Abacus Mining & Exploration Corporation
(An exploration stage company)

Financial Statements
December 31, 2013 and 2012

(Expressed in Canadian dollars)

Index **Page**

Independent auditors' report	2
Financial statements:	
Statements of financial position	3
Statements of comprehensive income (loss)	4
Statements of changes in shareholders' equity	5
Statements of cash flows	6
Notes to the financial statements	7

SmytheRatcliffe
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ABACUS MINING & EXPLORATION CORPORATION

We have audited the accompanying financial statements of Abacus Mining & Corporation, which comprise the statements of financial position as at December 31, 2013 and 2012, and the statements of comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Abacus Mining & Exploration Corporation as at December 31, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 2 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
April 15, 2014

7th Floor 355 Burrard St
Vancouver, BC V6C 2G8

Tel: 604 687 1231
Fax: 604 688 4675
smytheratcliffe.com

ABACUS MINING & EXPLORATION CORPORATION
Statements of financial position
December 31, 2013 and 2012
Expressed in Canadian dollars

		2013		2012
ASSETS				
Current assets:				
Cash and cash equivalents (Note 4)	$	404,516	$	1,353,626
Amounts receivable		27,155		17,506
Prepaid expenses		8,897		28,113
Due from KGHM Ajax Mining Inc. (Note 11)		-		314,032
		440,568		1,713,277
Non-current assets:				
Investment in KGHM Ajax Mining Inc. (Note 5)		28,776,426		19,418,661
Restricted cash (Note 7)		15,960,900		24,877,931
Equipment		36,155		49,728
	$	**45,214,049**	**$**	**46,059,597**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities (Note 11)	$	47,190	$	154,258
		47,190		154,258
Shareholders' equity: (Note 8)				
Capital stock		84,382,367		84,345,175
Share-based payments reserve		4,505,692		4,377,159
Deficit		(43,721,200)		(42,816,995)
		45,166,859		45,905,339
	$	**45,214,049**	**$**	**46,059,597**

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

Approved on behalf of the Board by:

"Michael McInnis"
Director

"Tom McKeever"
Director

ABACUS MINING & EXPLORATION CORPORATION
Statements of comprehensive income (loss)
For the years ended December 31, 2013 and 2012
Expressed in Canadian dollars

		2013		2012
General and administrative expenses				
Salaries and contract wages	$	621,032	$	2,002,778
Consulting and directors' fees		191,663		383,785
Share-based payments (Note 8)		145,725		470,025
Rent		108,482		227,618
Legal		88,826		124,120
Office and miscellaneous		55,957		124,185
Travel and promotion		47,912		289,280
Investor relations		32,200		130,179
Insurance		30,309		42,638
Accounting and audit		30,000		53,000
Transfer agent and regulatory fees		28,808		53,173
Amortization		13,573		22,829
Expense recoveries from KGHM Ajax Mining Inc. (Note 11)		(19,670)		(1,345,298)
		(1,374,817)		(2,578,312)
Gain on partial disposition of equity investment in KGHM Ajax Mining Inc. (Note 5)		-		9,236,552
Gain on contractual obligation (Note 6)		-		5,000,000
Interest income		200,900		109,520
Foreign exchange gain (loss) on restricted cash (Note 7)		505,079		(92,908)
Share of loss in equity investment in KGHM Ajax Mining Inc. (Note 5)		(235,367)		(632,795)
Net income (loss) and Comprehensive income (loss) for the year	**$**	**(904,205)**	**$**	**11,042,057**
Earnings (loss) per share, basic and diluted	$	(0.00)	$	0.05
Weighted average number of common shares outstanding		213,754,323		209,710,948

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

ABACUS MINING & EXPLORATION CORPORATION
Statements of changes in shareholders' equity
For the years ended December 31, 2013 and 2012
Expressed in Canadian dollars

	Number of shares		Capital stock		Share-based payments reserve		Deficit		Total shareholders' equity
Balance, December 31, 2011	197,242,093	$	80,563,461	$	4,462,499	$	(53,859,052)	$	31,166,908
Issued for cash, private placement, net of issue costs (Note 8(c)(ii))	14,446,818		2,922,609		-		-		2,922,609
Issued for cash upon exercise of agent options (Note 8(c)(iii))	768,700		153,740		-		-		153,740
Reclassification adjustment upon exercise of agent options (Note 8(e))	-		99,931		(99,931)		-		-
Issued for cash upon exercise of stock options (Note 8(c)(iv))	1,100,000		150,000		-		-		150,000
Reclassification adjustment upon exercise of stock options (Notes 8(e) and (f))	-		455,434		(455,434)		-		-
Share-based payments (Note 8(f))	-		-		470,025		-		470,025
Net income for the year	-		-		-		11,042,057		11,042,057
Balance, December 31, 2012	213,557,611		84,345,175		4,377,159		(42,816,995)		45,905,339
Issued for cash upon exercise of stock options (Note 8(c)(i))	200,000		20,000		-		-		20,000
Share-based payments (Note 8(f))	-		-		145,725		-		145,725
Reclassification adjustment upon exercise of stock options (Note 8 (c)(i))	-		17,192		(17,192)		-		-
Net loss for the year	-		-		-		(904,205)		(904,205)
Balance, December 31, 2013	**213,757,611**	**$**	**84,382,367**	**$**	**4,505,692**	**$**	**(43,721,200)**	**$**	**45,166,859**

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

ABACUS MINING & EXPLORATION CORPORATION
Statements of cash flows
For the years ended December 31, 2013 and 2012
Expressed in Canadian dollars

	2013	2012
Operating activities		
Net Income (loss) for the year	$ (904,205)	$ 11,042,057
Items not involving cash:		
Share of loss in equity investment (Note 5)	235,367	632,795
Share-based payments (Notes 8 and 11)	145,725	470,025
Amortization	13,573	22,829
Unrealized (gain) loss on restricted cash (Note 7)	(505,079)	18,801
Gain on contractual obligation (Note 6)	-	(5,000,000)
Gain on partial disposition of equity investment (Note 5)	-	(9,236,552)
Changes in working capital related to operating activities:		
Amounts receivable	8,609	100,221
Prepaid expenses	958	131,909
Due from KGHM Ajax Mining Inc. (Note 11)	314,032	318,093
Accounts payable and accrued liabilities	(107,069)	(821,917)
Due to KGHM Ajax Mining Inc. (Note 11(a))	6,869	(35,000)
Cash used for operating activities	**(791,220)**	**(2,356,739)**
Investing activities		
Proceeds from partial disposition of equity interest	-	30,159,107
Cash contribution to equity investment (Note 5)	(9,600,000)	(5,340,000)
Restricted cash (Note 7)	9,422,110	(24,819,107)
Cash provided by investing activities	**(177,890)**	**-**
Financing activities		
Issuance of capital stock for cash from private placement (Note 8(c)(ii))	-	2,922,609
Issuance of capital stock for cash from exercise of agent options (Note 8(c)(iii))	-	153,740
Issuance of capital stock for cash, from exercise of stock options (Notes 8(c)(i and iv))	20,000	150,000
Cash provided by financing activities	**20,000**	**3,226,349**
Increase (decrease) in cash and cash equivalents during the year	(949,110)	869,610
Cash and cash equivalents, beginning of year	1,353,626	484,016
Cash and cash equivalents, end of year	**$ 404,516**	**$ 1,353,626**

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

1. NATURE OF OPERATIONS

Abacus Mining & Exploration Corporation (the "Company", "Abacus" or "we"), 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. The address of the Company's office is Suite 615 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6.

On June 28, 2010, KGHM Ajax Mining Inc. ("KGHM Ajax") was incorporated. KGHM Ajax is currently focused in the exploration and development of the Ajax copper-gold project located near Kamloops, British Columbia (the "Ajax Project").

On June 29, 2010, pursuant to an investment agreement dated May 4, 2010 between Abacus and KGHM Polska Miedz S.A. ("KGHM"), Abacus transferred all of its mineral interests in the Ajax Project, with a fair value of $37,429,581 (US$35,549,020), to KGHM Ajax in exchange for 4,900 common shares of KGHM Ajax.

On October 12, 2010, Abacus, KGHM and KGHM Ajax, entered into the Definitive Joint Venture Shareholders' Agreement (the "Joint Venture Agreement"). Pursuant to the Joint Venture Agreement, KGHM subscribed for 5,100 common shares of KGHM Ajax, which represented a 51% interest for $37,392,200 (US$37,000,000); these funds were used by KGHM Ajax to fund exploration and evaluation activities during 2010 and 2011 required to produce the bankable feasibility study ("BFS"). As per the Joint Venture Agreement, KGHM had the option to acquire an additional 29% interest in KGHM Ajax (for a total interest of 80%) for a maximum of US$35,000,000 based on an aggregate value of $0.025 per pound for 29% of the proven and probable copper equivalent reserves as defined in the BFS. On January 6, 2012, Abacus filed on SEDAR the completed BFS with respect to the Ajax Project.

On April 2, 2012, KGHM exercised its option to acquire an additional 29% of KGHM Ajax, thereby increasing its ownership in KGHM Ajax to 80% (Note 5).

Until September 1, 2012, Abacus was the operator of the Ajax Project and KGHM Ajax reimbursed Abacus for the expenses incurred as the operator of the Ajax Project. On August 17, 2012, KGHM notified Abacus that it was exercising its option to appoint KGHM International Ltd. as the operator of the Ajax Project effective September 1, 2012.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

(a) Basis of preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments and financial instruments at fair value through profit or loss ("FVTPL"), if any held, that have been measured at fair value. The financial statements are presented in Canadian dollars, except where otherwise noted. The financial statements have been prepared under the assumption that the Company is a going concern. As at December 31, 2013, the Company has approximately $400,000 in working capital, which is only sufficient to cover its estimated requirements until late 2014. As the Company currently does not have revenue, it is dependent on raising additional funds through the issue of equity, debt, disposition of assets, or some combination thereof, to sustain operations beyond late 2014. The Company cannot guarantee it will be successful in raising additional funds. The existence of this uncertainty casts significant doubt on the Company's ability to continue as a going concern. Should the Company cease to be a going concern, significant adjustments to the financial statements may be required.

The policies applied in these financial statements are presented in Note 3 and are based on IFRS issued and effective as at December 31, 2013. The financial statements of Abacus were reviewed by the Audit Committee, and the Board of Directors approved and authorized for issue the financial statements on April 15, 2014.

(b) Significant accounting judgments, estimates, and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period. In particular, significant judgments made by management in the application of IFRS during the preparation of the financial statements and estimates with a risk of material adjustment are:

(i) *Realization of assets*

The investment in KGHM Ajax is comprised of a significant portion of the Company's assets. Realization of the Company's investment in KGHM Ajax is dependent upon KGHM Ajax obtaining permits, the satisfaction of governmental requirements, satisfaction of possible aboriginal claims, the attainment of successful production from the properties, or from the proceeds upon disposal of the Company's interest in KGHM Ajax.

(ii) *Environmental*

Environmental legislation is becoming increasingly stringent and the costs of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development of the Ajax Project, the potential for production on the property may be diminished or negated.

The Company is subject to laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation.

Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations, are initially recognized, and recorded as a liability based on estimated future cash flows discounted at a credit-adjusted risk-free rate.

The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

(iii) *Impairment assessment*

Annually, the Company assesses whether its assets' carrying values are greater than their recoverable values. The recoverable value is the higher of an assets' fair value, less costs to sell, and its value in use. Given the nature of the Company's assets, generally their recoverable values are their value in use. The Company generally estimates value in use using a discounted cash flow model. Management has assessed its cash generating units as being an individual mine site, which is the lowest level for which cash inflows are largely independent of those of other assets. The Company recently completed the BFS and has reviewed its most recent economic models and forecasts in assessing whether a potential impairment has occurred. The assumptions that the calculation of value in use is most sensitive to ore production volume, metal prices, discount rates, operating costs, and development and construction costs.

(iv) *Contingencies*

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

(v) *Fair value hierarchy*

Where the fair value of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

While management believes that these judgments and estimates are reasonable, actual results could differ from those estimates and could impact future results of comprehensive income and cash flows. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. There were no significant changes in estimates during the year ended December 31, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the Company's significant accounting policies:

(a) Investments in associates

Investments in which the Company exerts significant influence are accounted for using the equity method whereby the original cost of the investment is adjusted for the Company's share of earnings, losses and dividends during the current period. The Company's share of earnings and losses of such investments are included in the statements of comprehensive income (loss). The Company's 20% (2012: 20%) investment in KGHM Ajax is accounted for under the equity method.

(b) Cash and cash equivalents

Cash and cash equivalents is comprised of bank deposits and highly-liquid temporary investments, which are readily convertible into known amounts of cash and which mature within 90 days from the original dates of acquisition.

(c) Mineral interests

The Company classifies its exploration and evaluation assets as either acquisition costs or exploration and evaluation expenditures ("mineral interests"). The Company capitalizes all costs related to investments in mineral interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and evaluation expenditures, net of any recoveries. The capitalized amounts shown for acquisition costs, exploration and evaluation expenditures, represent costs incurred to date and do not necessarily reflect present or future values.

Upon a development decision being made, the capitalized costs in mineral interests will be reclassified to mining property and development assets, and will eventually be amortized over the life of the mine or their identifiable useful life based on a unit-of-production or straight-line basis.

From time to time, the Company may acquire or dispose of mineral interests pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received. Where recoveries exceed costs, such amounts are recognized in net income (loss).

Recoverability of the carrying value of mineral interests is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(d) Impairment of non-financial assets

At the end of each reporting period, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If such an indication exists, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows, based on budgets and forecast calculations, are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of impairment loss is recognized immediately in profit or loss.

(e) Equipment

Equipment is recorded at cost and amortized using the declining-balance method at an annual rate of 20% for office and other equipment and 30% for computer equipment. Amortization on leasehold improvements is recorded on a straight-line basis over the term of the lease of five years.

(f) Earnings (loss) per share

Earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share is performed by presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to re-purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of conversions or exercise of options and warrants if they would be anti-dilutive.

(g) Share-based payments

The Company has a stock option plan that is described in Note 8. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as capital stock and the related amount originally recorded in share-based payments reserve is transferred to capital stock.

(h) Income taxes

The Company uses the balance sheet method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to be in effect when the temporary differences are likely to reverse. The amount of deferred income tax assets recognized is limited to the amount of the benefit that is probable to be realized.

(i) Mining and exploration tax credit recoveries

The Company recognizes mining and exploration tax credit recoveries ("METC") in the period in which the related qualifying resource expenditures are incurred. The amount recoverable is subject to review and approval by the taxation authorities and is adjusted for in the period when such approval is confirmed.

(j) Unit offerings

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated between common shares and share purchase warrants on a residual value basis wherein the fair value of the common shares is the market value on the date of the announcement of the placement and the balance, if any, is allocated to the attached warrants.

(k) Foreign currency translation

The functional and reporting currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transaction. Monetary assets and liabilities that are denominated in foreign currency are translated at the rates prevailing at each reporting date. Non-monetary assets and liabilities that are measured in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date the fair value was determined.

Non-monetary items that are measured in terms of historical cost in foreign currency are not translated. Foreign currency translation differences are recognized in profit or loss, except for differences on the translation of available-for-sale instruments, which are recognized in other comprehensive income.

(l) Financial instruments

(i) *Financial assets*

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

- FVTPL - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in net income (loss).
- *Loans and receivables* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.
- *Held-to-maturity investments* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated

future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in net income (loss).

- *Available-for-sale* - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income as a component of equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in net income (loss).

All financial assets, except for those classified as FVTPL, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

(ii) *Financial liabilities*
The Company classifies its financial liabilities into one of two categories. The Company's accounting policy for each category is as follows:

- *FVTPL* - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing them in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in net income (loss).
- *Other financial liabilities* - This category includes promissory notes, amounts due to related parties, and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

(iii) *Fair value hierarchy*
The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly; and
- Level 3 - inputs that are not based on observable market data.

(m) Accounting standards adopted during the year

Effective January 1, 2013, the Company adopted the following new accounting standards and interpretations:

- IFRS 11 *Joint Arrangements*, which applies to accounting for interests in joint arrangements where there is joint control. There is no material impact to the Company from the adoption of this standard.
- IFRS 12 *Disclosure of Interests in Other Entities*, which includes disclosure requirements about subsidiaries, joint ventures and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. There is no material impact to the Company from the adoption of this standard.
- IFRS 13 *Fair Value Measurement*. Upon adoption, the Company utilizes a single framework for measuring fair value while requiring enhanced disclosures when fair value is applied. There is no material impact to the Company from the adoption of this standard.
- IAS 28 (2011) *Investments in Associates*. As a consequence of the issuance of IFRS 10 *Consolidated Financial Statements*, IFRS 11 and IFRS 12, IAS 28 has been amended and provides the accounting and sets out the requirements for the application of the equity method. This standard will be applied by the Company when there is joint control or significant influence over an investee. There is no material impact to the Company from the adoption of this standard.

Expressed in Canadian dollars

(n) Accounting standards issued for adoption in future periods

- The IASB has postponed indefinitely the mandatory adoption of IFRS 9 *Financial Instruments*, which addresses classification and measurement of financial instruments and replaces the multiple category and measurement models in IAS 39 *Financial Instruments - Recognition and Measurement* for debt instruments with a new mixed measurement model having only two categories: amortized cost and FVTPL. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at FVTPL or at fair value through other comprehensive income. The Company has not assessed the impact of the standard or determined whether it will adopt the standard early.

4. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents consist of the following:

Cash and cash equivalents		2013		2012
Bank accounts	$	29,516	$	153,626
Temporary investments		375,000		1,200,000
	$	404,516	$	1,353,626

Supplemental information with respect to cash flows consists of the following:

Supplemental cash flows		2013		2012
Non-cash investing and financing transactions:				
Reclassification of share-based payment reserve to capital stock upon exercise of stock options	$	17,192	$	455,434
Reclassification of share-based payment reserve to capital stock upon exercise of agent options	$	-	$	99,931
Supplemental disclosures:				
Interest on cash and cash equivalents	$	22,844	$	9,712
Interest on restricted cash (Note 7)	$	164,511	$	36,861

5. INVESTMENT IN KGHM AJAX MINING INC.

As at December 31, 2013, the Company owns 20% of the common and voting shares of KGHM Ajax. (2012: 20%). KGHM Ajax is a private company incorporated under the British Columbia *Corporations Act* and is currently engaged principally in the exploration and development of the Ajax Project located near Kamloops, British Columbia, which is its principal place of operation. KGHM Ajax's two shareholders are KGHM and the Company. As the Company owns 20% of the outstanding common shares of KGHM Ajax and also has representation on the Board of Directors, the Company is considered to have significant influence over KGHM Ajax, and accordingly, accounts for its investment in KGHM Ajax using the equity method as prescribed under IFRS. Under the equity method, the investment in KGHM Ajax is initially recognized at cost then subsequently adjusted for the Company's share of the profits and/or losses of KGHM Ajax as well as distributions received from KGHM Ajax. To date no dividends or distributions to shareholders of KGHM Ajax have occurred.

On January 6, 2012, Abacus filed on SEDAR the BFS with respect to the Ajax Project. In accordance with the provisions of the Joint Venture Agreement, the Company delivered the BFS to KGHM. KGHM had 90 days thereafter to exercise its option to acquire a further 29% of KGHM Ajax for cash consideration equal to 29% of the proven and probable copper equivalent reserve in the BFS, to a maximum of US$35 million, payable to Abacus, but for which Abacus is required to use to fund its share of KGHM Ajax's investment activities.

Expressed in Canadian dollars

On April 2, 2012, KGHM exercised its option to acquire the additional 29% of KGHM Ajax, thereby increasing its ownership in KGHM Ajax to 80%. As a result, cash consideration of $30,159,107 (US$29,907,881) was paid by KGHM, which under the terms of the Joint Venture Agreement is required to fund Abacus' share of the investment activities of KGHM Ajax. This resulted in Abacus' "Investment in KGHM Ajax" account being reduced by $20,922,555 and resulted in the recognition of a $9,236,552 gain on this partial disposition. Pursuant to the terms of the Joint Venture Agreement, on August 17, 2012, KGHM notified Abacus that it was exercising its option to appoint KGHM International Ltd. as the operator of the Ajax Project, effective September 1, 2012.

On May 30, 2012, Abacus contributed $5,340,000 to KGHM Ajax representing Abacus' 20% share of a cash call of KGHM Ajax made pursuant to the Joint Venture Agreement. The purpose of the cash call is to finance the continuing operations of KGHM Ajax. Abacus' $5,340,000 share of the cash call was paid using funds that were previously held in restricted cash (Note 7) resulting in a reduction of restricted cash and an increase to investment in KGHM Ajax.

During the year ended December 31, 2013, Abacus contributed $9,600,000 to KGHM Ajax representing Abacus' 20% share of cash calls of KGHM Ajax made pursuant to the Joint Venture Agreement. The purpose of the cash calls is to finance the continuing operations of KGHM Ajax during 2013. Abacus' share of the cash call was paid using funds that were previously held in restricted cash (Note 7).

The following is a summary of the Company's investment in KGHM Ajax:

Investment in KGHM Ajax as of December 31, 2011	$	35,634,011
Partial disposition of investment in KGHM Ajax		(20,922,555)
Abacus' cash contribution to KGHM Ajax pursuant to a cash call		5,340,000
Abacus' share of the loss of KGHM Ajax for the year ended December 31, 2012		(632,795)
Investment in KGHM Ajax as of December 31, 2012		19,418,661
Abacus' cash contribution to KGHM Ajax pursuant to a cash call		9,600,000
Abacus' share of the loss of KGHM Ajax for the year ended December 31, 2013		(235,367)
Other		(6,868)
Investment in KGHM Ajax as of December 31, 2013	**$**	**28,776,426**

Expressed in Canadian dollars

A summary of 100% of the assets and liabilities of KGHM Ajax and its results of operations is as follows:

Selected financial information of KGHM Ajax		December 31, 2013		December 31, 2012
Cash and cash equivalents	$	23,500,018	$	5,173,612
Current assets (excluding cash and cash equivalents)		1,936,607		1,261,133
Total non-current assets		123,211,938		95,229,896
Total assets	$	148,648,563	$	101,664,641
Current liabilities	$	2,545,234	$	2,396,404
Non-current liabilities		2,186,861		2,174,932
Total shareholders' equity		143,916,468		97,093,305
Total liabilities and equity	$	148,648,563	$	101,664,641
		Year ended December 31, 2013		Year ended December 31, 2012
Net loss and comprehensive loss	$	1,176,837	$	2,329,166
Revenue	$	nil	$	nil
Interest income	$	(126,933)	$	(145,653)
Amortization	$	131,529	$	73,394
Interest and accretion expense	$	17,218	$	10,800
Income tax expense	$	nil	$	nil

6. MINERAL INTERESTS AND CONTRACTUAL OBLIGATION

There were no expenditures deferred on mineral interests during the years ended December 31, 2013 and 2012.

Subject to the amended asset purchase agreement with Teck Resources Limited ("Teck") as at December 31, 2010, the Company had then recorded the fair value of the common shares component of an amount owed to Teck as a $5,706,574 current liability and the $5,000,000 cash component due in the fourth quarter of 2012 as a long-term liability. These contractual obligations were settled during the periods presented in the financial statements as follows:

- The common share component was settled by the Company on April 8, 2011, and consequently during the year ended December 31, 2011, the Company realized a $1,348,827 gain due to the change in the Company's share price.
- As at December 31, 2011, the Company had provided for the remaining $5,000,000 cash component of the contractual obligation as a current liability, as it was potentially due and payable by the Company in the fourth quarter of 2012. However, pursuant to the amended agreement to the Joint Venture Agreement dated April 1, 2011, KGHM Ajax agreed to assume the obligation to make the final $5,000,000 cash payment. KGHM Ajax's obligation to make the cash payment was conditional on KGHM increasing its interest in KGHM Ajax to 80% as outlined in the Joint Venture Agreement. On April 2, 2012, KGHM exercised this option, and accordingly,

Expressed in Canadian dollars

on this date the $5,000,000 cash obligation ceased to be an obligation of Abacus; this gave rise to a corresponding $5,000,000 gain.

7. RESTRICTED CASH

On April 2, 2012, as a result of KGHM exercising its option to acquire an additional 29% of KGHM Ajax, the cash consideration of $30,159,107 (US$29,907,881) paid by KGHM was placed into trust with KGHM Ajax. As per the terms of the Joint Venture Agreement, these funds are required to be held in trust by KGHM Ajax. The funds are invested in cashable guaranteed investment certificates and interest savings accounts with major Canadian financial institutions that earn market rates of interest. These funds can only be used to fund Abacus' share of the investment activities of KGHM Ajax (Note 5). Accordingly, these funds of Abacus are presented as restricted cash.

The following is a summary of the Company's restricted cash:

	Funds held as security for credit cards	Funds held in trust with KGHM Ajax	Total
Balance, December 31, 2011	$ 77,625	$ -	$ 77,625
Reduction of funds held as security	(25,613)	-	(25,613)
Cash proceeds from the partial disposition of Abacus' investment in KGHM Ajax (Note 5)	-	30,159,107	30,159,107
Abacus' cash contribution to KGHM Ajax (Note 5)	-	(5,340,000)	(5,340,000)
Unrealized foreign exchange loss	-	(92,908)	(92,908)
Realized interest income	-	99,720	99,720
Balance, December 31, 2012	52,012	24,825,919	24,877,931
Abacus' cash contribution to KGHM Ajax (Note 5)	-	(9,600,000)	(9,600,000)
Unrealized foreign exchange gain	-	505,079	505,079
Realized interest income	12	177,878	177,890
Balance, December 31, 2013	**$ 52,024**	**$ 15,908,876**	**$ 15,960,900**

8. SHAREHOLDERS' EQUITY

Share-based payments reserve is included in shareholders' equity, and consists of the costs related to the issuance of stock options (Note 8(f)) and share purchase warrants (Note 8(d)).

(a) Capital management

The Company's primary source of funds comes from the issuance of capital stock. The Company defines its capital as all components of shareholders' equity. Capital requirements are driven by the Company's exploration activities on mineral interests and general and administrative expenditures. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overhead to manage cost commitments and exploration activities. Although the Company has been successful at raising funds in the past through the issuance of capital stock, there can be no assurance that it will continue to be able to do so in the future.

There were no changes in the Company's approach to capital management during the year ended December 31, 2013. The Company is not subject to externally imposed capital requirements.

Expressed in Canadian dollars

(b) Authorized capital stock

At December 31, 2013, the authorized capital stock of the Company is comprised of an unlimited number of common shares without par value.

(c) Share issuances

Details of issuances during the years ended December 31, 2013 and 2012 are as follows:

(i) In January 2013, pursuant to the exercise of 200,000 stock options (Note 8(f)) the Company issued 200,000 common shares for cash proceeds of $20,000.

(ii) On March 15, 2012, the Company completed a non-brokered private placement for gross proceeds of $3,178,300, which involved the issuance of 14,446,818 units at price of $0.22 per unit. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each full warrant is exercisable to purchase one common share at a price of $0.32 for twelve months. Cash issuance costs of $255,691 were incurred by the Company in respect of this private placement, resulting in net cash proceeds of $2,922,609.

(iii) During the year ended December 31, 2012, pursuant to the exercise of 768,700 agent options (Note 8(e)), the Company issued 768,700 common shares for cash proceeds of $153,740.

(iv) During the year ended December 31, 2012, pursuant to the exercise of 1,100,000 stock options (Note 8(f)), the Company issued 1,100,000 common shares for cash proceeds of $150,000.

(d) Share purchase warrants

As at December 31, 2013 and 2012, the Company has outstanding share purchase warrants entitling the holders to acquire common shares as follows:

Expiry Date	Exercise Price	Outstanding as at December 31, 2012	Issued	Exercised	Expired	Outstanding as at December 31, 2013
September 13, 2013	$0.32	7,223,409	-	-	(7,223,409)	-
		7,223,409	-	-	(7,223,409)	-

On March 1, 2013 the Company applied to the TSX Venture Exchange (the “Exchange”) to extend the expiry date of previously issued warrants of the Company by a further six months, to September 13, 2013. The Exchange approved the application to extend the term of the warrants on March 13, 2013. These warrants expired unexercised on September 13, 2013. As of December 31, 2013, the Company has no outstanding share purchase warrants.

(e) Agent options

On March 26, 2012, 14,700 agent options were exercised for cash proceeds of $2,940, which resulted in the issuance of 14,700 common shares and 14,700 share purchase warrants. On May 29, 2012, 754,000 agent options were exercised for cash proceeds of $150,800, which resulted in the issuance of 754,000 common shares and the issuance of 754,000 share purchase warrants (Note 8(c)(iii)).

(f) Stock options

The Company has a fixed number stock option plan, which reserves a specified number of shares up to a maximum of 20% of the Company’s issued shares as at the date of shareholder approval. The exercise price of any option granted shall be equal to the greater of the amount designated at the time of the grant, or the discounted market price on the trading day immediately preceding the day on which the Exchange receives notice of the grant, subject in either case to a minimum of $0.10 per common share. The expiry date for each option, set by the Board of Directors at the time of issue, shall not be more than five years after the grant date. Generally, options granted vest 25% on date of grant, 25% six months after grant, 25% twelve months after grant and 25% eighteen months after grant.

Expressed in Canadian dollars

As at December 31, 2013 and December 31, 2012, the Company had stock options outstanding to directors, officers and consultants for the purchase 9,160,000 (2012: 11,260,000) common shares exercisable as follows:

December 31, 2013		**Awards Outstanding**		**Awards Exercisable**	
Exercise Price	Expiry Date	Quantity	Remaining Contractual Life	Quantity	Remaining Contractual Life
$0.15	February 20, 2014	100,000	0.14	100,000	0.14
$0.20	June 29, 2014	1,200,000	0.49	1,200,000	0.49
$0.25	September 17, 2014	100,000	0.71	100,000	0.71
$0.18	July 21, 2015	1,000,000	1.55	1,000,000	1.55
$0.19	August 27, 2015	1,360,000	1.65	1,360,000	1.65
$0.27	January 12, 2016	850,000	2.03	850,000	2.03
$0.235	January 26, 2017	1,850,000	3.07	1,850,000	3.07
$0.12	October 8, 2018	2,700,000	4.77	675,000	4.77
		9,160,000	**2.70**	**7,135,000**	**2.12**

December 31, 2012		**Awards Outstanding**		**Awards Exercisable**	
Exercise Price	Expiry Date	Quantity	Remaining Contractual Life	Quantity	Remaining Contractual Life
$0.450	January 11, 2013	335,000	0.03	335,000	0.03
$0.450	February 1, 2013	800,000	0.09	800,000	0.09
$0.260	August 29, 2013	1,650,000	0.66	1,650,000	0.66
$0.150	February 20, 2014	560,000	1.14	560,000	1.14
$0.100	March 3, 2014	200,000	1.17	200,000	1.17
$0.200	June 29, 2014	1,530,000	1.49	1,530,000	1.49
$0.250	September 17, 2014	100,000	1.71	100,000	1.71
$0.180	July 21, 2015	1,000,000	2.55	1,000,000	2.55
$0.190	August 27, 2015	1,560,000	2.65	1,560,000	2.65
$0.190	September 7, 2015	150,000	2.68	150,000	2.68
$0.240	December 17, 2015	200,000	2.96	200,000	2.96
$0.270	January 12, 2016	850,000	3.03	850,000	3.03
$0.220	April 4, 2016	125,000	3.26	125,000	3.26
$0.235	January 26, 2017	2,200,000	4.07	1,200,000	4.07
		11,260,000	**2.14**	**10,260,000**	**1.95**

Expressed in Canadian dollars

The weighted average remaining contractual life of the stock options outstanding as at December 31, 2013 is 2.70 (2012: 2.14) years.

A summary of the status of the Company's stock options as at December 31, 2013 and 2012, and changes during the years then ended is as follows:

Status of stock options	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2011	11,260,000	$0.24
Granted	2,670,000	$0.24
Expired	(400,000)	$0.65
Exercised	(1,100,000)	$0.14
Forfeited	(1,170,000)	$0.23
Outstanding, December 31, 2012	11,260,000	$0.24
Granted	2,700,000	$0.12
Expired	(2,785,000)	$0.34
Exercised	(200,000)	$0.10
Forfeited	(1,815,000)	$0.20
Outstanding, December 31, 2013	**9,160,000**	**$0.19**

The fair value of the stock options that are expected to vest is recognized as a share-based payments expense over the vesting period of the options. During the year ended December 31, 2013, share-based payments expense for stock option grants vesting during the year was $145,725 (2012: $470,025).

On October 8, 2013, the Company granted 2,700,000 stock options to employees, directors and officers of Abacus. In considering the stock option grants, the Board of Directors took into account the 50% reductions in individual director fees (effective July 1, 2013) and officers' salaries (effective October 1, 2013) that have been made voluntarily by the directors and the executive officers to help preserve the cash resources of Abacus. The grant date fair value was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 1.871%, expected life of five years, expected volatility of 100.2% and dividend yield of 0%. The total amount of share-based payments expense, which is expected to be recognized over the vesting period of these stock options, is calculated at $269,003, of which $112,037 was recognized during the year ended December 31, 2013.

During the year ended December 31, 2013, an additional 1,207,500 stock options were forfeited by former employees, per the terms in their employment contracts.

During the year ended December 31, 2012, the Company granted 2,670,000 stock options, having a weighted average grant date fair value of $0.18 per share. The grant date fair value was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 1.326%, expected life of five years, expected volatility of 104% and dividend yield of 0%. The total amount of share-based payments expense, which is expected to be recognized over the vesting period of these stock options, is calculated at $472,787, of which $432,929 was recognized during the year ended December 31, 2012.

9. COMMITMENTS

The Company previously had a lease agreement for the rental of office premises in Vancouver expiring March 31, 2013. The cost of the entire premises was shared between the Company and three other companies. Commencing April 1, 2013, the Company is leasing minimal Vancouver office space on a month to month basis. In addition, commencing February 1, 2011, the Company entered into an approximate three-year lease agreement for the rental of office premises in Toronto expiring March 31,

Expressed in Canadian dollars

2014. The Company's proportionate share of minimum annual rental payments payable under these lease arrangements is as follows:

Minimum annual rental payments		
2014	$	12,778

10. INCOME TAXES

The Company is subject to Canadian federal and British Columbia provincial income taxes. Income tax expense (recovery) differs from the amount that would be computed by applying the combined federal and provincial statutory income tax rate of 25% (2012: 25%) to loss before income taxes, due to the following:

Income taxes		Year ended December 31, 2013		Year ended December 31, 2012
Accounting profit (loss) before income tax	$	(904,205)	$	11,042,057
Statutory rate for the year		25.8%		25.0%
		(232,833)		2,760,514
Change in benefit of tax losses (gains) not recognized		1,737,397		(1,403,966)
Non-deductible items		38,534		122,174
Change in timing differences		(293,098)		(1,478,306)
Amounts under (over) those provided for in prior year		(1,250,000)		(416)
Tax expense reported	**$**	**-**	**$**	**-**

The Company recognizes tax benefits on losses or other deductible amounts generated in countries where the probable criteria for the recognition of deferred tax assets has been met. Tax assets resulting from the Company's unrecognized deductible temporary differences and unused tax losses consist of the following amounts:

Unrecognized deferred income tax assets		December 31, 2013		December 31, 2012
Capital loss carry-forwards	$	1,711,865	$	427,966
Non-capital loss carry-forwards		8,814,508		773,828
Non-refundable mining income tax credit		685,584		685,584
Share issue costs		319,285		181,162
Excess of tax values over accounting values of:				
Investments		717,042		149,840
Mineral interests		419,404		104,851
Equipment		23,346		2,443
Net unrealized deferred income tax assets	**$**	**12,691,034**	**$**	**2,325,674**

The Company has accumulated capital and non-capital losses for Canadian tax purposes as follows:

Expressed in Canadian dollars

Loss carry-forwards		December 31, 2013
Capital losses, which carry-forward indefinitely to offset future capital gains	$	3,423,728
Non-capital losses, that expire as follows:		
2010 - 2027	$	-
2028	$	969,662
2029	$	2,740,111
2031	$	1,896,050
2032	$	2,489,488
2033	$	719,196

The Company qualifies for METC, as it has incurred qualified mineral exploration expenditures for determining the existence, location and extent or quality of a mineral resource. The refundable tax credit is calculated at 30% of qualified mineral exploration expenditures incurred in a year. There were no qualifying expenditures incurred by the Company during the years ended December 31, 2013 and 2012.

11. RELATED PARTY TRANSACTIONS

All advances to and amounts due from related parties are incurred in the normal course of business, have repayment terms similar to the Company's other trade receivables (payables) and do not incur interest. The following are the related party transactions occurring during the year:

(a) KGHM Ajax

Until August 31, 2012, the Company acted as the operator for the Ajax Project on behalf of KGHM Ajax between January 1 and August 31, and was reimbursed for direct costs it incurred as the operator. The Company offsets amounts recovered against the respective expense item. The Company was reimbursed the following amounts from KGHM Ajax:

Amounts reimbursed to Abacus		2013		2012
Exploration and evaluation, and acquisition expenditures for mineral interests	$	3,696	$	2,646,090
Contract wages		4,276		429,372
Office and administrative expenditures		15,394		1,805,594
	$	23,366	$	4,881,056

As at December 31, 2013, $nil (2012: $314,032) is due from KGHM. As at December 31 2013, $nil (2012: $nil) was due to KGHM Ajax.

(b) Former directors

For the year ended December 31, 2013, $12,000 (2012: $48,000) of consulting fees were charged by a former director of the Company. As at December 31, 2013, included in accounts payable and accrued liabilities is $nil (2012: $nil) payable to the former director. As of July 1, 2013, the former director is no longer charging the Company consulting fees.

Expressed in Canadian dollars

(c) Management's compensation

Gross compensation of management personnel, before recoveries from KGHM Ajax of a portion thereof, is as follows:

Management's compensation		2013		2012
Management's compensation as included in exploration and evaluation expenditures which are wholly recovered from KGHM Aiax	$	-	$	1,475,164
Management's compensation as included in the statement of comprehensive income (loss)		469,000		624,750
Share-based payments (Note 8(f))		145,725		470,025
Directors' fees		191,663		235,570
	$	806,388	$	2,805,509

During the year, the Company paid $nil in severance payments (2012: $1,071,998 of which $626,818 were recovered from KGHM Ajax and included in the above summary of recoveries). Key management personnel were not paid post-retirement benefits or other long-term benefits during the years ended December 31, 2013 and 2012.

As of July 1, 2013 the directors of the Company took a voluntary 50% decrease in their directors' fees. As of October 1, 2013, the executive officers of the Company took a voluntary 50% decrease in their salaries.

12. FINANCIAL RISK MANAGEMENT

The Company has classified its cash and cash equivalents, restricted cash and contractual obligations (cash obligation to Teck) as FVTPL; amounts receivable, as loans and receivables; and accounts payable and accrued liabilities, as other financial liabilities. The carrying values of cash and cash equivalents, amounts receivable (excluding due from related parties), restricted cash, and accounts payable and accrued liabilities (excluding due to related parties) 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:

Expressed in Canadian dollars

(a) Fair value

The Company's measurement of fair value of financial instruments in accordance with the fair value hierarchy is as follows:

Fair value hierarchy				
As at December 31, 2012:	Total	Level 1	Level 2	Level 3
Financial assets				
Cash and cash equivalents	$ 1,353,626	$ 1,353,626	-	-
Funds held in trust with KGHM Ajax	24,825,918	24,825,918	-	-
Total financial assets	$ 26,179,544	$ 26,179,544	-	-

	Carrying value	Fair value
Total financial assets	$ 26,179,544	$ 26,179,544
Amounts receivable	17,506	17,506
Accounts payable and accruals	(154,258)	(154,258)
Net financial assets	$ 26,042,792	$ 26,042,792

As at December 31, 2013:	Total	Level 1	Level 2	Level 3
Financial assets				
Cash and cash equivalents	$ 404,516	$ 404,516	-	-
Funds held in trust with KGHM Ajax	15,960,900	15,960,900	-	-
Total financial assets	$ 16,365,416	$ 16,365,416	-	-

	Carrying value	Fair value
Total financial assets	$ 16,365,416	$ 16,365,416
Amounts receivable	8,397	8,397
Accounts payable and accruals	(36,690)	(36,690)
Net financial assets	$ 16,337,123	$ 16,337,123

(b) Credit risk

The Company manages credit risk, in respect to its cash and cash equivalents, by purchasing highly liquid, short-term investment-grade securities held at major Canadian financial institutions. The Company is exposed to credit risk from related party balances. Concentration of credit risk exists with respect to the Company's cash and cash equivalents (Note 4) and restricted cash (Note 7), as all amounts are held at a single major Canadian financial institution. The Company's concentration of credit risk and maximum exposure thereto is as follows:

Concentration of credit risk and maximum exposure	December 31, 2013	December 31, 2012
Bank accounts	$ 29,516	$ 153,626
Temporary investments	375,000	1,200,000
Due from KGHM Ajax (Note 11)	-	314,032
Restricted cash (Note 7)	15,960,900	24,877,931
	$ 16,365,416	$ 26,545,589

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty meeting obligations associated with financial liabilities. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated financing and investing activities. Accounts payable and accrued liabilities of $47,190 (2012: $154,258) are due in the first quarter of 2014. As at December 31, 2013, the Company has sufficient cash in order to meets these current liabilities and obligations. As at December 31, 2013, the Company has approximately $400,000 in working capital, which is only sufficient to cover its expected requirements until late 2014, and management cannot guarantee it will be successful in raising additional funds prior to that time (Note 2).

(d) 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 exposed to significant interest rate risk.

(ii) *Foreign currency risk*

The Company's restricted cash includes US$6,000,000. A 10% fluctuation in the Canadian/US dollar exchange rate would result in a fluctuation of $600,000 in the restricted cash held in US dollars.

(iii) *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not currently exposed to other price risk.

13. SEGMENT DISCLOSURE

The Company operates in one industry and geographical segment, the mineral resource industry, with all current activities being conducted in Canada.

14. SUBSEQUENT EVENTS

(a) As of February 1, 2014, the following management and Board of Director changes have been made. Mr. James Excell, formerly CEO and director of Abacus, has resigned. Mr. Thomas McKeever has retired as executive chairman of the Company, but will remain as a director of Abacus. Mr. Michael McInnis (previously a director) will assume the role of CEO and executive chairman of the Company.

(b) On January 9, 2014, the Company received a Notice of Assessment from the Canada Revenue Agency ("CRA") for the alleged failure to withhold and remit taxes, Canada Pension Plan contributions and Employment Insurance premiums, totaling approximately $212,000 in respect of payments made to non-resident directors for the years 2009 through 2013. The Company disagrees with the CRA's assessment and on February 26, 2014 filed a Notice of Objection for filing with appeals with the CRA that the Notice of Assessment be vacated. No amounts have been accrued by the Company as at December 30, 2013.

(c) The lease for office space in Toronto expired as of March 31, 2014 and will not be renewed.