

Balmoral Resources Inc. - Letter From President Darin Wagner

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Vancouver, Canada (ABN Newswire) - To Our Shareholders: With the calendar now showing 2016 I thought it appropriate to review Balmoral Resources Inc.'s (TSE:BAR) (OTCMKTS:BALMF) accomplishments over the past 12 months. As well I wanted to provide you with some guidance and observations on what promises to be an active and highly prospective year for your Company.

As you are well aware, 2015 brought more challenges across the resource sector as global economic conditions continued to soften. Despite that, BAR made considerable progress on both of its primary assets. While the current share price does not reflect it, the turning of the calendar finds both the Grasset Nickel-Copper-PGE Zones and the Bug Lake Gold Zones at considerably more advanced stages of development than at the start of 2015. As well our work during 2015 continued to demonstrate the superb exploration potential of our Detour Trend Project in Quebec.

At Grasset, the H3 and H1 nickel-copper-PGE deposits expanded significantly throughout the year. Drilling of the H3 deposit traced broad zones of mineralization to over 500 metres vertical depth, including the discovery of a new very high-grade footwall breccia sub-zone (see NR15-17; Nov. 16, 2015). Similar progress was made on the sub-parallel H1 deposit and at year end both deposits remained open to depth for further growth. The Company completed sufficient drilling above the 500 metre vertical level to begin preparation of an initial resource estimate for the Grasset discoveries. This initial resource estimate is currently slated to be released during the first quarter of 2016.

In support of the initial resource, metallurgical testing of the H3 deposit was completed in late 2015 (See NR15-13; Sept. 30, 2015). The test work was extremely positive, returning results similar to, or better than, a number of globally significant nickel producers using a simple and conventional flowsheet. The results significantly enhance the H3 deposit's potential development parameters and were received well by a number of participants in the nickel sector.

At Martiniere, we continued to delineate and expand the Bug Lake Gold Trend ("BLT"), with our drill program returning some of the strongest gold intercepts to date from this large system (See NR15-05 and 15-06; April 20 and May 13, 2015). Our team successfully completed infill drilling of the northern third of the BLT to approximately 200 metres vertical depth. This work has outlined potential for a shallow, high-grade "starter" pit along this portion of the Trend. Beneath, and along strike from this area, Balmoral has already demonstrated significant high-grade gold potential throughout the system which will be the focus of further delineation work in 2016.

Initial testing along the southern projection of the BLT was successful and indicates potential to expand the strike length of the Trend by at least 50%. As well, initial metallurgical work on the Bug Lake Zones returned strong gold recoveries of over 91% (see NR15-19; Dec. 10, 2015).

Continued Greenfields Exploration identified several new nickel-copper-PGE occurrences along the length of the Grasset Ultramafic Complex. Drilling also indicated potential for new, high grade gold discoveries in the Grasset-Fenelon area with intercepts ranging from 1 to 216 g/t gold (see NR15-07; May 26, 2015). Work in the Martiniere area confirmed the discovery of a new, gold bearing shear zone system (Lac Du Doigt) which remains largely untested (see NR15-16; Nov. 3, 2015). As well several new gold occurrences were identified proximal to the BLT on the south-central portion of the Martiniere property. In the Lac Grasset area drilling encountered several massive sulphide zones, further enhancing the Cu-Zn VMS potential of this previously untested area of the Detour Trend Project.

Balmoral is now in the enviable position of having two expanding, delineation stage mineral deposits - one gold and one nickel - in addition to one of the most prospective land positions in the world-class Abitibi region. The Abitibi remains one of the most geologically, logistically, and politically favourable mineral belts on the planet, and Quebec is one of the most favourable jurisdictions for mineral deposit development.

On the Corporate front Balmoral continued to remain at the forefront of the mineral exploration sector, significantly over-subscribing our fall 2015 \$5.4 million financing, at above market pricing (see NR15-18; Nov. 18, 2015). This enhances the long term financial health of the Company and supports an active 2016 program on our projects in Quebec. Balmoral remains one of a select group of exploration companies in a

financial position to deliver opportunities to its shareholders through a combination of expansion/advancement of its existing deposits and discovery focused exploration. While the Company maintains a strong treasury we continue to focus on reducing overhead expenditures where practical and concentrate on putting our dollars "into the ground".

At the risk of stating the obvious, these achievements have come at a most challenging time for our industry. During 2015 the gold price continued a decline that began in 2011, trading to lows in the US\$1,050 range not seen since 2009. Despite this decline the weakness in the Canadian dollar has made producing and near-production Canadian gold assets appealing, as has political uncertainty in other parts of the globe.

Nickel, after a dramatic run-up in price during 2014 tailed off throughout 2015 and, like gold, traded down to multi-year lows before a mild recovery in late 2015. Analysts throughout the mining sector continue to predict a recovery in the nickel price during 2016, but this will require working through large warehouse inventories.

Corporately we have no influence or control over metal prices so we will continue to focus on expanding and de-risking our more advanced assets and on the discovery process which, even in tough markets, has demonstrated the ability to create strong shareholder returns as we witnessed in 2014 with the discovery of the H3 deposit at Grasset.

In November of 2015 Balmoral celebrated its 5th Anniversary. What was a geological concept and an exploration opportunity five years ago has now evolved into two resource delineation stage deposits and the recognition of a number of broad-scale mineralized trends across the length of our Detour Trend Project. The Company has won or been nominated by its peers for several major exploration awards and continues to be recognized for its strength in project generation and exploration. We are also pleased to have provided our shareholders with several periods of strong growth and share price appreciation over the last five years, including being one of the best performing mining equities in Canada during 2014, despite extremely difficult market conditions.

While the last 6 months have been challenging for the Company and its shareholders, caught between expectations created by our exceptional performance in 2014, rapidly falling nickel prices and the continued decay both in the gold price and in the sentiment toward resources in general, 2016 has the potential to be a transformative year for the Company. The delivery of the maiden resource estimate for the Grasset nickel-copper-PGE deposit early in the year will transition Balmoral from a pure exploration play into a Company boasting its first current metal resource and inventory. With the continued progression of delineation of the Bug Lake Gold system at Martiniere, preparation of a second resource is anticipated and exploration continues to indicate strong potential for the discovery of other gold and base metal deposits on the Detour Trend Project.

After a very warm start to the winter season, cold weather has finally arrived in the project area which should see drilling resume in Quebec later this month. In the Grasset-Fenelon area, targets set for testing will include nickel-copper-PGE opportunities along the Grasset Ultramafic Complex, as well as follow-up testing of a number of gold discoveries the Company has made in the area over the last 12 months.

At Martiniere, work along the BLT will focus on deeper testing and infill drilling along the central portion of the Trend. As well, additional testing of the recently discovered Lac du Doigt Gold Trend is planned for 2016. Detour Gold's recent high-grade gold discovery just across the border in Ontario provides an additional model and opportunity for exploration on the Detour East Property and throughout the Project area. The Detour East Property already hosts the longest known gold mineralized trend in the region - the Lynx-Rambo Gold Trend - a 13 kilometre-long series of gold occurrences - which will see it's first testing by the Company in 2016.

In answer to the frequently asked question 'What kind of Company are you, are you a gold company or a nickel company?' Balmoral remains the same "kind" of Company that it has been since it was founded - an exploration company focused on creating shareholder value through the discovery and delineation of significant mineral assets in the major mineral producing regions of Canada. The fact that we have successfully discovered both precious and base metal deposits of significance on our Detour Trend Project in Quebec is a testament to the outstanding potential of the Project, the hard work of our team on behalf of the shareholders, and the ability of our team to adapt and deliver on a variety of fronts in a challenging geological environment.

As always we greatly appreciate your support and are always here to address your questions or concerns. The Balmoral team wishes you a healthy, happy, and prosperous 2016 and we hope you will continue to follow and be part of our successes over the next 12 months.

"Darin Wagner"
President and CEO

About Balmoral Resources Ltd:

[Balmoral Resources Ltd.](#) (TSE:BAR) (OTCMKTS:BALMF) is a Canadian-based discovery company focused on high-grade nickel and gold discoveries on its wholly owned, 700+ square kilometre Detour Trend Project in Quebec, Canada. With a philosophy of creating value through the drill bit and a focus on proven productive precious/base metal belts, Balmoral is following an established formula with a goal of maximizing shareholder value through discovery and definition of high-grade, Canadian base metal and gold assets.

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