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July 13, 2012

Company Profile

Balmoral Resources Ltd. is a junior gold exploration and development company with five projects in the northern greenstone belt of the Abitibi, northwestern Quebec (Fenelon, La Martinière, Detour East, Grasset, and N2). Founded in 2010, Balmoral controls the Grasset (100%), Fenelon, La Martinière (right to acquire 100% subject to the Freeport purchase to own 100%) and Detour East (option for 60%). These are all advanced and early-stage gold exploration properties located along the Sunday/Detour Lake trend, which stretches through northwestern Quebec and northeastern Ontario. This trend is host to the 14.9M oz. reserve Detour Gold deposit that Detour Gold (DGC-T) is building. Balmoral controls 82km strike length of this Sunday/Detour Lake deformation zone on the Quebec side.



Source: BigCharts.com

Market and Company Data

Ticker	BAR-V	Shares O/S (M)	72.2
Rating	Buy (S)	Market Cap (M)	\$40.4
Risk	High	Float O/S (M)	55.9
Price	\$0.56	Float Value (M)	\$31.3
1-Yr Target	\$1.50	Avg Daily Volume (K)	190.0
Dividend	n/a	Enterprise Value (M)	\$30.6
Yield (%)	n/a	Control Blocks:	
1-Yr ROR	168%	Mgmt. & Dir.	23%
52 Wk High-Low	\$1.47-\$0.42	Net Debt/Cap	n/a
Valuation	1x NAV sum of parts	BVPS	\$0.38
Year End	Dec. 31		

Expenditures (M) - Years ending Dec. 31						
	2012	2013	2014	2015	2016	2017
Capex	n/a	n/a	n/a	n/a	n/a	n/a
Exploration	\$7.0	Funded by partners		\$0.5		
Resource Estimate	Tonnes		Grade	Contained		
	(Mt)		(g/t Au)	Gold (oz.)		
Fenelon (inferred)	0.75		17.10	41,421		

Source: Company reports; Bloomberg; LBS.

Expansion of the Afric Zone at Northshore Property

On July 12, 2012, Balmoral reported results from six holes completed on the Northshore property located in the Hemlo-Schreiber Gold Belt of Ontario. Management indicated that broad intervals of gold mineralization were intersected in all holes. The Afric Zone has now been intersected for more than 280m in an E-W direction, up to 200m in a N-S direction and to a vertical depth of 300m.

Intercept highlights include 143m grading 0.90 g/t Au (hole WB-12-15), 90.50m grading 1.09 g/t Au (WB-12-18) and 28m grading 1.10 g/t Au (hole WB-12-20). Management indicates drilling continues to intersect numerous high-grade, often visibly gold bearing, vein systems which returned gold assays ranging from 5.13 g/t Au over 9m (hole 15), 4.89 g/t Au over 4m (hole 20) to 18.3 g/t Au over 0.5m (hole 19) and 44.20 g/t Au over 0.50m (hole 18). We understand that hole 18 extends the vertical dimension of the Afric Zone by more than 100m and confirms depth continuity while holes 20 and 19 indicate eastern and western extensions respectively (see Exhibit 1). We estimate the average grade x thickness of the reported individual composite interval results to be in the order of 12 g/t Au per meter.

We continue to believe that the results are indicative of a fertile expanding gold system. These results come from the phase 2 drilling program (8 holes totaling 2,431m) commenced in March 2012 as follow up drilling to the results obtained from fall 2011 drilling. We are encouraged to note that the Afric Zone remains open to the east, west, north and more importantly at depth. We believe more drilling is warranted and should be planned to commence by August or September 2012 (phase 3).

Recall that exploration work on Northshore is being funded by partner GTA Resources and Mining Inc. (GTA-V) which is also the project's operator. We note that GTA has the option to earn a maximum 70% interest in the property by spending \$5.5M in exploration work, issuing 3.5M shares to Balmoral and paying \$0.15M in cash.

Conclusion – Rating, Target Maintained

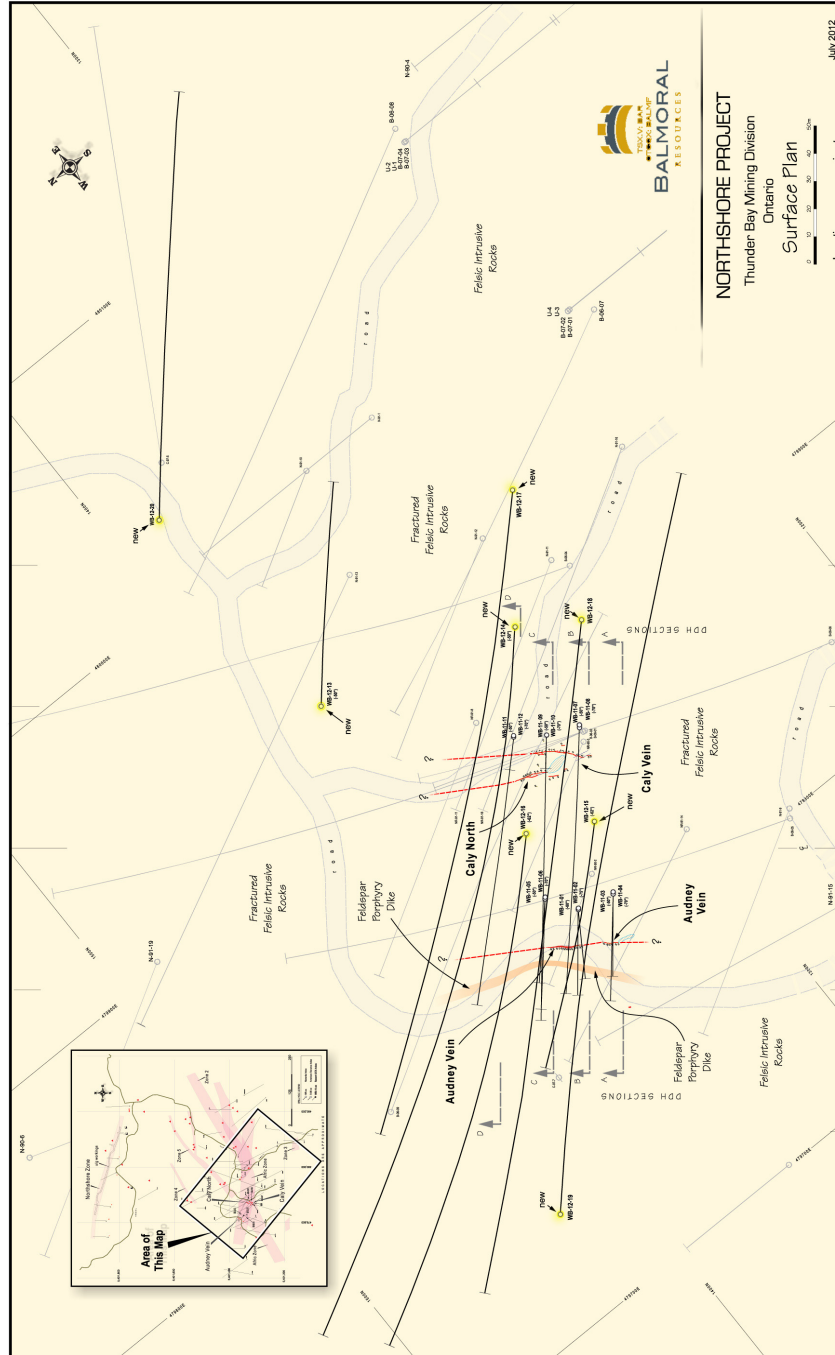
We reiterate our Speculative Buy with a \$1.50 target price on Balmoral shares, which we derive from our NAV estimate of \$132M. Our assessment is mainly based on Balmoral's extensive land position on the Quebec side of the Sunday/Detour Lake Deformation Zone (SDLZ) and a 1.6M oz. potential mineral gold resource at Martinière (see Exhibit 2). Our assessment of the Northshore property remains based on a 0.75M oz. gold target we potentially see emerging as a porphyry related intrusion system. We continue to value the Northshore property at \$2.9M based on a Balmoral 30% interest.



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Exhibit 1 – Plan Map of Northshore Property



Source: Balmoral Resources Ltd., LBS

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Exhibit 2 - Balmoral's NAV Summary

Project	Value (M)	Project	Value (M)
Detour		Casa-Berardi-Cameron	
Detour East	\$4.4	N2	\$5.7
East Doight	\$0.4	Ontario	
Fenelon	\$27.8	Northshore	\$2.9
Grasset	\$17.1	Other	
Harri	\$0.5	Project generation	\$0.5
Martiniere	\$29.9		
Exploration potential goodwill	\$20.0	Total NAV	\$132.0
Cash	\$7.8	Shares outstanding (FD)	88.8
Take-over premium	\$15.0	Total NAV per share (FD)	\$1.49

Source: LBS.



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Important Disclosures

Company	Ticker	Disclosures*
Balmoral Resources Ltd.	BAR-V	V

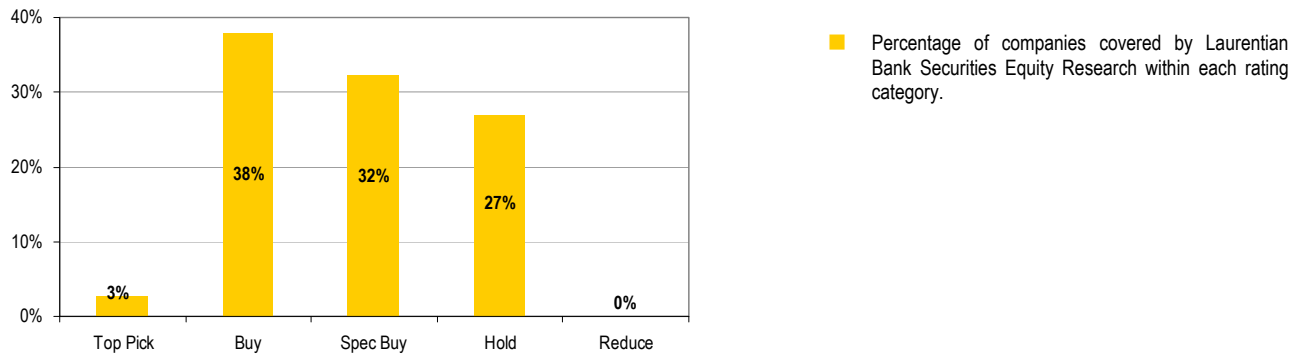
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Laurentian Bank Securities Equity Research Ratings Distribution



Source: Laurentian Bank Securities

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- Hold** The stock is expected to generate modest risk-adjusted returns over the next 12 months.
- Reduce** The stock is expected to generate negative risk-adjusted returns over the next 12 months.
- Tender** Analyst is recommending that investors tender to a specific offering for the stock.

Our ratings may be followed by "(S)" which denotes that the investment is speculative and has a higher degree of risk associated with it. Additionally, our target prices are based on a 12-month investment horizon.

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