

Abacus Mining & Exploration Corporation

(an exploration stage company)

Condensed Interim Consolidated Financial Statements
For the Six Months Ended June 30, 2024 and 2023

(Unaudited)

(Expressed in Canadian dollars)

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NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management of Abacus Mining & Exploration Corporation.

Abacus Mining & Exploration Corporation's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)**Condensed interim consolidated statements of financial position**

Unaudited - Expressed in Canadian dollars

	NOTE	June 30, 2024	December 31, 2023
ASSETS		(\$)	(\$)
Current assets:			
Cash and cash equivalents	1	22,315	64,876
Amounts receivable		570	5,608
Prepaid expenses		10,648	29,058
		<u>33,533</u>	<u>99,542</u>
Non-current assets:			
Investment in KGHM Ajax Mining Inc.	4	6,942,253	6,920,104
Exploration and evaluation assets	5	914,631	873,533
		<u>7,856,884</u>	<u>7,793,637</u>
		<u>7,890,417</u>	<u>7,893,178</u>
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current liabilities:			
Accounts payable and accrued liabilities		340,081	215,398
Loans payable	6	67,753	37,753
KGHM Ajax project loan	7	29,167,208	27,511,415
		<u>29,575,042</u>	<u>27,764,566</u>
Shareholders' deficit:			
Capital stock	8	91,670,957	91,670,957
Reserves		6,388,059	6,322,751
Deficit		<u>(119,743,641)</u>	<u>(117,865,096)</u>
		<u>(21,684,625)</u>	<u>(19,871,388)</u>
		<u>7,890,417</u>	<u>7,893,178</u>

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Nature of operations and going concern (Note 1)

Subsequent event (Note 12)

Approved and authorized for issue by the Board of Directors on July 31, 2024

"Michael McInnis"
Chairman

"Kerry Spong"
Director

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Condensed interim consolidated statements of income (loss) and comprehensive income (loss)

Unaudited - Expressed in Canadian dollars

	Note	Three months ended June 30		Six months ended June 30	
		2024	2023	2024	2023
		(\$)	(\$)	(\$)	(\$)
General and administrative expenses:					
Accounting and audit		22,694	33,943	39,694	49,911
Exploration and evaluation expenditures	5	1,315	3,516	2,439	4,116
Insurance		9,205	10,909	18,410	21,819
Legal		29,763	16,100	39,763	26,100
Office		1,177	3,323	23,471	4,571
Rent		5,400	5,400	10,800	10,800
Salaries and contract wages		23,498	29,161	44,237	48,198
Share-based payments	8	-	-	65,308	38,965
Transfer agent and regulatory fees		7,629	5,630	21,184	15,266
Travel and promotion		361	8,326	723	13,359
Loss before other items		(101,041)	(116,310)	(244,902)	(233,109)
Other items:					
Interest expense	7	(696,087)	(620,398)	(1,375,793)	(1,213,559)
Income (loss) on equity investment in KGHM Ajax Mining Inc.	4	(103,869)	1,791,756	(257,850)	1,710,851
Income (loss) and comprehensive income (loss) for the period		(900,997)	1,055,047	(1,878,545)	264,184
Income (loss) per share, basic and diluted		(0.01)	(0.01)	(0.02)	0.00
Weighted average number of common shares outstanding	#	120,844,341	# 111,778,408	# 120,844,341	# 106,816,718

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Condensed interim consolidated statements of changes in shareholders' deficit

Unaudited - Expressed in Canadian dollars

	NOTE	Share capital		Reserve		Total shareholders' deficit	
		Number of shares	Capital stock	Stock options	Warrants		Deficit
Balance, December 31, 2022		100,511,009	91,065,829	6,152,704	130,005	(116,197,341)	(18,848,803)
Issued for Willow property option	5,8	2,000,000	80,000	-	-	-	80,000
Securities issued for cash		18,333,332	550,000	-	-	-	550,000
Share issuance costs - cash		-	(23,795)	-	-	-	(23,795)
Share issuance costs - warrants		-	(1,077)	-	1,077	-	-
Share-based payments		-	-	38,965	-	-	38,965
Income for the period		-	-	-	-	264,184	264,184
Balance, June 30, 2023		120,844,341	91,670,957	6,191,669	131,082	(115,933,157)	(17,939,449)
Loss for the period		-	-	-	-	(1,931,939)	(1,931,939)
Balance, December 31, 2023		120,844,341	91,670,957	6,191,669	131,082	(117,865,096)	(19,871,388)
Share-based payments		-	-	65,308	-	-	65,308
Loss for the period		-	-	-	-	(1,878,545)	(1,878,545)
Balance, June 30, 2024		120,844,341	91,670,957	6,256,977	131,082	(119,743,641)	(21,684,625)

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)**Condensed interim consolidated statements of cash flows**

Unaudited - Expressed in Canadian dollars

	June 30, 2024	June 30, 2023
	(\$)	(\$)
Operating activities:		
(Loss) income for the period	(1,878,545)	264,184
Adjustments and items not involving cash:		
Share of loss (income) in equity investment	257,851	(1,710,851)
Share-based payments	65,308	38,965
Interest expense	1,375,793	1,213,559
Changes in working capital related to operating activities:		
Prepaid expenses	18,410	21,819
Amounts receivable	5,038	1,853
Accounts payable and accrued liabilities	124,683	37,191
Cash used for operating activities	(31,463)	(133,279)
Investing activities:		
Exploration and evaluation assets	(41,098)	(73,976)
Cash used for investing activities	(41,098)	(73,976)
Financing activities:		
Proceeds from private placement	-	550,000
Share issuance costs	-	(23,795)
Loan payable	30,000	-
Cash provided by financing activities	30,000	526,205
Increase (decrease) in cash and cash equivalents during the period	(42,561)	318,950
Cash and cash equivalents, beginning of the period	64,876	76,717
Cash and cash equivalents, end of period	22,315	395,666

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Notes to the condensed interim consolidated financial statements

For the six months ended June 30, 2024

Unaudited - Expressed in Canadian dollars

1. NATURE OF OPERATIONS AND GOING CONCERN

Abacus Mining & Exploration Corporation (the “Company” or “Abacus”), incorporated under the Company Act (British Columbia), is an exploration stage company engaged principally in the acquisition, exploration and development of mineral properties in Canada and the U.S.A. The address of the Company’s office is P.O. Box 10127, Suite 1500 - 701 West Georgia Street, Vancouver, British Columbia, Canada.

The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether its properties contain economically recoverable ore reserves. The Company has not generated any revenues from its operations to date and consequently is considered to be in the exploration stage. The amounts shown as exploration and evaluation assets represent acquisition costs incurred to date, less any amounts written off, and do not necessarily represent present or future values. The recoverability of the carrying amounts for exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the Company raising capital, the sale or entering into a joint venture of the Company’s exploration and evaluation assets, and/or the attainment of profitable operations.

GOING CONCERN

These condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. As at June 30, 2024 the Company had a working capital deficiency (current assets less current liabilities) of \$29,541,509 (December 31, 2023: working capital deficiency of \$27,665,024), which working capital deficiency includes the KGHM Ajax project loan (the “KGHM Loan”), with a carrying value of \$29,167,208 (December 31, 2023: \$27,511,415) (Note 6). During the six-month period ended June 30, 2024 the Company incurred a loss of \$ 1,878,545 (income at June 30, 2023: \$264,184) and used cash for operating activities of \$31,463 (June 30, 2023: \$133,279).

The KGHM Loan is secured by the investment in KGHM Ajax, is non-revolving, bears interest of 10% per annum and, as amended, matures on December 31, 2024 (the “Extended Maturity Date”), and specifies the good faith commitment of the parties to negotiate for an extension of the maturity date, should the commencement of commercial production and the distribution of dividends, in an aggregate amount sufficient for purposes of repayment of the loan, not have occurred by the maturity date. At June 30, 2024 and as at the date of this Report, the Company does not have the funds available to satisfy the loan. In December 2017, following a six-year environmental assessment review process, the British Columbia Minister of Environment and Climate Change Strategy and Minister of Energy, Mines and Petroleum Resources announced they had declined the issuance of an Environmental Assessment Certificate required for the Ajax Project to proceed toward commercial production. There can be no assurance that the necessary environmental approvals will be granted prior to the date of maturity of the KGHM Loan, nor is there any assurance that an extension of the maturity date of the KGHM Loan will be negotiated prior to the Extended Maturity Date.

The Company continues to incur operating losses, has limited financial resources and no source of operating cash inflows. The Company’s ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to fund its mineral properties through the issuance of capital stock and to realize future profitable production or proceeds from the disposition of its mineral interests and to successfully negotiate the extension of the maturity of the KGHM loan. However, there can be no assurance that the Company will be successful in these actions. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Notes to the condensed interim consolidated financial statements

For the six months ended June 30, 2024

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These condensed interim consolidated financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments and financial instruments at fair value, if any held, that have been measured at fair value. These condensed interim consolidated financial statements are presented in Canadian dollars, except where otherwise noted.

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. Interim financial statements do not include all the information required for full annual financial statements. These condensed interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2023. These condensed interim consolidated financial statements were reviewed by the Audit Committee, and the Board of Directors approved and authorized them for issuance on July 31, 2024.

(b) Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Abacus Mining & Exploration (NV) Corporation, a company incorporated in the state of Nevada, USA. All significant inter-company transactions, balances, and unrealized foreign exchange translation gains or losses have been eliminated.

(c) Foreign currency translation

The presentation currency and functional currency of the Company and its wholly-owned subsidiary is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at rates approximating those in effect at the time of the transactions. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Translation gains and losses are reflected in the consolidated statements of loss and comprehensive loss for the period.

3. MATERIAL ACCOUNTING POLICIES

The same accounting policies have been used in the preparation of these condensed interim consolidated financial statements as those used in the most recent audited annual financial statements and in the opinion of management reflect all the adjustments considered necessary for the fair presentation in accordance with IFRS of the result of the interim periods presented.

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)**Notes to the condensed interim consolidated financial statements**

For the six months ended June 30, 2024

Unaudited - Expressed in Canadian dollars

4. INVESTMENT IN KGHM AJAX MINING INC.

KGHM Ajax is a private company incorporated under the Corporations Act (British Columbia) and engaged principally in the exploration and development of the Ajax Project located near Kamloops, British Columbia. As at June 30, 2024 the Company owned 20% (KGHM Polska Miedz S.A: 80%) of the common and voting shares of KGHM Ajax, and has representation on the Board of Directors. Thus, the Company is considered to have significant influence over KGHM Ajax.

During the period ended June 30, 2024, Abacus contributed \$280,000 (December 31, 2023: \$730,000) to KGHM Ajax representing Abacus' 20% share of cash calls of KGHM Ajax made pursuant to a Definitive Joint Venture Shareholders' Agreement (the "JV Agreement"), to finance the continuing operations of KGHM Ajax. The cash calls were funded through additional loans from KGHM (Note 7)

	(\$)
December 31, 2022	4,861,058
Cash contributions to KGHM Ajax equity investment	730,000
Share of the gain (loss) of KGHM Ajax	1,710,851
June 30, 2023	7,301,909
Share of the gain (loss) of KGHM Ajax	(381,805)
December 31, 2023	6,920,104
Contributions to KGHM Ajax equity investment	280,000
Share of the gain (loss) of KGHM Ajax	(257,851)
June 30, 2024	6,942,253

5. EXPLORATION AND EVALUATION ASSETS

The Company has investigated ownership of its mineral interests as at June 30, 2024, and to the best of the Company's knowledge, ownership of its interests is in good standing.

	Willow Project (\$)
December 31, 2022	642,336
Acquisition Costs	153,976
June 30, 2023	796,312
Acquisition Costs	77,221
December 31, 2023	873,533
Acquisition Costs	41,098
June 30, 2024	914,631

The following table shows the activity by category of exploration:

	June 30, 2024 (\$)	June 30, 2023 (\$)
Exploration and Evaluation Expenditures		
Consulting and project supervision	1,124	2,846
Other	1,315	1,270
Total	2,439	4,116

Willow Project (includes the Willow Property and the Nev-Lorraine Property):

As the Nev-Lorraine Property is contiguous to the Willow Property, the two properties have been aggregated, for geological and exploration reporting purposes only, into the Willow Project. (See Willow Option Agreement and Nev-Lorraine Lease Agreement below.)

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)**Notes to the condensed interim consolidated financial statements**

For the six months ended June 30, 2024

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Willow Option Agreement:

On February 14, 2017, the Company entered into an option agreement, as amended, (the "Willow Option Agreement") with Almadex Minerals Limited and its wholly-owned Nevada subsidiary Almadex America Inc. (collectively, "Almadex"), to acquire, the exclusive right and option to earn, in the aggregate, up to a 75% undivided ownership interest in the Willow Property (the "Willow Property"), located in Douglas County, Nevada USA. To acquire the initial 60% Option Interest in the Willow Property, the Company was required to issue common shares and incur cumulative exploration expenditures as follows:

Date	Common shares in the capital of Abacus	Cumulative minimum annual exploration expenditures
	(#)	(US\$)
TSX-V approval (received February 22, 2017)	41,667 (1)	Nil
On or before February 22, 2018	41,667 (1)	100,000
On or before February 22, 2019	41,667 (1)	400,000
On or before February 22, 2020	41,667 (1)	1,000,000
On or before February 22, 2021	83,333 (1)	1,800,000 (2)
On or before February 22, 2022	166,666 (3)	-
On or before December 31, 2022	2,000,000 (4)	-
On or before December 31, 2025	-	5,000,000 (5)
Total	2,416,667	

⁽¹⁾ Issued to December 31, 2021⁽²⁾ Incurred to December 31, 2021⁽³⁾ Issued on February 16, 2022⁽⁴⁾ Issued on February 2, 2023

⁽⁵⁾ US\$500,000 was required to be expended prior to December 22, 2023. Subsequent to December 31, 2023, the Company and Almadex agreed in principle to extend the date by which the US\$500,000 was required to be expended to April 30, 2024 and worked towards mutually agreeable terms to maintain the Willow Option Agreement in good standing. This requirement was nullified upon the execution of the Willow Acquisition Agreement described below.

Under the terms of the Willow Option Agreement, should either Abacus or Almadex acquire the rights to additional property ("AP") within the Area of Interest ("AOI"), the other party could elect to make the AP part of the Willow Project. Almadex elected to include the Nev-Lorraine claims (see *Nev-Lorraine Lease Agreement* below) to the Willow Project. Upon having earned the 60% Option Interest in the Willow Property, the Company could earn an additional 15% interest (the "Additional Interest"), such that the Company would have an aggregate interest of 75% in the Willow Property.

Willow Acquisition Agreement:

On June 4, 2024, the Company and Almadex entered into an Asset Purchase Agreement, as amended on June 24, 2024 (the "Asset Purchase Agreement"), to acquire a 100% interest in the Willow Property and the data associated with the Willow Property (the "Willow Data"), and to terminate the Willow Option Agreement, in consideration for the following:

- issuing to Almadex a total of 9,546,922 common shares in the capital of the Company (issued July 2, 2024);
- granting to Almadex a 2.5% net smelter return royalty ("NSR") derived from future production of minerals from the Willow Project, including the AOI, of which the Company has, for a period of two years from the closing date, the right to buy back 0.5% for \$500,000 or, subject to prior regulatory approval, by issuing shares in the capital of the Company calculated using the five day

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)**Notes to the condensed interim consolidated financial statements**

For the six months ended June 30, 2024

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volume weighted average price of the common shares of the Company prior to the date of the exercise; and,

- the Company, on or before December 31, 2025, completing the drilling of a minimum 600-metre exploratory hole on the Willow Project, as more particularly described in the Asset Purchase Agreement.

Nev-Lorraine Lease Agreement:

The Company entered into an Exploration and Option to Purchase Agreement, as amended, (the “NL Agreement”) dated effective January 1, 2018, with three individuals (collectively, the “Optionors”), to lease the Nev-Lorraine unpatented mining claims located in Douglas County, Nevada, USA (the “Nev-Lorraine Property”). The Agreement is a ten-year lease agreement allowing the Company to explore the Nev-Lorraine claims pursuant to the following payments and expenditures:

Date	Minimum Payments (US\$)	Date	Cumulative Minimum Annual Exploration Expenditures (US\$)
Initial minimum payment	3,000	(1)	
On execution of the Agreement	60,000	(1)	20,000 (2)
On or before January 1, 2019	70,000	(1)	40,000 (2)
On or before January 1, 2020	20,000	(1)	60,000 (2)
On or before December 31, 2020	60,000	(1)	
On or before January 1, 2021	22,500	(1)	
On or before April 1, 2021	22,500	(1)	
On or before July 1, 2021	22,500	(1)	
On or before October 1, 2021	22,500	(1)	80,000 (2)
On or before January 1, 2022	25,000	(1)	
On or before April 1, 2022	25,000	(1)	
On or before July 1, 2022	25,000	(1)	
On or before October 1, 2022	25,000	(1)	
On or before January 1, 2023	27,500	(1)	100,000 (3)
On or before April 1, 2023	27,500	(1)	
On or before July 1, 2023	27,500	(1)	
On or before Oct 1, 2023	27,500	(1)	
On or before January 1, 2024	30,000	(1)	120,000 (4)
On completion of the next financing	30,000		
On or before July 1, 2024	30,000	(5)	
On or before Oct 1, 2024	30,000		140,000
On or before January 1, 2025	130,000		160,000
On or before January 1, 2026	140,000		180,000
On or before January 1, 2027	150,000		200,000
Total	1,053,000		

⁽¹⁾ Paid to December 31, 2023⁽²⁾ Incurred to December 31, 2021⁽³⁾ Incurred to December 31, 2022⁽⁴⁾ Incurred to December 31, 2023⁽⁵⁾ Paid June 25, 2024

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)**Notes to the condensed interim consolidated financial statements**

For the six months ended June 30, 2024

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At any time during the life of the NL Agreement, the Company can elect to purchase the claim group outright from the Optionors, for a sum ranging from US\$1,500,000 to US\$1,950,000. The Optionors do not retain an NSR, and the yearly expenditures are cumulative, meaning that any excess expenditure can be carried through to subsequent years. The Nev-Lorraine Property is in the AOI, and is included in the Willow Project as AP, under the terms of the Willow Option Agreement.

6. LOANS

On December 21, 2023, the Company received an advance of \$37,753. The advance is non-interest bearing and matures on December 31, 2024.

On June 24, 2024, the Company received an advance of \$30,000. The advance is non-interest bearing and matures on December 31, 2024.

7. KGHM AJAX PROJECT LOAN

Under the terms of the JV Agreement, and without dilution to its 20% ownership of KGHM Ajax, the Company requested, beginning in 2015, that KGHM provide the Company's funding of the operations at Ajax as a loan (the "KGHM Loan").

The KGHM Loan is non-revolving, bears interest of 10% per annum, is secured by the investment in KGHM Ajax, and as amended, has a maturity date of December 31, 2024. Under the terms of the JV Agreement, if, at the time of maturity of the loan, the commencement of commercial production and the distribution of dividends by the JV to the Company are not sufficient to repay the KGHM Loan, the parties must, in good faith, negotiate an extension. Additionally, should the Company incur additional debt or dispose of assets, in each case in excess of \$100,000, the funds borrowed or sales proceeds received must be used to make repayments on the KGHM Loan. In connection with a subscription by the Company in the Common Shares of KGHM Ajax, for which KGHM Ajax has agreed to pay the subscription price on behalf of the Company, it was agreed to increase the principal amount of the Loan by \$280,000 during the period ended June 30, 2024 and \$730,000 during the year ended December 31, 2023.

For the period ended June 30, 2024: \$280,000 (year ended December 31, 2023: \$730,000) was provided by KGHM and the Company accrued interest of \$1,375,793 for the period (2023: \$1,213,559).

	(\$)
Total December 31, 2022	24,247,250
Principal	730,000
Interest	1,710,851
Total June 30, 2023	26,688,101
Interest	823,314
Total December 31, 2023	27,511,415
Principal	280,000
Interest	1,375,793
Total June 30, 2024	29,167,208

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)**Notes to the condensed interim consolidated financial statements**

For the six months ended June 30, 2024

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8. SHAREHOLDERS' EQUITY**(a) Authorized capital stock**

At June 30, 2024, the authorized capital stock of the Company is comprised of an unlimited number of common shares without par value.

(b) Share issuances

No shares were issued during the period ended June 30, 2024.

(c) Stock options

The Company has a stock option plan (the "Plan") administered by the Board of Directors, which has the discretion to grant options for up to a maximum of 10% of the issued and outstanding share capital amount at the time of grant. Options granted can be exercisable no later than ten years from date of grant or such lesser period as determined by the Company's Board of Directors, with the exercise price to be set by the Board at the time such option is granted and in accordance with the rules of the TSX-Venture Exchange (the "Exchange"). Options vest at the discretion of the Board, with the exception of options granted to parties providing investor relations services, which will vest in equal quarterly intervals over a term of no less than 12 months from the date of the grant. The Plan further provides that at any such time the Exchange rules differ from specific terms of the Rolling Plan, then the rules of the Exchange shall apply.

As at June 30, 2024, the Company had stock options outstanding to directors, officers and consultants as follows:

Exercise price (\$)	Expiry date	Outstanding (#)	Remaining contractual life (yrs)
0.05	August 13, 2024	520,000	0.12
0.10	February 10, 2025	1,681,250	0.61
0.16	December 8, 2025	100,000	1.44
0.15	February 26, 2026	2,030,000	1.66
0.18	May 11, 2026	250,000	1.86
0.07	March 28, 2027	3,050,000	2.74
0.05	March 2, 2028	1,080,000	3.67
0.05	February 27, 2029	2,455,000	4.67
		11,166,250	1.56

A summary of the changes in the Company's stock options follows:

	Outstanding (#)	Weighted average exercise price (\$)
Outstanding December 31, 2022	8,053,750	0.11
Granted	1,080,000	0.05
Expired	(422,500)	0.22
Outstanding June 30, 2023	8,711,250	0.09
Outstanding December 31, 2023	8,711,250	0.09
Granted	2,455,000	0.05
Outstanding June 30, 2024	11,166,250	0.09

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)**Notes to the condensed interim consolidated financial statements**

For the six months ended June 30, 2024

Unaudited - Expressed in Canadian dollars

During the period ended June 30, 2024:

On February 27, 2024 the Company granted options allowing for the purchase of up to, in the aggregate, 2,455,000 common shares in the capital of the Company at \$0.05 per share until February 27, 2029, to employees, consultants, directors and officers of the Company. The options vested immediately and the total amount of share-based payments expense was calculated at \$65,308, which was recognized during the period ended June 30, 2024. The grant date fair value was estimated using the Black-Scholes option pricing model with the following assumptions:

Assumptions:

Risk-free rate (%)	3.73
Expected stock price volatility (%)	148.67
Expected dividend yield (%)	0
Expected life of options (years)	5

Share-based payments reserve is included in shareholders' equity and consists of the estimated fair value of stock options.

(d) Warrants

The Company uses the residual method in determining the fair value of warrants issued, which method provides for the allocation of the consideration received to the fair value to the shares issued and allocating any residual amount to the warrants issued.

A summary of the changes in the Company's warrants follows:

	Outstanding	Weighted average exercise price
Outstanding December 31, 2022	26,605,706	\$0.13
Issued	9,201,665	\$0.05
Expired	(5,817,214)	\$0.20
Outstanding June 30, 2023	29,990,157	\$0.09
Expired	(2,724,759)	\$0.22
Outstanding December 31, 2023	27,265,398	\$0.07
Expired	(17,195,733)	\$0.09
Outstanding June 30, 2024	10,069,665	\$0.06

As at June 30, 2024, the warrants, with a weighted average remaining life of 1.76 years, expire as follows:

Issue date	Expiry date	Number (#)	Exercise price (\$)
December 29, 2021	December 29, 2024	868,000	0.15
May 16, 2023	May 16, 2026	9,201,665	0.05
		10,069,665	

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9. RELATED PARTY TRANSACTIONS

The Company has arrangements pursuant to which parties related to the Company by way of directorship or officership provide certain services, either directly or through companies owned or controlled by the officers and directors. Transactions were in the normal course of operations and all of the costs are recorded at terms agreed upon between the parties. The Company's related party expenses for the periods ended June 30, 2024 and 2023 are as follows:

Management's and director's compensation	June 30, 2024	June 30, 2023
	(\$)	(\$)
Accounting	18,438	12,906
Consulting and contract wages	20,667	23,021
	39,104	35,927

During the period ended June 30, 2024, the Company was charged, by a company with directors in common, \$10,800 in respect of rent (2023: \$10,800).

At June 30, 2024, \$202,075 (December 31, 2023: \$162,444) was owed to various key management personnel in respect of consulting, contract wages and expenses incurred on behalf of the Company, and \$30,000 was owed to a director and officer of the Company in respect of funds advanced to the Company in the period ended June 30, 2024. (Note 6)

10. FINANCIAL RISK MANAGEMENT

Management of Capital Risk

The Company manages its capital structure and makes adjustments to it to effectively support the acquisition, exploration and development of mineral properties. In the definition of capital, the Company includes, as disclosed on its statement of financial position: share capital, deficiency, equity reserves.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will be using its existing working capital and will need to raise additional amounts. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended June 30, 2024.

Financial Instruments and Risk Management

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value on a recurring basis, whether changes in fair value are recognized in loss or other comprehensive loss. The Company has classified its cash and cash equivalents, and receivables as financial assets measured at amortized cost; accounts payable and accrued liabilities and KGHM Ajax project loan as financial liabilities measured at amortized cost. The carrying values of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and the KGHM Ajax project loan approximate their fair values due to the short-term maturity of these financial instruments. The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

(a) Credit risk

The Company manages credit risk, in respect of its cash and cash equivalents, by purchasing highly liquid, short-term investment-grade securities held at major Canadian financial institutions. Concentration of credit risk exists with respect to the Company's cash and cash equivalents, as all amounts are held through

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a single major Canadian financial institution. The Company's concentration of credit risk and maximum exposure in respect of its cash and cash equivalents and amounts receivable follows:

Concentration of credit risk and maximum exposure	June 30, 2024	December 31, 2023
	(\$)	(\$)
Bank accounts	22,315	64,876

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty meeting obligations associated with financial liabilities. The Company has a budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company aims to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

- a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not susceptible to cash flow interest rate risk on the KGHM loan since the interest rate is fixed at 10%.

(ii) Foreign currency risk

The Company incurs certain expenses in currencies other than the Canadian dollar. The Company is subject to foreign currency risk as a result of fluctuations in exchange rates. The Company manages this risk by maintaining bank accounts in US dollars to pay these foreign currency expenses as they arise. Receipts in foreign currencies are maintained in those currencies. The Company does not undertake currency hedging activities.

11. SEGMENTED INFORMATION

All of the Company's operations are in the resource sector. The Company's mineral exploration and development operations are in Canada and the U.S.A. The capital assets and total assets identifiable with these geographical areas are as follows:

	June 30, 2024	December 31, 2023
	(\$)	(\$)
Exploration & Evaluation Assets		
Canada	-	-
United States	914,631	873,533

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	914,631	873,533
	June 30, 2024	December 31, 2023
	(\$)	(\$)
Total Assets		
Canada	6,975,786	7,019,645
United States	914,631	873,533
	7,890,417	7,893,178

12. SUBSEQUENT EVENT

On July 2, 2024, the Company, having received regulatory approval, issued a total of 9,546,922 common shares of the Company, valued at \$190,938, to Almadex, in respect of the acquisition of the Willow property. (Note 5)