| | ($/t) | ($/t) |
| Mining | 2.77 | 16.39 |
| Process | | 11.17 |
| G&A | | 2.22 |
| Royalties | | 0.18 |
| Total | | 29.95 |

*Financial*

See table, p. 3 for summary information from the recent optimized Feasibility Study.

*Longer Term Potential*

The Abcourt-Barvue silver-zinc deposit is classified as a ***disseminated volcanogenic sulphide deposit***. Exploration tools and guidelines are well established for this type of mineralization and usually implies a multi-disciplinary approach (e.g. geophysics, geochemistry, volcanology).

The composition of volcanic rocks on the Abcourt-Barvue property is similar to those found in highly productive polymetallic areas. The Barraute area is under-represented in terms of tonnes of ore when compared to more "mature" volcanogenic districts such as *Matagami* and *Rouyn-Noranda*. According to Franklin (2001), the Barraute Area has a very good potential for Volcanogenic Massive Sulphide (VMS type) deposits for three reasons;

It is not difficult to envision a 20+ year minelife which would help Abcourt from a PE perspective.

1. The area has compositions of volcanic rocks similar to those of highly productive camps;
2. Known deposits are smaller than the norm, meaning that mid to giant size deposits still may be found;
3. The area is under-represented in tonnes of ore as compared to "mature" mining districts such as Val-d'Or, Matagami and Detour."

"No data located outside the 2170 m east-west strike of the deposit and below a vertical depth of 400 m were incorporated in the resources estimate. The geological interpretation can however easily be extended laterally and at depth as further exploration drilling could lead to substantial findings."

This 2005 study also recommended a phase II program to extend the ore potential beneath the existing resources and to find additional ore along strike, given that "***the geological setting of the property has a high potential for new discoveries and for increasing the resources of the Abcourt-Barvue Zn-Ag ore zone***." The program recommended included:

- A 16,000 m surface drilling program beneath the existing indicated resources,
- Lateral exploration drilling on the **western extension** of the mineralized zone,
- Drilling on the **North Zone** and **Bar-Manitou Zone** to find new ore;

## ALDERMAC Zinc-Copper PROPERTY, Satellite Property to Abcourt-Barvue, Abitibi, Quebec, (100% option, 303 hectares)

*Summary*

- Known resources at previous mine (at that time zinc served to reduce the value of concentrate so areas / veins with high Zn content would not be pursued / mined leaving considerable material) + undeveloped high grade discovery in 1987 / 88.
- Significant amount of valuable underground development for possibility of low cost future development. In addition, the new discovery is within 30 m of an existing drift (9 level).
- Much potential for new zones / lenses (i.e. focus in 1987 / 88 on deep drilling – while finding new, valuable zones at around 244 m, nothing was tested above these zones). In addition, there are several indications from past programs for massive sulphides.

*Recent Acquisition*

In January, 2007, Abcourt acquired an option on the Aldermac property, the site of an operating mine from 1936 – 43. Past work points to a meaningful existing resource and good exploration potential. Salient points include:

- **Past production**. Serviced by a 3 compartment, 495 m shaft and drifts on 9 levels.

**Past Production**

2 million tons of massive sulphides

- 1.78% Cu, 0.2 opt Ag, 0.02 opt Au, ~1.5% Zn (not recovered).

- **1987 / 88 Program & Resource Calculation**. In 1987, prior to the discovery of the # 7 and # 8 zones, Seadrift International Exploration Ltd. (later becoming Deak Resources Corporation and subsequently A.J. Perron Gold Corporation) estimated ore reserves in the old shaft area at **600,000 tons** grading **1.60% Cu** with low Ag and Au values, as well as an undetermined amount of zinc (see note below for qualification). If this is accurate, this would represent a total of over 20 million lbs. Cu.

| Description | Tons | Cu (%) | Zn (%) |
|---|---|---|---|
| Old Workings (125m – 213m depth | 373,480 | 1.76 | Not determined |
| Shaft Pillar (1st to 9th levels) | 100,000 | 1.50 – 2.00 | Not determined |
| 1954 Drilling (223m - 343m depth) | 150,000 | 1.11 | 3.59 |
| | **623,480** | **~ 1.60** | **Not determined** |

- **Exploration – new zones**. Subsequently, detailed stratigraphic drilling during 1987 / 88 to the east of the Aldermac mine site resulted in the discovery by Seadrift of 3 new mineralized massive sulphide lenses less than 30 m from an exploration drift on the 9th level. After the initial discovery hole in august of 1987, a total of 25 drill holes totaling some 12,622 m of diamond drilling were collared to delineate these lenses. Historic reports (Wright Engineers) indicate a (non-compliant 43-101) resource of **1.15 million tons** @ **1.5% Cu**, **4.13% Zn**, **0.91 oz / ton Ag**, and **0.014 oz / ton Au** (see following note for qualification).

| Description – 1988 discovery | Tons | Cu | Zn | Ag |
|---|---|---|---|---|
| "Proven & Probable" | 1,150,000 | | | |
| Grade | | 1.50% | 4.13% | 0.91 |
| **Lbs. / oz** | | **38,029,350** | **104,707,477** | **1,046,500** |
| **Commod. Price ($US)** | | **$1.50** | **$1.00** | **$9.00** |
| **Approx. Gross Value (US $ millions)** | | **$57.0** | **$104.7** | **$9.4** |

*(note – as stated in the Abcourt press release, The historic resources were prepared before the introduction of National Instrument 43-101 and would today be considered as resources of various categories. No additional information is available at this time and the historical resources have not been verified and should not be relied upon. That being said, the company believes that these estimates were prepared by competent persons.).*

| # 8 Zone | # 7 Zone |
|---|---|
| • Lies approximately 300 m east of the shaft to the east of the mine site.<br>• Understood to be an irregularly-shaped pod or lens, along an E-W axis on strike with the mine series hosting the ore lenses at the old mine.<br>• Dimensions established to be 91 m along strike, 107 m down-dip, with a thickness of 18 m.<br>• An "upper zone" occurs 30 m up-dip from the # 8 pod. | • May be a faulted extension of the # 8 lens.<br>• Lies about 60 m to the S & E of the main # 8 zone.<br>• Possible to enlarge the zone with further drilling. |

*The Potential*

**Exploration**. In addition to the potential to expand the # 7 zone (still open), there is significant potential elsewhere.

- **Upper zones**. In locating the new #7 / #8 zones, drilling was angled, focusing on deeper portions – *additional lenses may be found closer to surface*.
- **Old mine**. As noted, previous operators were actually ***penalized by any zinc present***, so any high grade zinc may well have been passed over – we note that historic drilling at depth seemed to indicate some very good zinc values.
- **Noranda-type deposit.** As indicated on the Abcourt website, detailed core logging in 1987 / 88 by Seadrift geologists indicated that the new mineralization clearly represents a classical Noranda type massive sulphide deposit, as evidenced by the crude metal zoning between the copper and zinc mineralization as well as the presence of an underlying hydrothermal vent containing stringer-type copper mineralization (known to be spatially associated with a near-ore environment elsewhere in the Noranda camp). The North Chance tuff is a favorable stratigraphic horizon typical of those in other locations in the camp which have guided exploration geologists towards discovery of massive sulphides. Historical reports indicate that several drill holes from surface and underground intersected massive sulphides in the area NW of the mine.
- **Mining scenario.** What we can say at this point is that:

  ❶ we know that there is a shaft and considerable underground development – if usable, this may represent a very real cost saving for mine development (i.e. shaft rehabilitation at a fraction of the cost of a new one, slashing / widening existing drifts vs. completely new development, etc.),

  ❷ all the data concerning the old mine is not available – but we do know that all the Zn was not mined and they left sections too high in Zn, several drifts were unmined, etc.

  ❸ existing drifting is within 30 m of the # 7 / # 8 zones.

  ❹ the zones are generally "bulky", which may facilitate efficient long hole mining.

*Future Program*

In view of these considerations, the future program seem obvious:

- ***Confirmation drilling*** at the old mine site and at #7/ #8 – drillholes at the latter zones would obviously be angled so as to hit any new overlying structures. It will be interesting to see what kind of zinc values Abcourt finds at the old minesite.
- ***Metallurgy.*** In a Northern Miner article dated Nov. 5, 1936, it is reported that 100 tons of ore (ave. grade 1.78% Cu) produced 8.8 tons of copper concentrate @ 22% Cu – so mill recovery appears good.

We understand Abcourt plans a $300,000 drilling program in 2007 – about 10 holes (~3000 m).

*Some Blue Sky*

In terms of an illustrative scenario, we note that if the current resource for the old mine and #7 / #8 zones are in any way real, one "back of the envelope" scenario might be as follows:

Preliminary tonnage – 2 million tonnes – gross value of (see tables, previous page) say US 150 – US $250 million (converting this to Cdn @ 1.10 and taking 2/3 of this gross value) – an NSR value of some Cdn $100 - $200 million – assuming a 10 year minelife this would imply an annual operating rate of some 200,000 tonnes / yr or some *600 tpd* – giving a ballpark figure of about *$25 million* for a mill – mine development of some *$5 million*, operating costs (comparable ops) of say *$35 - $40 / tonne* (or some *$70 - $80 million*) – gives a net value of a *nominal amount up to $100+ million*. Obviously, future value considerations will be directly tied to the ultimate size of any deposit.

We are in no way attempting to place a "value" on this project, or are in any way attempting to give any particular credence to any of the figures above, or whether any resource identified would ever be economic. What we are trying to discover is whether this project might have some merit down the road if what Abcourt is looking for turns out – and if it does what might the short term, quantum level impact might be. This back of the envelope calculation seems to indicate that further work is clearly warranted. Obviously there is considerable upside should Abcourt succeed in finding additional lenses / zones (i.e. above the # 7 / # 8 zones for example). ***Bottom line, all these considerations definitely point to a very interesting and important 2007 exploration program***. From a financial perspective, should Abcourt be successful with this program, we could see the market begin to impute a meaningful value for this property – depending on the nature of news of course, but an assumption of at least $10 - $15 million just on future speculative value could be imputed later this year (i.e. $0.20 $0.30 per share ?). Should there be indications for new material, the impact would clearly be more data specific.

## JONPOL / PARAMOUNT OPTION, Abcourt-Barvue, Satellite Property (100% option - 880 hectares, Aur Resources has right to re-acquire 51%)

*Summary*

- Good bluesky potential for very large massive sulphide deposit.
- Past efforts have succeeded in finding small Cu / Zn/Ag resources. The 1979-2006 period was largely focused on unexplored areas. Abcourt's philosophy is to begin at known areas, define & expand these resources – with the same ultimate target in mind.

In March, 2007, Abcourt announced that it had acquired a 7 year option on the properties from Aur Resources and Eastern Platinum Limited, located in the Dalquier township near Amos, Quebec. Consideration consists of a series of payments (totaling $375,000) and work commitments ($200,000 minimum per year, totaling $4 million). Aur has a back-in right to re-acquire a 51% interest in these properties upon spending twice the amount already spent by Abcourt, if Abcourt identifies mineral resources equal to 275,000 tonnes or more of contained copper equivalent on the relevant property based on NI 43-101 standards.

These claims cover a distance of ***4,700 meters*** (2.9 miles) along the most favorable felsic volcanic formation for base metals in the Amos area. There are several mineralized showings in the area.

*Past Work*

The properties have been the site of repeated exploration efforts for almost 100 years including <u>*numerous drill holes*</u> and <u>*three shafts*</u> (the deepest reaching a depth of 152 meters or 500 feet). To date, four mineralized zones have been found, all of which appear to be made of disseminated mineralization and stringers to locally semi-massive pyrite ± sphalerite ± chalcopyrite and silver minerals that ***collectively represent a large stringer (feeder) sulphide zone***. These mineralized zones represent part of a large, metal rich, semi-conformable hydrothermal alteration system hosted by a rhyolite dome structure which is developed on a sequence of andesite flows and overlain by felsic pyroclastic and volcanoclastic material. The hydrothermal system appears to terminate to the west along a proposed syn-volcanic fault structure but continues to the east at least as far as the present limit of lithogeochemical sampling on the property.

**Considerations**

- 1979-2006 efforts did not focus on known resource areas – Abcourt intends to determine potential for resources in and around those deposits (i.e. Main West, Upper & Lower Ag-Zn-Cu) – potential mining scenario.
- Very interesting deep target for massive sulphide target (rock formation, mineralization in place, faults, rhyolite dome.)

| 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 & milling plant.

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

*(note - 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 and would today be considered as resources of various categories. No additional information is available at this time and 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.*

*Target*

***The main target at Jonpol is for a very large massive sulphide deposit, given the geology and existing mineralization***. So – when Aur was exploring for this large target, efforts focused in totally new and unexplored areas, staying away from areas which had been the focus on previous programs.

*2007 Program*

Abcourt is committed to spending $200,000 on drilling during 2007, but is budgeting $300,000. There will be an immediate focus on the Ag-Zn-Cu Zones. We understand that the ***interesting Lower Ag-Zn-Cu zone*** is based on <u>*only a few holes*</u> and that the resource is situated between <u>*244 m – 610 m depth*</u> (open at depth). Apparently the last section drilled showed very high silver and the next hole drilled was about 300' – 400' (91 m -122 m) away. Abcourt intends to conduct additional drilling around this zone and also closer to surface. Initial drilling is to occur near surface (Ag-Zn zone).

## VENDOME-BARVALLE Zinc-Copper-Silver PROPERTY, 11 km S of Abcourt-Barvue, Satellite Property (100% - 1260 hectares, royalty claims – 300 hectares)

*Summary*

- Interesting, but ownership needs to be established to move forward.
- Small resource on 100% owned claims but not significant enough at present to warrant major exploration effort if only focused on that area.

*Acquisition*

This property is comprised of 24 full claims and 15 half claims (1260 hectares) owned 100% by Abcourt and 15 half claims (300 hectares) on which Abcourt is entitled to receive a $2 per ton royalty for the first 500,000 tons and a 25% joint venture interest afterwards.

*Past Work*

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 were reported in the Canadian Mines Handbook (1998-99) as follows:

**Barvallee claims**
**181,000 tonnes @ 5.71% Zn, 1.23% Cu, 44.23 g/t Ag.**

**Royalty claims**
**495,000 tonnes @ 8.07% Zn, 0.48% Cu, 52.46 g/t Ag, 1.20 g/t Au.**

These were calculated before NI 43-101 was published. For additional discussion concerning these resources, refer to www.abcourt.com/accueil.html.

*Future View*

Clearly, these two properties have merit. However, in a practical sense, we see these two properties as needing to be consolidated under one corporate ownership (or joint ventured) prior to any serious effort being undertaken.

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

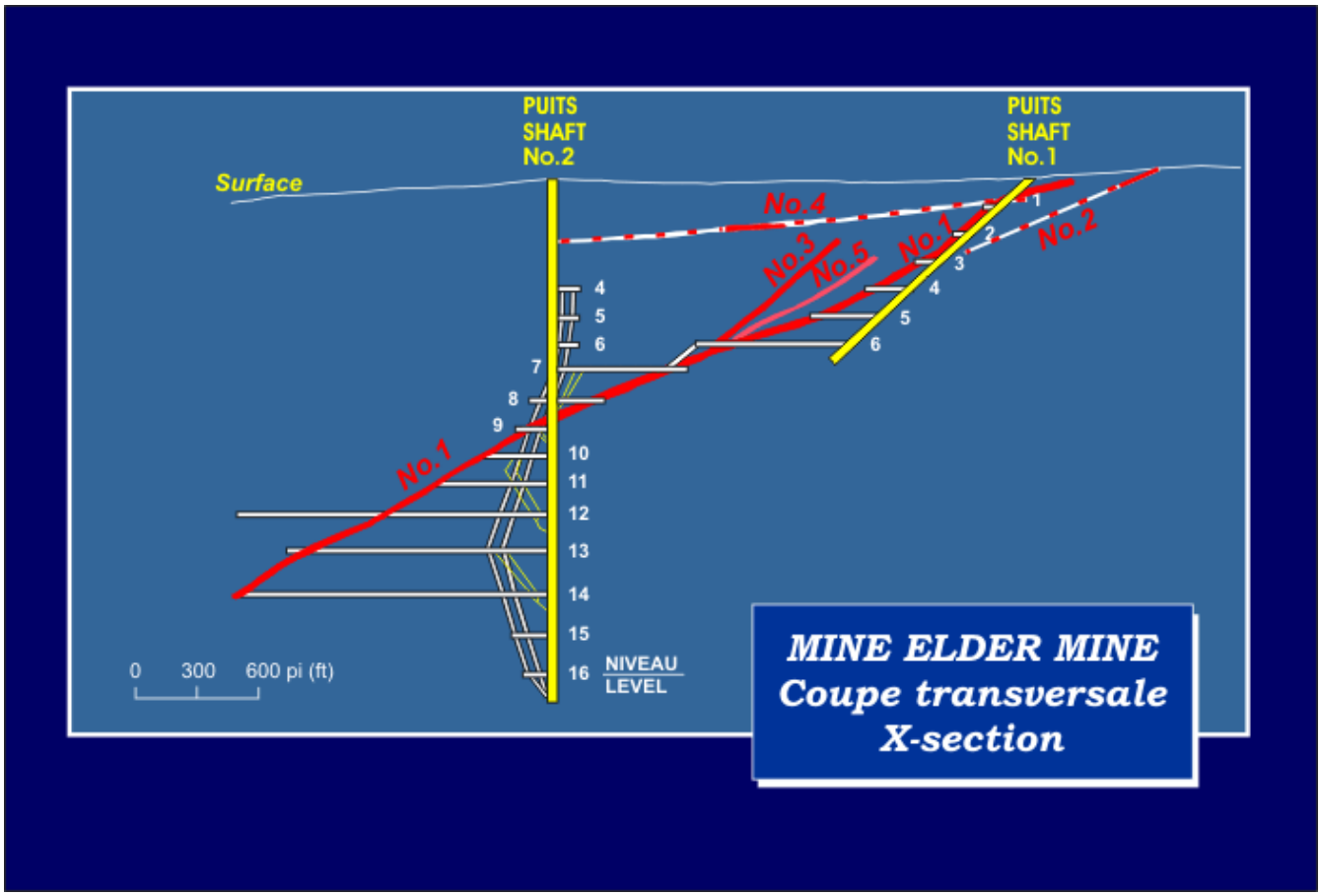
*Summary*

- Mine not put into production in 1989 when Noranda decided to take gold-bearing quartz material from its own Silidor mine and the venture was unable to raise funds for its own mill.
- Current ***200,000 oz***. 43-101 compliant resource.
- Recent ***40 hole drill program was successful***. From close-spaced drilling - ❶ values obtained in new areas at the east and west ends of the mine represent ***additions to the known 43-101 resources***, ❷ several additional intersections may represent ***new veins***. From exploration drilling in new territory 300 meters west of the mine area. ❸ a ***new discovery*** indicates that additional veins may be found along strike on the Elder Mine main ore structure.
- The mine site is still well equipped with functional buildings, mining equipment, infrastructure.

*History*

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 Elder property consists of 604 hectares with the adjacent Tagami property consisting of 343 hectares. 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*, *Doyon*, & *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**.



| Period | Event |
|---|---|
| **Early** | • Completion of 19 holes (1032 m). Gold-bearing quartz veins were encountered.<br>• Teck-Hughes optioned the property and completed 16 holes (1,152 m). |
| **1944 - 66** | Elder Gold Mines acquires the project and undertakes a comprehensive program.<br>• 88 holes (8,716 m).<br>• -43º inclined, 3-compartment shaft (number 1) was sunk near vein #1 where 6 levels 40 m apart were opened together with exploration drives on veins #3 (level 3), and #4 (levels 1,3,5).<br>• ***Production commences*** 1947. Ore was shipped to Noranda's Horne smelter as a silica flux (this resulted in a mining plan designed to maintain high silica content - >68% - rather than designed to maximize gold content – and is *one of the reasons why the "proven and probable reserves" to be mined are still accessible*.<br>• A 3-compartment vertical shaft (number 2) was collared 2200' SW of the inclined shaft. Levels opened from 950 (level 7) to 1620' (level 12).<br>• In 1962, production was interrupted – shaft #2 was deepened to 2565' and 2 levels were opened.<br>• In the last years of operation, only limited underground drilling for new ore was carried out. By June, 1966, poorer gold and silica grades from the bottom levels and escalating costs made the operations uneconomical and the mine was closed. |
| **1984 - 89** | A joint venture spent a total of ***$23 million*** on the property.<br>• The mine was dewatered, the old levels were rehabilitated, shaft # 2 was deepened 50', new stations were established on 3 upper levels (4, 5, 6), and the ore and waste pass system with loading pockets was built.<br>• Considerable surface (142 holes ) and underground (75 holes) drilling was carried out – total of 49,000'.<br>• About 7000' of drifting, ventilation raises driven and a few stopes were started.<br>• A surface plant was installed and necessary equipment was purchased.<br>• From April – June, 1989, ***a total of 14,076 tons was produced*** (0.189 oz / ton Au)<br>• At that time Proven and Probable Reserves were calculated 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).<br>• The project fell apart when Noranda decided to take gold-bearing quartz material from its own Silidor Mine located in Rouyn-Noranda and the venture was unable to raise the $8 million for a mill. |
| **1993** | Abcourt period – following consolidation of several small additional properties.<br>• 1996 / 97 – **Tagami** property – 21 hole drilling program (2,896 m) outlines high grade gold on the West Gold showing.<br>• 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 (which was dewatered to the 12th level).<br>• A sharp decline in the price of gold led to project being put on care & maintenance basis. |
| **2001** | • Option given on the upper level of the mine – surface drilling of 13 holes – 333 m on #4 vein and 885 m on #1 vein. |
| **2005 -06** | • Abcourt drilled a total of 386 m in the eastern extension of #1 vein. These holes were not as yet logged when ***a NI 43-101 compliant resource estimate was completed*** (released August, 2006). |

The 2006 resource estimate was calculated as follows:

| Elder mineral resources estimate – Summary (undiluted) | | | | | | |
|---|---|---|---|---|---|---|
| | 0.10 oz / ton Au cut-off | | | 0.15 oz / ton Au cut-off | | |
| | Tons | Au (oz/ton) | Au (oz.) | Tons | Au (oz/ton) | Au (oz.) |
| Measured resource | 440,810 | 0.183 | 80,668 | 263,951 | 0.226 | 59,653 |
| Indicated resource | 363,810 | 0.197 | 71,670 | 249,040 | 0.237 | 59,022 |
| **M & I resources** | **804,620** | **0.189** | **152,338** | **512,991** | **0.231** | **118,675** |
| **Inferred resources** | **252,208** | **0.184** | **46,406** | **187,455** | **0.207** | **38,803** |

The mine site is still well equipped with functional buildings and mining equipment. 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.

In 2003, Broad Oak Associates stated that the replacement cost estimate for all the surface infrastructures was Cdn ***$7.49 million***.

*Summary Geology, Mineralization*

The Elder gold deposit occurs within the south-eastern margin of the Flavrian Batholith. This major intrusive rock also hosts the Eldrich Mine located 6 km to the northwest. In the west part of the mine, gold is mainly associated with the #1 vein, where mineralization is found above, within, and under an altered dioritic dyke, referred to as the "basic dyke" in the mine's terminology, that cross-cut the Flavrian Batholith at low angle. The basic dyke is extensive and attains widths of up to 10 m, although locally it is discontinuous and narrow. Between 1947 – 66, most of the 2.232 million tons of ore were mined from the # 1 vein outside of the basic dyke area as the silica content in that area was too low.

The #1 vein strike N 60º E at surface and about N 80ºE on the 13th level and dips southward at an average angle of 25º. This is the dominant structural trend of the mine area and it is also seen in the attitude of the basic dyke as well as the #2 and # 3 veins. Another structural trend observed in the mine is faulting trending northerly to N-N-W and dipping at a shallow angle to the east. The #4 vein, located in both the hanging wall and footwall of the #1 vein, follows this trend.

***The # 1 vein is notably consistent and carries economic gold values over 2/3 of its length***. By contrast, the other veins have a more erratic gold content.

**Other areas**. The current mineral resource does not take into account any data located outside the 2700' E-W strike of the deposit As stated in the August, 2006 study, "*the geological interpretation can however easily be* ***extended laterally*** *and* ***at depth*** *as further exploration drilling could lead to substantial findings.*" (p. 35).

In addition, it was noted that the 1996/97 drilling (21 holes) at the **West Gold** showing (Tagami property) outlined a high grade gold bearing zone – with the 125' – 150' spaced holes indicating a continuous high grade mineralization sharing geological similarities with the Elder mine. ***An average of the 10 best holes drilled showed an average intersection of 5.3' grading 0.484 opt Au***. Most of the intersections were drilled at shallow depths (150' 350') the deepest cut being 632'. At that time, Abcourt was planning on drilling additional holes in this prospective area.

*Successful Follow Up Drilling – 2006 / 07*

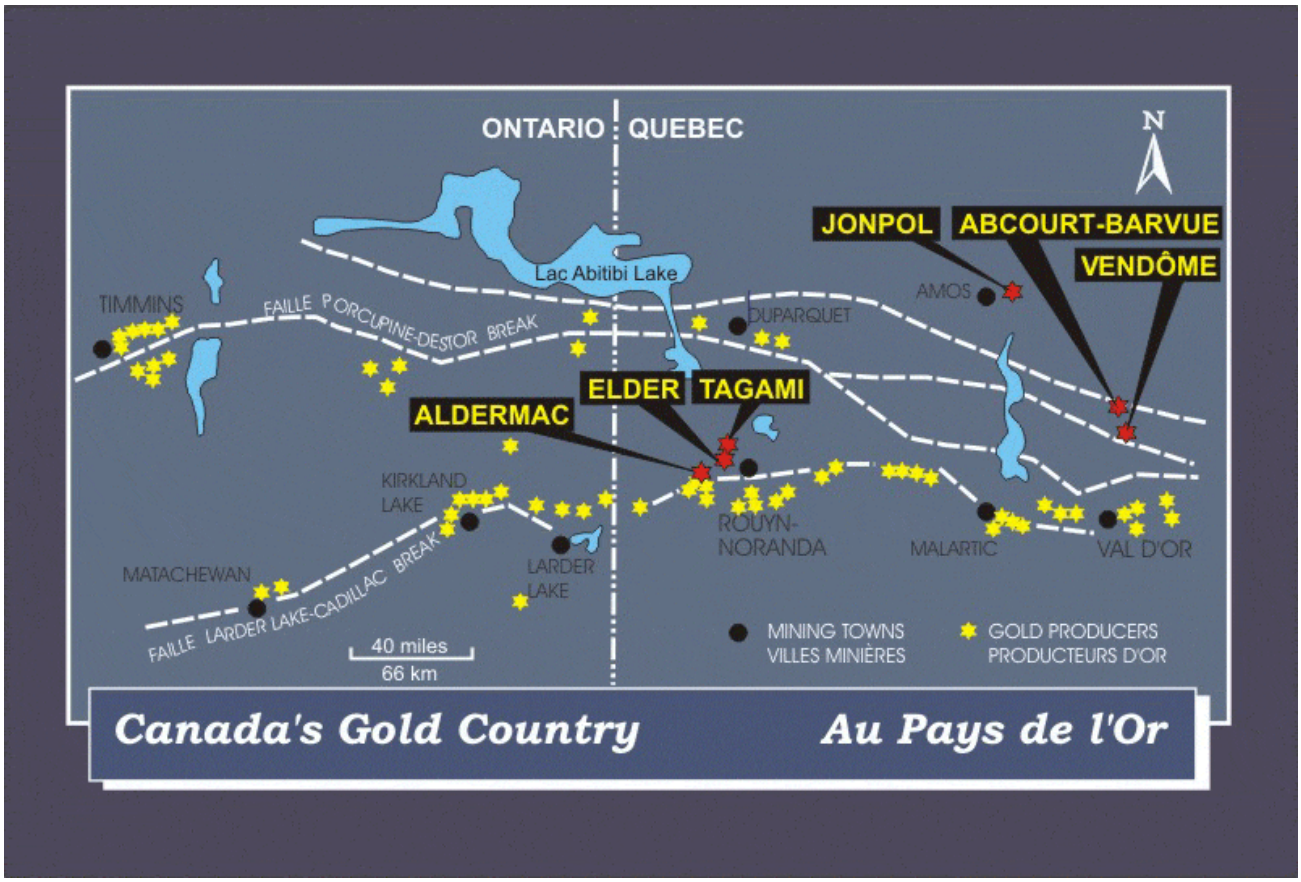
Beginning in 2005, a **40 hole**, **7000 m** drill program was conducted to increase resources and examine the potential in step out areas. Results are shown right.

- **Resource Additions**. These holes, except holes 33, 34 and 35, are spaced about 30 meters apart. They were drilled vertically in new areas at the east and west ends of the mine and the values obtained represent additions to the known 43-101 resources previously reported. The main vein was intersected in every hole and ***several additional intersections may represent new veins.*** (note – holes 13, 16, 17, 20 & 21 were not drilled, holes 14, 15, 18 & 19 were drilled on #4 vein, where values are known to be more erratic).
- In the mine area, the vein has dip of about 22º and the true width represents about 91% of the vertical intercept.
- **New Discovery**. Holes 33, 34 and 35, spaced about 100 meters apart, are exploration holes drilled in new territory, approximately 300 meters west of the mine area. These holes intersected a major fault zone not indicated on any regional geological maps. In hole 34, two veins were cuts; one above the fault (2.0 m @ 2.39 g/t Au) and a richer one below the fault (1.03 m @ 17.40 g/t Au). This new discovery indicates that additional veins may be found along strike on the Elder Mine main ore structure. As stated by Abcourt, it certainly enhances the ore making potential of that property.

*Conclusion - Elder*

Clearly, the surface plant, the known gold resources, plus the exploration potential of the property should have a fairly substantial market value. Abcourt is now planning to reopen this mine as soon as possible.

| HOLE # | | FROM (m) | TO (m) | WIDTH (m) | GOLD (g/t) |
|---|---|---|---|---|---|
| 05 – 01 | | 164.10 | 164.50 | 0.40 | **6.69** |
| | | 171.70 | 172.50 | 0.80 | 5.45 |
| | | 175.50 | 178.00 | 2.50 | 4.14 |
| | | 217.27 | 218.00 | 0.73 | 3.34 |
| 06 – 04 | | 135.44 | 138.00 | 2.56 | **9.65** |
| 06 – 04 | | 140.70 | 141.96 | 1.09 | 3.36 |
| | | 155.60 | 156.25 | 0.85 | 2.63 |
| 06 – 05 | | 124.70 | 133.80 | **9.10** | 3.87 |
| | Incl. | 124.70 | 126.70 | 2.00 | 4.42 |
| | Incl. | 124.70 | 131.55 | 6.85 | 3.74 |
| | Incl. | 124.70 | 133.80 | **9.10** | **10.23** |
| 06 – 06 | | 139.28 | 141.50 | 2.22 | 3.50 |
| | | 185.50 | 188.00 | 2.50 | 3.14 |
| 06 – 07 | | 93.50 | 95.00 | 1.50 | 3.56 |
| | | 210.50 | 212.00 | 1.50 | 4.11 |
| 06 – 11 | | 185.78 | 187.06 | 1.28 | 4.19 |
| 06 – 12 | | 137.94 | 139.84 | 1.90 | **9.49** |
| | | 188.13 | 190.22 | 2.09 | **40.12** |
| | | 193.86 | 195.00 | 1.14 | **5.92** |
| 06 – 22 | | 165.00 | 167.25 | 2.25 | **7.19** |
| 06 – 23 | | 181.50 | 182.25 | 0.75 | 2.23 |
| 06 – 24 | | 113.81 | 114.80 | 0.99 | **10.56** |
| | | 145.00 | 147.50 | 2.50 | 2.74 |
| | | 163.00 | 165.64 | 2.64 | **7.34** |
| 06 – 25 | | 147.37 | 148.90 | 1.53 | 1.58 |
| 06 – 26 | | 155.06 | 156.94 | 1.88 | 2.84 |
| | | 159.00 | 162.00 | 3.00 | **8.17** |
| 06 – 27 | | 128.00 | 129.00 | 1.00 | 2.74 |
| | | 144.00 | 144.46 | 0.46 | 4.34 |
| | | 146.00 | 155.37 | **9.37** | 2.60 |
| | inc | 149.00 | 152.00 | 3.00 | 4.25 |
| 06 – 28 | | 127.14 | 128.10 | 0.96 | 2.94 |
| | | 175.48 | 177.14 | 1.66 | 4.00 |
| 06 – 29 | | 157.00 | 158.70 | 1.70 | **5.48** |
| | | 170.36 | 173.20 | 2.84 | **6.55** |
| 06 – 30 | | 115.46 | 117.00 | 1.54 | 2.43 |
| | | 143.60 | 144.60 | 1.00 | 1.98 |
| | | 151.00 | 154.75 | 3.75 | **6.60** |
| 06 – 31 | | 171.57 | 174.97 | 3.40 | **6.24** |
| 06 – 32 | | 169.68 | 173.00 | 3.32 | **13.64** |
| 06 – 33(1) | | no significant values | | | |
| 06 – 34 | | 55.00 | 57.00 | 2.00 | 2.39 |
| | | 169.50 | 170.53 | 1.03 | **17.40** |
| 06 – 35(1) | | 287.50 | 288.50 | 1.00 | 1.58 |
| 06 – 36 | | 180.70 | 181.70 | 1.00 | 1.89 |
| | | 185.90 | 187.00 | 1.10 | 2.69 |
| | | 191.44 | 194.53 | 3.09 | **6.05** |
| 06 – 37 | | 209.40 | 211.35 | 1.95 | **6.56** |
| | | 209.40 | 213.47 | 4.07 | 4.48 |
| 06 – 39 | | 177.96 | 179.00 | 1.04 | 2.01 |
| 06 – 40 | | 137.14 | 138.62 | 1.48 | 4.58 |

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