ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012

TSX: BAR
OTCQX: BALMF
BALMORAL
RESOURCES

Suite 2300 – 1177 West Hastings Street
Vancouver, British Columbia
V6E 2K3

September 20, 2013

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PRELIMINARY NOTES

Documents Incorporated by Reference

Incorporated by reference into this Annual Information Form ("**AIF**") of Balmoral Resources Ltd. (the "**Company**" or "**Balmoral**") are the following documents:

(a) Audited Financial Statements of the Company for the years ended December 31, 2012 and 2011;

(b) Management Discussion and Analysis of the Company for the year ended December 31, 2012 dated April 11, 2013 ("**MD&A**");

(c) Management Information Circular dated May 10, 2012 in respect of the 2012 Annual General Meeting ("**Information Circular**"); and

(d) Technical report with an effective date of January 5, 2013, entitled "2013 Technical (N.I. 43-101) Report on the Martinière Property" prepared by Equity Exploration Consultants Ltd. (the "**Martinière Report**"),

copies of which may be obtained online from SEDAR at www.sedar.com.

All financial information in this AIF has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

Date of Information

All information in this AIF is as of December 31, 2012 unless otherwise indicated.

Currency and Exchange Rates

All dollar amounts in this AIF are expressed in Canadian dollars unless otherwise indicated. The Company's accounts are maintained in Canadian dollars and the Company's financial statements are prepared in accordance with IFRS. All references to "U.S. dollars", "USD" or to "US$" are to United States dollars.

The following table sets forth the rate of exchange for the Canadian dollar, expressed in United States dollars in effect at the end of the periods indicated, the average of exchange rates in effect on the last day of each month during such periods, and the high and low exchange rates during such periods based on the noon rate of exchange as reported by the Bank of Canada for conversion of Canadian dollars into United States dollars.

	Year Ended December 31		
Canadian Dollars to U.S. Dollars	**2012**	**2011**	**2010**
Rate at end of period	USD 1.0051	USD 0.9833	USD 1.0054
Average rate for period	USD 1.0008	USD 1.0151	USD 0.9671
High for period	USD 1.0289	USD 1.0575	USD 1.0005
Low for period	USD 0.9576	USD 0.9383	USD 0.9218

Metric Equivalents

For ease of reference, the following factors for converting imperial measurements into metric equivalents are provided:

To convert from Imperial	To metric	Multiply by
Acres	Hectares	0.404686
Feet	Metres	0.30480
Miles	Kilometres	1.609344
Tons	Tonnes	0.907185
Ounces (troy)/ton	Grams/Tonne	34.2857

1 mile = 1.609 kilometres
1 acre = 0.405 hectares
2,204.62 pounds = 1 metric ton = 1 tonne
2000 pounds (1 short ton) = 0.907 tonnes
1 ounce (troy) = 31.103 grams
1 ounce (troy)/ton = 34.2857 grams/tonne

Terms used and not defined in this AIF that are defined in National Instrument 51-102 "Continuous Disclosure Obligations" shall bear that definition. Other definitions are set out in National Instrument 14-101 "Definitions".

Forward-Looking Statements

This AIF contains forward-looking statements and forward-looking information (collectively, "**forward-looking statements**") within the meaning of applicable Canadian and U.S. securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate, plans and similar expressions, or which by their nature refer to future events. These forward-looking statements include, but are not limited to, statements concerning:

- the Company's strategies, objectives, plans and expectations, both generally and specifically in respect of its specific mineral properties;
- the timing of decisions regarding the timing and costs of exploration programs with respect to, and the issuance of the necessary permits and authorizations required for, the Company's exploration programs on its properties;
- the timing and cost of future exploration programs at the Martinière Property and the timing of the receipt of results therefrom;
- the timing and cost of planned exploration programs of the Company and the timing of the receipt of results there from;
- the proposed use of the proceeds from the Company's equity financings;
- the Company's future cash requirements;
- general business and economic conditions; and

- the Company's ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations.

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward-looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's inability to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located on its properties, variations in the market price of any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under "Risk Factors".

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward-looking statements contained in this AIF. Such statements are based on a number of assumptions which may prove incorrect, including, but not limited to, assumptions about:

- the Company's future cash requirements, and the ability of the Company to raise the funding necessary to carry out its planned work programs and meet its general and administrative expenses for the remainder of the fiscal year ending December 31, 2013;

- the level and volatility of the price of commodities, and gold in particular;

- general business and economic conditions;

- the timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's planned exploration programs;

- conditions in the financial markets generally;

- the Company's ability to secure the necessary consulting, drilling and related services and supplies on favourable terms;

- the Company's ability to attract and retain key staff;

- the nature and location of the Company's mineral exploration projects, and the timing of the ability to commence and complete the planned exploration programs;

- the anticipated terms of the consents, permits and authorizations necessary to carry out the planned exploration programs at the Company's properties and the Company's ability to comply with such terms on a safe and cost-effective basis;

- the ongoing relations of the Company with its underlying optionors/lessors, its joint venture partners, the applicable regulatory agencies; and

- that the metallurgy and recovery characteristics of samples from certain of the Company's mineral properties are reflective of the deposit as a whole.

These forward-looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation to update these forward-looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

This AIF contains information with respect to adjacent or similar mineral properties in respect of which the Company has no interest or rights to explore or mine. Readers are cautioned that the Company has no interest in or right to acquire any interest in any such properties, and that mineral deposits on adjacent or similar properties, and any production therefrom or economics with respect thereto, are not indicative of mineral deposits on the Company's properties or the potential production from, or cost or economics of, any future mining of any of the Company's mineral properties.

Readers are encouraged to consult the Company's public filings at www.sedar.com for additional information concerning these matters.

Glossary of Terms

The following is a glossary of certain mining and other terms used in this AIF:

"**Alteration**"	Usually refers to chemical/mineralogical reactions/changes in a rock mass resulting from the passage of hydrothermal fluids.
"**Archean Superior Province**"	That sequence of ancient rocks, stretching from eastern Manitoba through eastern Quebec which includes a number of greenstone belts (paired volcanic and sedimentary rock sequences) hosting numerous gold and base metal deposits.
"**arsenopyrite**"	The most common arsenic mineral and principal ore of arsenic; occurs in many sulfide ore deposits, particularly those containing lead, silver and gold.
"**Au**"	The elemental symbol for gold.
"**Board of Directors**"	The Board of Directors of the Company.
"**Carbonate**"	Minerals which have the formula "X"CO_3. Calcite ($CaCO_3$) is the most common carbonate mineral and both it and iron-rich carbonate species are commonly associated with gold mineralization.
"**Common Shares**"	The common shares without par value in the capital stock of Balmoral as the same are constituted on the date hereof.
"**crustal-scale**"	Refers to fault systems which typically exhibit several kilometres of vertical extent cutting several layers of the earth's upper crust
"**deformation**"	A general term for the processes of folding, faulting, shearing, compression, or extension of rocks as a result of various earth forces.

"**deposit**"	A mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures. Such a deposit does not qualify as a commercially mineable ore body or as containing reserves or ore, unless final legal, technical and economic factors are resolved.
"**diamond drill**"	A type of rotary drill in which the cutting is done by abrasion rather than percussion. The cutting bit is set with diamonds and is attached to the end of the long hollow rods through which water is pumped to the cutting face. The drill cuts a core of rock which is recovered in long cylindrical sections, an inch or more in diameter.
"**dip**"	The angle that a stratum or any planar feature makes with the horizontal, measured perpendicular to the strike and in the vertical plane.
"**Director**"	A member of the Board of Directors of Balmoral.
"**dolomite**"	A carbonate sedimentary rock consisting of more than 50% to 90% mineral dolomite, depending upon classifier.
"**dyke**"	A tabular body of igneous rock that is younger than and cuts across the structure of adjacent rocks.
"**executive officer**"	When used in relation to any issuer (including Balmoral) means an individual who is: (a) a chair, vice chair or president; (b) a vice-president in charge of a principal business unit, division or function, including sales, finance or production; (c) an officer of the issuer or any of its subsidiaries that performs a policy-making function in respect of the issuer; or (d) performing a policy-making function in respect of the issuer
"**Fault**"	A fracture in rock where there has been displacement of the two sides.
"**Felsic**"	An igneous rock dominated by the light-coloured, silicon- and aluminium-rich minerals feldspar and quartz.
"**footwall**"	The mass of rock beneath a fault, ore body or mine working; especially the wall rock beneath an inclined vein or fault.
"**g/T**"	Grams per tonne (34.2857 g/T = 1.0 troy ounce/tonne).
"**gabbro**"	A group of dark coloured, basic intrusive igneous rocks – the approximate intrusive equivalent of basalt.

"**grade**"	To contain a particular quantity of ore or mineral, relative to other constituents, in a specified quantity of rock.
"**intercalated**"	Said of layered material that exists or is introduced between layers of a different character.
"**IP**"	Induced polarization – an electrical geophysical surveying method commonly used to detect the presence of sulphide minerals in underlying rock units
"**km**"	Kilometres
"**m**"	Metres
"**mafic**"	Said of an igneous rock composed chiefly of dark, ferromagnesian minerals, also, said of those minerals.
"**Martinière Property**"	The gold exploration property located at the junction of Lanouiller, La Martinière, La Peltrie and Marigny townships of western Quebec, Canada in which the Company holds a 100% interest.
"**mineral reserve**"	The economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined and processed.
"**mineral resource**"	A concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. The term "mineral resource" covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which mineral reserves may subsequently be defined by the consideration and application of technical, economic, legal, environmental, socio-economic and governmental factors. The phrase "reasonable prospects for economic extraction" implies a judgement by a qualified person (as that term is defined in NI 43-101) in respect of the technical and economic factors likely to influence the prospect of economic extraction. A mineral resource is an inventory of mineralization that, under realistically assumed and justifiable technical and economic conditions, might become economically extractable.
"**mineralization**"	The concentration of metals and their chemical compounds within a body of rock.

"**National Instrument 43-101**"/ **NI 43-101**"	National Instrument 43-101 of the Canadian Securities Administrators entitled "Standards of Disclosure for Mineral Projects".
"**National Instrument 51-102**"	National Instrument 51-102 of the Canadian Securities Administrators entitled "Continuous Disclosure Obligations".
"**National Instrument 52-110**"	National Instrument 52-110 of the Canadian Securities Administrators entitled "Audit Committees".
"**NSR**"	Net smelter return.
"**orogenic**"	Of orogeny.
"**orogeny**"	The process by which structures within fold-belt mountainous areas were formed, including thrusting, folding, and faulting in the outer and higher layers, and plastic folding, metamorphism, and plutonism in the inner and deeper layers.
"**outcrop**"	An exposure of bedrock at the surface.
"**pelitic**"	Pertaining to or characteristic of pelite; esp. said of a sedimentary rock composed of clay, such as a pelitic tuff representing a consolidated volcanic ash consisting of day-size particles.
"**pyroclastic**"	Produced by explosive or aerial ejection of ash, fragments and glassy material from a volcanic vent. Term applicable to the rocks and rock layers as well as to the textures so formed.
"**sericite**"	A white, fine-grained potassium mica occurring in small scales as an alteration product of various aluminosilicate minerals, having a silky luster, and found in various metamorphic rocks (especially in schists and phyllites) or in the wall rocks, fault gouge, and vein fillings of many ore deposits. It is commonly muscovite or very close to muscovite in composition, but may also include paragonite and illite.
"**sill**"	A tabular igneous intrusion that parallels the planar structure of the surrounding rock.
"**strike**"	The direction taken by a structural surface.
"**ultramafic**"	Said of an igneous rock composed chiefly of mafic minerals.
"**VMS**"	A volcanogenic massive sulfide deposit.
"**VTEM**"	A proprietary third party airborne electromagnetic survey technique used to detect conductive materials within the earth's upper crust

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated under the *Company Act* (British Columbia) on January 24, 1983 under the name "Golden Dividend Resources Corp.". The name was subsequently changed to "Caesars Gold Ltd." on April 17, 1996; to "Caesars Explorations Inc." on August 13, 1999; to "Great Southern Enterprises Corp." ("**GSR**") on November 4, 2002 and to "Balmoral Resources Ltd." on March 29, 2010. Balmoral (then, "Great Southern Enterprises Corp.") was transitioned under the *Business Corporations Act* (British Columbia) ("**BCBCA**") on May 18, 2005, and is now governed by that statute. At the annual meeting of shareholders held on July 21, 2010, the shareholders of Balmoral passed a resolution whereby Balmoral adopted a new form of Articles in order to, among other things, update Balmoral's Articles to reflect current practice and conform to current securities legislation and policies. At the annual meeting of shareholders held on June 14, 2013, the shareholders of Balmoral passed a resolution whereby the Articles of Balmoral were altered in order to facilitate the inclusion of advance notice provisions which, among other things, fix a deadline by which holders of record of Common Shares must submit director nominations to the Company prior to any annual or special meeting of shareholders.

The head office and principal business address of Balmoral is located at Suite 2300 – 1177 West Hastings Street, Vancouver, British Columbia, Canada V6E 2K3, and its registered and records office is located at 550 Burrard Street, Suite 2300, P.O. Box 30, Bentall 5, Vancouver, British Columbia, Canada V6C 2B5.

Intercorporate Relationships

The Company has no subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Prior to March of 2010, the Company, then GSR, was listed on the NEX Exchange, but did not have an active business. In March of 2010, the Company consolidated its share capital on a 15:1 basis, amended its authorized capital to an unlimited number of common shares without par value, changed its name to "Balmoral Resources Ltd." and new management assumed control of the Company. In November of 2010, the Company changed its business focus and reactivated from the NEX Exchange to the TSX Venture Exchange.

The Company is a mineral exploration company engaged in the acquisition, exploration and development of mineral properties. The Company is in the exploration stage as its properties have not yet reached commercial production and none of its properties are currently considered to be beyond the exploration stage. All work presently planned by the Company is directed at defining mineralization and increasing understanding of the characteristics of, and economics of, that mineralization. There are currently no identified mineral reserves and no current mineral resources, on any of the Company's mineral properties.

Over the past three financial years, the Company focused on the acquisition and exploration of mineral properties in Canada.

On April 14, 2010, the Company completed a non-brokered private placement of 25,000,000 Common Shares at a price of $0.06 per share for gross proceeds of $1,500,000 in order to capitalize the Company and issued a further 2,500,000 Common Shares of the Company as a finder's fee.

Balmoral entered into a letter of offer dated August 5, 2010 and executed on August 10, 2010 with American Bonanza Gold Corp. (“**American Bonanza**”) pursuant to which the Company was granted an exclusive right to enter into a purchase and sale agreement (the “**Purchase and Sale Agreement**”) to purchase American Bonanza’s right to earn a 100% interest in certain mining claims which comprise certain properties (the “**AB Properties**”) known as Fenelon, Northway-Noyon (N2), Martinière and Northshore, along with certain surface rights attached to the Northshore property, the Fenelon exploration camp and materials and related exploration data, situated in the Provinces of Ontario and Quebec in consideration of the Company paying to American Bonanza $3,700,000 and issuing to American Bonanza 4,500,000 Common Shares of the Company at a deemed price of $0.60 per share.

On September 7, 2010 the Company announced that it had entered into an option and joint venture agreement to acquire up to a 60% interest in the Detour East Property, located in the same geological belt as the Martiniere and Fenelon Properties, from Radisson Mining Resources Inc. (“**Radisson**”).

On November 9, 2010, the Company completed the purchase of the AB Properties and in conjunction with the acquisition closed a brokered private placement which consisted of 24,916,600 units at a price of $0.60 per unit and 3,812,500 “flow-through” Common Shares at a price of $0.80 per “flow-through” common share for total gross proceeds of $17,999,960.

On March 2, 2011 Balmoral announced the initial results from its first drill program on the Martiniere Property in Quebec, intersecting 11.18 g/t gold over 12.00 metres in what has become known as the Martiniere West Zone. The Company has continued to expand the West Zone since that time and has announced the discovery of a number of additional zones and occurrences of high-grade gold mineralization on the Martiniere Property in a series of press releases. These include the Bug Lake Zone and the discovery of the Bug Lake Footwall Zone, announced August 16, 2012, with the discovery hole returning an uncut intercept of 273 g/t gold over 3.88 metres.

On April 15 and 18, 2011, the Company closed a brokered private placement (the “**Offering**”) in two tranches comprised of a total of 1,435,600 flow-through Common Shares of the Company at a price of $2.09 per flow-through common share for aggregate gross proceeds of $3,000,404.

On June 28, 2011 Balmoral announced that it had entered into an option agreement with Burlington, Ontario based GTA Resources and Mining Inc. (“**GTA**”) whereby GTA could earn up to a 70% interest in the Company’s Northshore Property in Ontario by undertaking $5,500,000 in exploration on the property, making cash payments to the Company totalling $150,000 and issuing a total of 3,500,000 shares to the Company. At the time of preparation GTA had not yet vested an interest in the Property.

On November 1, 2011, the Company closed a brokered private placement comprised of 4,197,500 flow-through Common Shares of the Company at a price of $1.10 for gross proceeds of $4,617,250.

On March 13, 2012, the Company closed a bought deal private placement comprised of 2,000,000 flow-through Common Shares of the Company at price of $1.52 per share, for gross proceeds of $3,040,000.

On October 4, 2012, the Company closed a bought deal flow-through private placement comprised of 6,960,000 flow-through Common Shares at a price of $1.15 per common share for gross proceeds of $8,004,000.

In addition, the Company raised an additional $5,181,500 through the exercise of 4,324,366 share purchase warrants and 1,187,868 agents’ warrants prior to the expiration of the warrants on November 9, 2012.

On January 15, 2013, Balmoral completed the acquisition of a 100% interest in each of the Martinière, Fenelon and Northway-Noyon properties in Quebec. The Company also completed the acquisition of the Detour East (Massicotte) Property. Balmoral now owns 100% of its entire 64,893 hectare Detour Gold Trend Project, with the exception of 18 claims (998 hectares) which are held in joint venture with Encana Ltd. Balmoral exercised its rights under the terms of the Purchase and Sale Agreement and purchased from Cyprus Canada Inc. ("**Cyprus**") all of Cyprus's rights, titles and interests to each of the Martinière, Fenelon and Northway-Noyon properties and a regional airborne data survey covering a large area of the northern Abitibi region of Quebec. As a result, Balmoral now owns a 100% interest in each of the subject properties and the airborne data set. As per the terms of the Purchase and Sale Agreement, Balmoral has granted to Cyprus a 2% Net Smelter Return ("**NSR**") royalty on the majority of the claims comprising the Martinière Property and a 1 % NSR royalty on the entirety of each of the Northway-Noyon and Fenelon Properties.

On July 16, 2013, the Company acquired a 100% interest, by staking, in a new property asset, the N1 Property, located proximal to the Company's existing N2 property and the now producing Vezza gold deposit in Central Quebec. The N1 Property is located 10 kilometres west of the N2 Property and 9 km west of the Vezza gold deposit along the projection of the horizon hosting the South Gold Zone on the N2 Property. The N1 Property straddles the southern boundary of the Casa Berardi deformation zone which hosts the operating Casa Berardi and Vezza gold deposits to the west and east respectively. Acquisition costs for the property were $325.

Significant Acquisitions

Since January 1, 2012, being the commencement of the Company's last completed fiscal year, Balmoral did not complete any significant acquisitions for which disclosure is required under Part 8 of National Instrument 51-102.

NARRATIVE DESCRIPTION OF THE BUSINESS

General

Summary

The Company currently holds interests in several mineral properties (subject, in certain cases, to NSR royalties payable to the original property vendors) in Quebec and Ontario, Canada. The Company is in the process of evaluating such properties through exploration programs. The objective of such exploration programs is to evaluate the potential of the subject property and to determine if spending additional funds is warranted (in which case, an appropriate program to advance the property to the next decision point will be formulated and, depending upon available funds, implemented) or not (in which case the property may be offered for option/joint venture or returned to the vendor or abandoned, as applicable). At the present time, the Company is primarily interested in properties that are prospective for gold, silver and related minerals.

The Company considers that the Martinière Property is its only material mineral property at the present time. Information with respect to the Company's material mineral property is set out in the Material Mineral Projects section of this AIF.

The Company is in the exploration stage and does not mine, produce or sell any mineral products at this time, nor do any of its current properties have any known or identified current mineral resources, or mineral reserves. The Company does not propose any method of production on any of its mineral properties at this time.

Specialized Skill and Knowledge

All aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, drilling, logistical planning, geophysics, metallurgy and mineral processing, implementation of exploration programs, mine development, mine operation, financing and accounting. While recent increased activity in the resource industry has made it more difficult to locate competent employees and consultants in such fields, the Company has found that it can locate and retain such employees and consultants and believes it will continue to be able to do so.

Competitive Conditions

All of the raw materials the Company requires to carry on its business are readily available through normal supply or business contracting channels in Canada. The Company has secured, or reasonably believes that it will be able to secure, personnel and materials to conduct its contemplated programs.

Cycles

The mining business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles. In recent years, the significant demand for minerals in some countries (notably China and India) has driven increased commodity prices to historic highs. At the same time concerns about the financial state of a number of nations, which commenced in 2008 as a result of the collapse of engineered financial products in the United States, has continued through today. As a result, while commodity prices remain at historically elevated levels, albeit well off their recent highs, the increasing degree of volatility in the world's stock markets has resulted in a decreased appetite for risk and for those investment classes which are deemed to be higher risk, including mineral exploration. This has put a significant degree of strain on the normal channels of finance available for mineral exploration and development companies and combined with the short to mid-term uncertainty of metal prices, in particular for gold, these factors could significantly affect the economic potential of the Martinière Property and the Company's assets and result in the Company determining to cease work on, or drop its interest in, some or all of said properties.

Economic Dependence

The Company's business is not substantially dependent on any contract such as a contract to sell the major part of its products or services or to purchase the major part of its requirements for goods, services or raw materials, or on any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends.

Changes to Contracts

It is not expected that the Company's business will be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts.

Environmental Protection Requirements

As the Company is currently at the exploration stage with respect to all of its projects there are no significant financial and operational effects on the Company's activities and capital expenditures that relate to specific environmental protection requirements. Should the Company progress beyond the exploration stage on any of its properties it would be anticipated that said requirements would have a minor impact on capital expenditures and would not significantly affect the Company's competitive position.

Employees

As of December 31, 2012, Balmoral had 6 full-time employees. The Company relies to a large degree upon consultants and contractors to carry on many of its activities and, in particular, to execute the work programs on its mineral properties. However, should the Company expand its activities, it is likely that it will choose to hire additional employees.

Bankruptcy and Similar Procedures

There are no bankruptcy, receivership or similar proceedings against Balmoral, nor is Balmoral aware of any such pending or threatened proceedings. There have not been any voluntary bankruptcy, receivership or similar proceedings by Balmoral within the three most recently completed financial years or completed or currently proposed for the current financial year.

Reorganizations

On March 29, 2010, the Company changed its name from Great Southern Enterprises Ltd. to Balmoral Resources Ltd., consolidated its share capital on a 15:1 basis and amended its authorized share capital to an unlimited number of common shares without par value.

Social or Environmental Policies

Balmoral has created a Sustainable Development Committee ("**SDC**"), which has adopted a formal charter. The overall purpose of the SDC is to assist the Board in fulfilling its oversight responsibilities with respect to the Board's and the Company's continuing commitment to improving the environment and ensuring that the Company's activities are carried out, and that its facilities are operated and maintained, in a safe, sustainable and environmentally sound manner. The primary function of the SDC is to monitor, review and provide oversight with respect to the Company's policies, standards, accountabilities and programs relative to health, safety, community relations and environmental-related matters. Further, the SDC is to advise the Board and make recommendations for the Board's consideration regarding health, safety, community relations and environmental-related issues. In particular, the SDC is to consider and advise the Board with respect to current standards of sustainable development for projects and activities such as those of the Company, particularly with a view to ensuring that the Company's business is run in a manner, and its projects are operated and developed, so as to achieve the ideals and reflect the following principles of sustainable development:

(a) living within environmental limits,

(b) ensuring a strong, healthy and just society,

(c) achieving a sustainable economy,

(d) using sound science responsibly, and

(e) promoting good governance.

The SDC is also responsible for monitoring the activities of the Company in connection with the initial and ongoing interaction between the Company's activities, operations and personnel and the communities in which the Company's projects and related activities are located, with a view to ensuring that management develops and follows appropriate policies and activities to enhance the relationship between the Company and its personnel and the communities in which it operates and reflect the principles of sustainable development in that regard.

Although not set out in a specific policy, the Company strives to be a positive influence in the local communities where its mineral projects are located, not only by contributing to the welfare of such communities as appropriate, but also through hiring, when appropriate, local workers to assist in ongoing exploration programs as well as contributing to and improving local infrastructure. The Company considers that building and maintaining strong relationships with such communities is fundamental to its ability to continue to operate in such regions and to assist in the eventual development (if any) of mining operations in such regions, and it attaches considerable importance to commencing and fostering them from the beginning of its involvement in any particular area.

Balmoral has also adopted a Code of Business Conduct and Ethics, which provides, among other things, that the Company is committed to complying with all securities laws and governmental regulations applicable to its activities and, specifically, to maintaining a safe and healthy work environment and conducting its activities in full compliance with all applicable environmental laws**.** A copy of the policy can be found on the Company's website at www.balmoralresources.com.

Risk Factors

In addition to those risk factors discussed elsewhere in this AIF, the Company is subject to the following risk factors:

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties, currently in Canada. Due to the nature of the Company's proposed business and the present stage of exploration of its mineral properties (which are primarily early stage exploration properties), the following risk factors, among others, will apply:

Resource Exploration and Development is Generally a Speculative Business: Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. There are currently no resources, and there are no known reserves, on any of the Company's properties. The vast majority of exploration projects do not result in the discovery of commercially mineable deposits. Substantial expenditures are required to establish reserves through drilling and metallurgical and other testing techniques, determine metal content and metallurgical recovery processes to extract metal from the reserves, and construct, renovate or expand mining and processing facilities. No assurance can be given that any level of recovery of mineral reserves will be realized or that any identified mineral deposit, even if it is established to contain an estimated resource, will ever qualify as commercially mineable and capable of being legally and economically exploited.

Fluctuation of Metal Prices: Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of various metals have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

Permits and Licenses: The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delays or a failure to obtain such licenses and permits or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

Surface Rights and Access: Although the Company acquires the rights to some or all of the minerals in the ground subject to the mineral tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights through the courts can be costly and time consuming. It is necessary to negotiate surface access or to purchase the surface rights if long-term access is required. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate satisfactory agreements with any such existing landowners/occupiers for such access or purchase of such surface rights, and therefore it may be unable to carry out planned mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction the outcomes of which cannot be predicted with any certainty. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop any mineral deposits it may locate.

No Assurance of Profitability: The Company has no history of production or earnings and due to the nature of its business there can be no assurance that the Company will be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. All of the Company's properties are in the exploration stage and the Company has not defined or delineated any proven or probable reserves on any of its properties. None of the Company's properties are currently under development. Continued exploration of its existing properties and the future development of any properties found to be economically feasible, will require significant funds. The only present source of funds available to the Company is through the sale of its equity shares, short-term, high-cost borrowing or the sale or optioning of a portion of its interest in its mineral properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings, short-term borrowing or through the sale or possible syndication of its properties, there is no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Uninsured or Uninsurable Risks: Exploration, development and mining operations involve various hazards, including environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structural cave-ins or slides, flooding, fires, metal losses and periodic interruptions due to inclement or hazardous weather conditions. These risks could result in damage to or destruction of mineral properties, facilities or other property, personal injury, environmental damage, delays in operations, increased cost of operations, monetary losses and possible legal liability. The Company may not be able to obtain insurance to cover these risks at economically feasible premiums or at all. The Company may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

Government Regulation: Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. The Company cannot predict whether or not such legislation, policies or controls, as presently in effect, will remain so, and any changes therein (for example, significant new royalties or taxes), which are completely outside the control of the Company, may materially adversely affect to ability of the Company to continue its planned business within any such jurisdictions.

Recent market events and conditions: Since 2008, the U.S. credit markets have experienced serious disruption due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage market (particularly, sub-prime and non-prime mortgages) and a decline in the credit quality of mortgage backed securities. These problems have led to a slow-down in residential housing market transactions, declining housing prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions caused a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by the U.S. and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings.

While these conditions appeared improved slightly in 2011/12, the effect of high sovereign debt levels in Europe and in other countries globally has continued to cause unprecedented disruptions and volatility in the credit and financial markets which have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. These conditions have had a significant negative impact on the market valuations for the vast majority of exploration and development companies in the resource sector. In addition these disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to it or at all.

General economic conditions: The recent unprecedented events in global financial markets have had a profound impact on the global economy. Many industries, including the gold and base metal mining industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending/confidence, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, sovereign debt issues, interest rates, and tax rates may adversely affect the Company's growth and profitability. Specifically:

- the global credit/liquidity crisis could impact the cost and availability of financing and the Company's overall liquidity;

- the volatility of gold and other base metal prices may impact the Company's future revenues, profits and cash flow;

- volatile energy prices, commodity and consumables prices and currency exchange rates impact exploration and potential production costs;

- the devaluation and volatility of global stock markets, and in particular the resource sector of said markets, impacts the valuation of the Company's Common Shares, which may impact the Company's ability to raise funds through the issuance of equity securities.

These factors could have a material adverse effect on the Company's financial condition and results of operations.

Insufficient Financial Resources: The Company does not presently have sufficient financial resources to undertake by itself the exploration and development of all of its planned acquisition, exploration and development programs. Future property acquisitions and the future exploration/ development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public/private financing, short or long term borrowings or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties.

Financing Risks: The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfil its obligations under any applicable agreements. There can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

Dilution to the Company's existing shareholders: The Company may require additional equity financing be raised in the future. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into Common Shares would result in dilution, possibly substantial, to present and prospective holders of Common Shares.

Increased costs: Management anticipates that costs at the Company's projects will frequently be subject to variation from one year to the next due to a number of factors, such as the results of ongoing exploration activities (positive or negative), changes in the nature of mineralization encountered, and revisions to exploration programs, if any, in response to the foregoing. In addition, exploration program costs are affected by the price of commodities such as fuel, rubber and electricity and the availability (or otherwise) of consultants and drilling contractors. Increases in the prices of such commodities or a scarcity of consultants or drilling contractors could render the costs of exploration programs to increase significantly over those budgeted. A material increase in costs for any significant exploration programs could have a significant effect on the Company's operating funds and ability to continue its planned exploration programs.

Dependence Upon Others and Key Personnel: The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability of the Company to enter into strategic alliances through a combination of one or more joint ventures, mergers or acquisition transactions; and (ii) the ability to attract and retain additional key personnel in exploration, mine development, sales, marketing, technical support and finance. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company. There can be no assurance of success with any or all of these factors on which the Company's operations will depend. The Company has relied and may continue to rely, upon consultants and others for operating expertise.

Share Price Volatility: In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that significant fluctuations in the trading price of the Company's Common Shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

Exploration and Mining Risks: Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations of the grade mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Short-term factors, such as the need for orderly development of mineable bodies or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in geological resources, grades, stripping ratios or recovery rates may affect the economic viability of projects.

Environmental Restrictions: The activities of the Company are subject to environmental regulations promulgated by government agencies in different countries from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

Regulatory Requirements: The activities of the Company are subject to extensive regulations governing various matters, including environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development of mines, production and post-closure reclamation, exports, price controls, taxation, regulations concerning business dealings with indigenous peoples, labour standards on occupational health and safety, including mine safety, and historic and cultural preservation. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties, enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions, any of which could result in the Company incurring significant expenditures. The Company may also be required to compensate those suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of the Company's operations and delays in the exploration and development of the Company's properties.

Limited Experience with Development-Stage Mining Operations: The Company has limited experience in placing properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its properties into production.

Mining Industry is Intensely Competitive: The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. The Company may also encounter increasing competition from other mining companies in efforts to hire experienced mining professionals. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

Title Matters: The Company cannot guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples. The process of acquiring exploration concessions involves an application process and, until title to an exploration concession is actually granted, there can be no assurance that an exploration concession which has been applied for will be granted (especially as it is not always possible to determine if there are prior applications over the same ground).

The Company may be a "passive foreign investment company" under the U.S. Internal Revenue Code, which may result in material adverse U.S. federal income tax consequences to investors in the Company's Common Shares that are U.S. taxpayers: Investors in the Company's Common Shares that are U.S. taxpayers should be aware that the Company believes that it has been in prior years, expects it will be in the current year and may be in future years a "passive foreign investment company" under Section 1297(a) of the U.S. Internal Revenue Code (a "**PFIC**"). If the Company is or becomes a PFIC, generally any gain recognized on the sale of the Common Shares and any "excess distributions" (as specifically defined) paid on the Common Shares must be rateably allocated to each day in a U.S. taxpayer's holding period for the Common Shares. The amount of any such gain or excess distribution allocated to prior years of such U.S. taxpayer's holding period for the Common Shares generally will be subject to U.S. federal income tax at the highest tax applicable to ordinary income in each such prior year, and the U.S. taxpayer will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year.

Alternatively, a U.S. taxpayer that makes a "qualified electing fund" (a "**QEF**") election with respect to the Company generally will be subject to U.S. federal income tax on such U.S. taxpayer's pro rata share of the Company's "net capital gain" and "ordinary earnings" (as specifically defined and calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by the Company. U.S. taxpayers should be aware, however, that there can be no assurance that the Company will satisfy record keeping requirements under the QEF rules or that the Company will supply U.S. taxpayers with required information under the QEF rules, in event that the Company is a PFIC and a U.S. taxpayer wishes to make a QEF election. As a second alternative, a U.S. taxpayer may make a "mark-to-market election" if the Company is a PFIC and its Common Shares are "marketable stock" (as specifically defined). A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Common Shares as of the close of such taxable year over (b) such U.S. taxpayer's adjusted tax basis in the Common Shares.

Due to the extreme complexity of the PFIC rules and the potentially materially adverse consequence to a shareholder that is a U.S. taxpayer of the Company being a PFIC, it is critical that each shareholder that is a U.S. taxpayer consult with that shareholder's U.S. tax adviser before undertaking any transactions in the Company's Common Shares.

Material Mineral Projects

Martinière Property, Quebec, Canada

The following description of the Martinière Property is the summary contained in the Martinière Report which has been conformed to be consistent with other disclosure in this AIF. The entire Martinière Report, a copy of which may be found on SEDAR at www.sedar.com, is incorporated by reference into this AIF and should be consulted for details beyond those summarized herein. The disclosure contained below is subject to the assumptions, qualifications and procedures described in the Martinière Report.

The Martinière property covers 112 contiguous claims (61.7 km2) of flat-lying swamp in the Nord-du-Québec Region of western Québec, approximately 110 km west of Matagami and 150 km north of Amos. Balmoral Resources Ltd. ("Balmoral") owns 100% of the Martinière property, subject to a 2% NSR royalty payable to Cyprus on 76 of the claims.

Currently, Martinière is accessible year-round only by helicopter. A winter road provides property access from January to March, although this may not always be possible if a major river crossing five kilometres from Martinière doesn't freeze adequately. The nearest road-accessible infrastructure is 33 km to the east at Camp Fenelon, which is connected by gravel (20 km) and paved (240 km) roads to the towns of Mattagami and Amos, Québec. Several gold and base metal mines are in production or undergoing construction in this part of Québec and Ontario, supporting a vibrant infrastructure of mining and exploration services and supplies. Several railway lines and commercial *airports are located within 200 kilometres of the Martinière property. The property experiences a continental-style climate with cold winters and warm summers and drilling can be carried out year-round with the exception of spring break-up.*

Since 1959, a number of companies have conducted geophysical surveys and diamond drilling over the Martinière property. Exploration was directed at orogenic gold and VMS base metal potential; recent exploration has been focused almost entirely on the orogenic gold potential of the property given its association with a crustal-scale deformation zone. The first significant gold mineralization was only intersected in 1996, due to the property's almost total lack of outcrop. Balmoral acquired the property in November 2010 and has since drilled 34,165 metres in 170 holes, and carried out a property-wide heliborne magnetics/VTEM survey and more limited IP and soil geochemical surveys.

The Martinière property lies in the northern portion of the Abitibi Sub-province of the Archean Superior Province of the Canadian Shield. It is located in the Harricana-Turgeon greenstone belt within the Manthet domain, which is bounded to the south by the Sunday Lake Deformation Zone ("SLDZ"), an east-west striking crustal-scale high-strain zone. The Manthet domain is characterized by predominantly east-west striking mafic to intermediate volcanic/pyroclastic units intercalated with pelitic sedimentary units and intruded by mafic to ultramafic intrusions and felsic plugs, dykes and sills. Significant orogenic gold mineralization is associated with the SLDZ fifty kilometres to the west at the 17 million oz Detour Lake mine.

Three areas of orogenic gold mineralization have been recognized on the Martinière property: Martinière West, Martinière East and the Bug Lake Fault Zone ("BLFZ"). In each area, gold mineralization is hosted by dolomite-calcite±quartz±sulphides±tourmaline veining in high-strain zones, enveloped by silica, sericite and/or carbonate alteration. At Martinière West, the strongest indicator of gold mineralization is the presence of silica alteration surrounding the mineralized structures whereas in the Martinière East and Bug Lake areas, silica alteration is subordinate to carbonate (both dolomite and calcite). High-grade gold is rarely found at Martinière West without arsenopyrite, but this correlation is less apparent in the other zones.

In the Martinière West area, a north-northeast-striking shear is centred on a multi-phase gabbroic intrusion which appears to lie along the contact between mafic volcanic rocks to the north and sedimentary rocks to the south. Alteration and gold mineralization associated with the Martinière West shearing have been traced by drilling for over 400 m along strike and to a vertical depth of 320 m below the surface, remaining open to the south and to depth; intersections include 20.40 m @ 8.84 g/t Au (MDW-11-02) and 21.47 m @ 7.78 g/t Au (MDW-11-17). Martinière East is dominated by a volcano-sedimentary sequence composed of intercalated basalts, fine-grained sedimentary rocks and felsic dykes. The basalts host semi-massive to massive sulphide lenses which are barren in gold or base metals.

The northerly-trending, east-dipping BLFZ separates the Martinière West area from Martinière East, possibly juxtaposing deeper levels at Martinière West against shallower levels at Martinière East. Drilling has shown significant alteration, veining and gold mineralization along a strike length of 340 metres and to a depth of 250 metres for the BLFZ, remaining open in each direction along strike and to depth. The dip of the BLFZ varies with depth; the best mineralization appears to be located on steeper segments of the fault zone.

Significant intersections include 16.00 m @ 5.00 g/t Au (MDE-12-70) and 15.66 m @ 3.74 g/t Au (MDE-12- 60). Relatively narrow, discrete shears up to 40 metres into the weakly deformed footwall gabbroic intrusion can host very high-grade gold mineralization, with the best intersections grading 7.78 m @ 117.32 g/t Au (MDE-12-29) and 5.70 m @ 16.45 g/t Au (MDE-12-63). Drilling in the Martinière

East area has intersected shearing, carbonate alteration and gold mineralization approximately 300 metres east of the BLFZ, including 9.30 m @ 11.28 g/t Au (MDE-12-20) and 15.92 m @ 4.83 g/t Au, but its orientation and significance is not yet clear.

The author believes that aggressive exploration is warranted on the Martinière property, given the zones of significant gold mineralization discovered to date, open at depth and along strike in one or two directions, and associated with a crustal-scale deformation zone which hosts the 17 million oz Detour Lake gold deposit fifty kilometres to the west. A 20,000 metre diamond drilling program is recommended for the Martinière property, concentrated on the BLFZ, Martinière West and Martinière East areas, with an estimated budget of C$4.65 million.

Qualified Person(s) and Quality Control/Quality Assurance

Neil W. Perk, P.Geo., was the independent qualified person responsible for the preparation of the Martinière Report.

Other Properties

The Company has several other exploration properties. The Company is constantly looking for other opportunities that could offer us the potential to meet its exploration directives.

The Company continues to evaluate a number of new targets for testing throughout its claim holdings and will be advancing these targets through the exploration process in order to identify drill targets.

Historical resources are known on several of the Company's properties, although the Company does not consider any such historical resources current or material to the Company at this time. All other properties are very early to early grassroots exploration stage properties.

DIVIDENDS

There are no restrictions which prevent the Company from paying dividends. The Company has not paid any dividends in the last three financial years. The Company has no present intention of paying any dividends, as it anticipates that all available funds will be invested to finance the growth of its business. The Directors of Balmoral will determine if and when dividends should be declared and paid in the future, based on the Company's financial position at the relevant time.

DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

The authorized capital of Balmoral is an unlimited number of Common Shares, of which 84,807,289 were issued and outstanding as of September 20, 2013.

The holders of Common Shares are entitled to receive notice of and attend all meetings of shareholders, with each Common Share held entitling the holder to one vote on any resolution to be passed at such shareholder meetings. The holders of Common Shares are entitled to dividends if, as and when declared by the Board of Directors of Balmoral. The Common Shares are entitled, upon liquidation, dissolution or winding up of Balmoral, to receive the remaining assets of Balmoral available for distribution to shareholders.

MARKET FOR SECURITIES

On August 16, 2013, the Common Shares were listed and commenced trading on the Toronto Stock Exchange ("**TSX**") under the symbol "BAR" and ceased to trade on the TSX Venture Exchange. The Common Shares are also quoted on the OTCQX (symbol "BALMF").

Trading Price and Volume

The following table provides information as to the high, low and closing prices of the Common Shares on the TSX Venture Exchange during the 12 months of the most recently completed financial year and the period from the most recent financial year end to the Company's TSX listing, as well as the volume of shares traded for each month:

TSX Venture Exchange

Month	*High ($)*	*Low ($)*	*Close ($)*	*Volume*
January, 2012	1.00	0.78	0.98	2,497,824
February, 2012	1.24	0.95	1.01	9,509,819
March, 2012	1.03	0.71	0.79	2,605,851
April, 2012	0.79	0.61	0.70	2,520,256
May, 2012	0.73	0.53	0.57	2,529,710
June, 2012	0.62	0.495	0.55	2,832,705
July, 2012	0.61	0.51	0.56	1,672,858
August, 2012	1.03	0.54	0.84	14,288,613
September, 2012	1.10	0.85	1.00	7,316,836
October, 2012	1.08	0.87	0.93	5,138,085
November, 2012	1.05	0.87	0.94	6,518,829
December, 2012	1.09	0.89	1.08	2,875,693
January, 2013	1.26	0.89	0.90	9,345,289
February, 2013	1.02	0.76	0.76	4,550,903
March, 2013	0.84	0.65	0.76	3,087,018
April, 2013	0.80	0.54	0.59	4,224,777
May, 2013	0.62	0.48	0.50	2,389,130
June, 2013	0.50	0.27	0.29	5,292,935
July, 2013	0.55	0.28	0.47	3,978,174
August 1-15, 2013	0.56	0.415	0.55	1,626,104

The following table provides information as to the high, low and closing prices of the Common Shares on the TSX since the Company's TSX listing, as well as the volume of shares traded during such period:

TSX

Month	*High ($)*	*Low ($)*	*Close ($)*	*Volume*
August 16 – 31, 2013	0.66	0.53	0.56	2,543,857
September 1 – 19, 2013	0.60	0.465	0.495	1,612,514

ESCROWED SECURITIES

There are no securities of the Company subject to escrow.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holding

The names, positions or offices held with Balmoral, province/state and country of residence, and principal occupation over the last five years of the Directors and executive officers of Balmoral are as follows:

Name, Position and Province/State and Country of Residence(1)	Principal Occupation During the Past 5 Years(1)	Period of Service as an Officer or Director(2)
WAGNER, Darin (5) President, Chief Executive Officer and Director B.C., Canada	Professional Geologist: Former President, Chief Executive Officer and Director for West Timmins Mining Inc. until acquisition in November, 2009. President, Sydney Resource Corporation in September 2005. Director, Falco Pacific Resource Group Inc. and Castle Mountain Mining Company Limited.	President since April 26, 2010 Chief Executive Officer since April 26, 2010 Director since April 26, 2010
TALBOT, LAWRENCE (3) (4) (5) (6) Director B.C., Canada	Barrister and Solicitor: Vice President & General Counsel of Cardero Resource Corp. ("Cardero") since July 1, 2006, Director of Cardero from April 17, 2003 to September 13, 2012. Owner of Lawrence W. Talbot Law Corporation since May, 2006. Previously, Partner, Gowling Lafleur Henderson LLP, 2000 to 2006. Director and/or Officer, International Tower Hill Mines Ltd., Wealth Minerals Ltd., Corvus Gold Inc., Minaurum Gold Inc., Pedro Resources Ltd. and Remstar Resources Ltd.	Director since April 1, 2010

Name, Position and Province/State and Country of Residence[(1)]	Principal Occupation During the Past 5 Years[(1)]	Period of Service as an Officer or Director[(2)]
VAN ALPHEN, HENDRIK [(3) (4) (6)] Director B.C., Canada	Businessman: Director of Cardero since April 19, 1999. President from April 10, 2000 to June 1, 2011; Chief Executive Officer from May 14, 2001 to November 9, 2011, Managing Director from November 9, 2011 to March 19, 2013. Chief Executive Officer and President of Cardero again on March 19, 2013. President & CEO and a Director of Wealth Minerals Ltd., and Director of Ethos Capital Corp. and Indico Resources Ltd.	Director since April 1, 2010
NEAL, GORDON [(3) (4) (5) (6)] Director B.C., Canada	Businessman: Self-employed corporate consultant. Vice President, Corporate Development, MAG Silver Corp., December, 2003 to March, 2013. Previously, Advisor to West Timmins Mining Inc. until 2009. Founded Neal McInerney Investor Relations in 1991. Director of Rockgate Capital Corp., Dorato Resources Ltd., Falco Pacific Resource Group Inc. and Chairman, Abzu Gold Ltd.	Director since April 26, 2010
MCDONALD, ROSS **Chief Financial Officer** **B.C., Canada**	Businessman: Chartered Accountant, and member of the Institute of Chartered Accountants of British Columbia since 1968. Works principally with clients related to the mining and mineral exploration industry. Director of several junior resource companies.	Chief Financial Officer since April 26, 2010
MANN, RICHARD **Vice President, Exploration** **B.C., Canada**	Professional Geologist: Senior Geologist for Balmoral Resources, January, 2011 to January 2013. February, 2003 to December, 2010, Senior Geologist, Barrick Gold Corporation. Prior to February 2003, held positions with Cominco Ltd. and the Hope Bay Gold Corporation/Miramar Mining Corporation joint venture.	Vice President, Exploration since January 17, 2013

Notes:

(1) The information as to place of residence and principal occupation, not being within the knowledge of Balmoral, has been furnished by the respective Directors and executive officers individually.

(2) All Directorships expire at the next annual general meeting of the shareholders of Balmoral. All officers hold office at the pleasure of the Board of Directors.
(3) Denotes member of the Audit Committee.
(4) Denotes member of the Compensation Committee.
(5) Denotes member of the Sustainable Development Committee.
(6) Denotes member of the Corporate Governance and Nominating Committee

Balmoral does not currently have any board committees other than the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee and the Sustainable Development Committee.

As at September 20, 2013, Balmoral's Directors and executive officers, as a group, beneficially hold a total of 7,949,258 Common Shares, directly or indirectly, representing 9.4% of the 84,807,289 issued Common Shares. Balmoral's Directors and executive officers, as a group, also hold the following incentive stock options to purchase up to the following numbers of Common Shares until the dates shown:

Number of Options to Purchase Common Shares	**Exercise Price per Common Share**	**Expiry Date**
2,095,000	$1.00	November 18, 2015
660,000	$1.25	June 6, 2016
1,920,000	$1.05	February 6, 2018

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

1. No Director or executive officer of Balmoral is, as at the date of this AIF, or was within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including Balmoral) that:

   (a) was subject to an order that was issued while the Director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

   (b) was subject to an order that was issued after the Director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

   For the purposes hereof, the term "**order**" means:

   (c) a cease trade order;

   (d) an order similar to a cease trade order; or

   (e) an order that denied the relevant company access to any exemption under securities legislation,

   that was in effect for a period of more than 30 consecutive days.

2. No Director or executive officer of Balmoral, or a shareholder holding a sufficient number of securities of Balmoral to affect materially the control of Balmoral:

   (a) is, as at the date of this AIF, or has been within the ten years before the date of this AIF, a director or executive officer of any company (including Balmoral) that, while such person was acting in such capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets; or

   (b) has, within ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or has a receiver, receiver manager or trustee appointed to hold the assets of the Director, executive officer or shareholder.

3. No Director or executive officer of Balmoral, or a shareholder holding a sufficient number of securities of Balmoral to affect materially the control of Balmoral, has been subject to:

   (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

   (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

Certain Directors and executive officers of Balmoral are directors, officers and/or shareholders of other private and publicly listed companies, including companies that engage in mineral exploration and development. To the extent that such other companies may participate in or be affected by ventures involving Balmoral, these Directors and executive officers of Balmoral may have conflicting interests in negotiating, settling and approving the terms of such ventures. Conflicts of interest affecting the Directors and executive officers of Balmoral will be governed by Balmoral's "Code of Business Conduct and Ethics", the Articles of Balmoral and the provisions of the BCBCA and other applicable laws. In the event that such a conflict of interest arises at a meeting of the Directors, a Director affected by the conflict must disclose the nature and extent of his interest and abstain from voting for or against matters concerning the matter in respect of which the conflict arises. Directors and executive officers are required to disclose any conflicts or potential conflicts to the Board of Directors as soon as they become aware of them.

PROMOTERS

Balmoral does not presently have, and has not within the last two completed financial years had, any promoters.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

The Company is not currently, and has not since January 1, 2012 (being the commencement of the Company's last competed financial year) been, a party to any legal proceedings, nor is any of the Company's properties presently, or has, since January 1, 2012 (being the commencement of the Company's last competed financial year), any of the Company's properties been, subject to any legal proceedings.

Regulatory Actions

There have not been any:

1. penalties or sanctions imposed against Balmoral by a court relating to securities legislation or by a securities regulatory authority during the financial year ended December 31, 2012;

2. other penalties or sanctions imposed against Balmoral by a court relating to securities legislation or by a securities regulatory authority that would likely be considered important to a reasonable investor making an investment decision; or

3. settlement agreements entered into by Balmoral before a court relating to securities legislation or with a securities regulatory authority during the financial year ended December 31, 2012.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No:

1. Director or executive officer of the Company;

2. any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of the Common Shares; or

3. any associate or affiliate of any of the persons or companies referred to in paragraphs 1 or 2;

   (each, an "Informed Person"),

   has, during any of the financial years ended December 31, 2010, 2011 or 2012, or during the current financial year, had any material interest, direct or indirect, in any transaction that has materially affected, or will materially affect, the Company, other than:

On April 14, 2010, the Company completed a non-brokered private placement of 25,000,000 Common Shares at a price of $0.06 per Common Share to raise gross proceeds of $1,500,000 (the "Placement"). The following Informed Persons participated in the Placement:

Name of Informed Person	Common Shares Purchased	Aggregate Subscription Proceeds
Pagurus Enterprises Ltd.(1) Vancouver, B.C.	1,000,000	$60,000
Hendrik Van Alphen, Director	6,000,000	$360,000
Darin Wagner, Director, President & CEO	230,000	$13,800
Gordon Neal, Director	1,000,000	$60,000
Sue Chipperfield, Corporate Secretary	300,000	$18,000

(1) A company of which Lawrence W. Talbot, a director of the Company, is the President and sole director (and therefore exercises control or direction over the securities of the Company held by this company), but in which he holds no voting securities.

The foregoing Informed Persons participated in the Placement upon terms and conditions identical to those upon which arm's length third parties participated.

TRANSFER AGENT AND REGISTRAR

Balmoral's transfer agent and registrar is Computershare Investor Services Inc. Transfers may be effected at, and registration facilities are maintained at:

1. in British Columbia, 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9; and

2. in Ontario, 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

MATERIAL CONTRACTS

Other than in the ordinary course of the Company's business of mineral property evaluation, acquisition and divestiture and exploration, including raising the funding therefor, there are no material contracts that have been entered into by the Company since January 1, 2012 (being the commencement of the Company's most recently completed financial year) that are still in effect and that require filing under Section 12.2 of National Instrument 51-102.

NAMES AND INTERESTS OF EXPERTS

Names and Interests of Experts

The following persons, firms and companies are named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under National Instrument 51-102 – *Continuous Disclosure Obligations* by the Company during, or relating to, the Company's most recently completed financial year and whose profession or business gives authority to the report, valuation, statement or opinion made by the person, firm or company.

Name	Description
Aline Leclerc, OGQ (Quebec), of Gestion Aline Leclerc Inc.	An independent "qualified person" as defined in NI 43-101 and responsible in part for the preparation of the technical report dated October 21, 2010 and entitled "Technical Report on Fenelon Property, Fenelon Township – Province of Quebec, Canada" (the "**Fenelon Report**") on which a portion of the Company's management's discussion and analysis for the three months ended March 31, 2012 is based.
Darin Wagner, (P.Geo, APGO) President, Chief Executive Officer and Director of the Company	A non-independent "qualified person" as defined in NI 43-101 and prepared or reviewed certain technical information in (i) the MD&A; (ii) the Company's management discussion and analysis for the three months ended March 31, 2012, the six months ended June 30, 2012 and the nine months ended September 30, 2012; and (iii) the press releases of the Company
Emmanuelle Giguere, OGQ (Quebec), of Gestion Aline Leclerc Inc.	An independent "qualified person" as defined in NI 43-101 and responsible in part for the preparation of the Fenelon Report on which a portion of the Company's management's discussion and analysis for the three months ended March 31, 2012 is based.
J. Douglas Blanchflower, P. Geo. of Minorex Consulting Ltd.	An independent "qualified person" as defined in NI 43-101 and responsible for the preparation of the technical report titled 'Technical Report on the Northshore Property, Thunder Bay Mining Division, Priske Township, Ontario, Canada' dated May 22, 2012 and effective March 9, 2012.
Neil W. Perk, P.Geo. of Equity Exploration Consultants Ltd.	An independent "qualified person" as defined in NI 43-101 and responsible for the preparation of the Martinière Report incorporated by reference into this AIF.

Name	Description
Smythe Ratcliffe LLP, Chartered Accountants	Provided an auditor's report dated April 11, 2013 in respect of the Company's financial statements for the years ended December 31, 2012 and 2011, and incorporated by reference into this AIF.

To the knowledge of the Company, none of the experts named in the foregoing section held, at the time they prepared or certified such statement, report or valuation, received after such time or will receive any registered or beneficial interest, direct or indirect, in any securities or other property of the Company or one of the Company's associates or affiliates other than Darin Wagner, the President, Chief Executive Officer and Director of the Company who owns 4,017,500 Common Shares representing 5% of the issued and outstanding Common Shares as of the date of this AIF**.**

Smythe Ratcliffe LLP is the auditor of the Company and reports that it is independent from the Company within the meaning of the Rules of Professional Conduct of the Institute of the Chartered Accountants of British Columbia

ADDITIONAL INFORMATION

Audit Committee Information

Under National Instrument 52-110, companies that are required to file an Annual Information Form are required to provide certain disclosure with respect to their audit committee, including the text of the audit committee's charter, the composition of the audit committee and the fees paid to the external auditor. This information with respect to Balmoral is provided in Schedule "A".

Composition of the Audit Committee

Balmoral's Audit Committee is made up of the following Directors:

Gordon Neal	Independent(1)	Financially literate(2)
Lawrence Talbot	Independent(1)	Financially literate(2)
Hendrik Van Alphen	Independent(1)	Financially literate(2)

(1) An individual is independent if he has no direct or indirect material relationship with the Company. A material relationship is a relationship which could, in the view of the Company's Board of Directors, be reasonably expected to interfere with the exercise of a member's independent judgement.

(2) An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education and Experience

The experience and education of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee is as follows

Gordon Neal has more than 25 years of providing corporate finance advice and service to public companies. Mr. Neal was Vice-President of Corporate Development for MAG Silver Corp. from December, 2003 to March, 2013 and served as a principal advisor to West Timmins Mining Inc. on matters of corporate finance. He currently serves as a director and member of the audit committee of several public natural resource companies and, in such roles, has had experience with the review and understanding of the accounting principles relevant to public natural resource companies and interpreting and assessing the financial statements of public natural resource companies. Mr. Neal has an exempt market dealer's licence and has served on audit committees of more than 5 public companies over the past 10 years.

Lawrence Talbot is a mining lawyer with over 26 years' experience representing a wide range of clients in the mining industry, from individual prospectors and junior and mid-size explorers and producers through to major mining companies, in both the hard-rock and industrial mineral fields. Mr. Talbot has been a director, and member of the audit committee, of a number of public companies similar to Balmoral and, in such roles, has been involved in the review and understanding of the accounting principles relevant to public natural resource companies (including in connection with the conversion to IFRS), interpreting and assessing the financial statements of public natural resource companies and the development and analysis of internal controls and procedures for financial reporting.

Hendrik Van Alphen has had a successful career in the mining business for over 27 years. Since 1999, Mr. Alphen has been a director of Cardero and was instrumental in establishing the Cardero Group of Companies. Mr. Van Alphen holds senior management and director positions with several resource exploration and development companies and has raised over $200 million for mining exploration.

Since founding Cardero in 1999, Mr. Van Alphen has created significant value for its shareholders, not least through acquisition of undervalued projects like the Pampa de Pongo iron deposit in Peru which was acquired for less than $1 million six years before it was sold for $100 million.

Reliance on Certain Exemptions

At no time since January 1, 2012, being the commencement of Balmoral's most recently completed financial year, has it relied on the exemptions in the following sections of National Instrument 52-110:

1. Section 2.4 (De Minimis Non-audit Services);
2. Section 3.2 (Initial Public Offerings);
3. Section 3.3(2) (Controlled Companies);
4. Section 3.4 (Events Outside Control of Member);
5. Section 3.5 (Death, Disability or Resignation of Audit Committee Member);
6. Section 3.6 (Temporary Exemption for Limited and Exceptional Circumstances);
7. Section 3.8 (Acquisition of Financial Literacy); or
8. an exemption from National Instrument 52-110, in whole or in part, granted under Part 8 of National Instrument 52-110.

Audit Committee Oversight

At no time since January 1, 2012, being the commencement of Balmoral's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board of Directors to review the performance of Balmoral's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by Balmoral. The Chairman of the Audit Committee is authorized to approve, in advance, any non-audit services or additional work which the Chairman deems as necessary and is required to notify the other members of the Audit Committee of such non-audit or additional work.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for professional services rendered are as follows

Financial Year Ending	Audit Fees(1)	Audit Related Fees(2)	Tax Fees(3)	All Other Fees(4)
2012	$43,000	$5,500	$6,000(5)	Nil
2011	$37,500	$8,000	$9,000(5)	Nil

(1) The aggregate audit fees billed for the audit of the financial statements for the fiscal year indicated.

(2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading "Audit Fees".

(3) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning. The work performed in each year was assistance in the preparation and review of Balmoral's tax returns.

(4) The aggregate fees billed for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".

(5) These fees relate to the services provided by Smythe Ratcliffe LLP in connection with the preparation of the 2012 and 2011 T2 corporate income tax returns and other tax compliance filings.

Additional Information

Additional information relating to Balmoral may be found on SEDAR at www.sedar.com.

Additional information, including Directors' and officers' remuneration and indebtedness, principal holders of Balmoral's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Information Circular. Additional financial information is available in the Financial Statements and MD&A.

A copy of this AIF, the Information Circular, the Financial Statements and the MD&A, together with any interim statements and accompanying management discussion and analysis from the current or past financial year, may be found on the SEDAR website at www.sedar.com or be obtained upon request from the Secretary of Balmoral. A reasonable fee for copying may be charged if the request is made by a person who is not a registered security holder of Balmoral.

SCHEDULE "A"

AUDIT COMMITTEE INFORMATION

Mandate

The primary function of the audit committee (the "**Committee**") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements.

- Review and appraise the performance of the Company's external auditors.

- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

Composition

The Committee shall be comprised of three (3) Directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet a least once annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

(a) Review and update this Charter annually.

(b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

(a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.

(b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.

(c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.

(d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.

(e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.

(f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company’s accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.

(g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.

(h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.

(i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company’s external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:

    i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;

    ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and

iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

(a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.

(b) Consider the external auditors’ judgments about the quality and appropriateness of the Company’s accounting principles as applied in its financial reporting.

(c) Consider and approve, if appropriate, changes to the Company’s auditing and accounting principles and practices as suggested by the external auditors and management.

(d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.

(e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

(f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.

(g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.

(h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.

(i) Review certification process.

(j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other

Review, with the Company’s counsel, any legal matters that could have a significant impact on the Company’s financial statements and to review any related-party transactions.