Abacus Mining & Exploration Corporation
(an exploration stage company)

Condensed Interim Financial Statements
September 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

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NOTICE TO READER

The accompanying unaudited condensed interim 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 financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)
Condensed interim statements of financial position
Unaudited - expressed in Canadian dollars

		September 30, 2014		December 31, 2013
ASSETS				
Current assets:				
Cash and cash equivalents (Note 4)	$	2,636,014	$	404,516
Amounts receivable		15,428		27,155
Prepaid expenses		20,861		8,897
		2,672,303		440,568
Non-current assets:				
Restricted cash (Note 7)		9,241,282		15,960,900
Loan receivable (Note 5)		255,000		-
Investment in KGHM Ajax Mining Inc. (Note 6)		35,718,996		28,776,426
Equipment		28,827		36,155
	$	**47,916,408**	**$**	**45,214,049**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities (Note 9)	$	374,781	$	47,190
Loan payable (Note 7)		3,060,000		-
		3,434,781		47,190
Shareholders' equity (Note 8):				
Capital stock		84,408,367		84,382,367
Share-based payments reserve		4,613,842		4,505,692
Deficit		(44,540,582)		(43,721,200)
		44,481,627		45,166,859
	$	**47,916,408**	**$**	**45,214,049**

The accompanying notes are an integral part of the condensed interim financial statements.
Subsequent events – Note 11
Approved on behalf of the Board by:

"Michael McInnis" "Tom McKeever"
Chief Executive Officer Director

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)
Condensed interim statements of comprehensive income (loss)
Unaudited - expressed in Canadian dollars

		Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
General and administrative expenses:					
Salaries and contract wages	$	233,514	$ 166,472	$ 347,161	$ 522,112
Legal		185,954	-	210,954	6,142
Office and miscellaneous		5,903	11,349	32,237	46,620
Interest and penalties		112,724	-	112,724	-
Consulting and directors' fees		44,102	29,861	91,394	161,219
Share-based payments (Note 8(c))		25,630	(39)	108,151	33,340
Accounting/Audit		7,950	-	21,810	-
Insurance		7,368	7,625	22,044	22,875
Rent		6,086	18,574	32,517	89,582
Travel and promotion		4,130	7,266	14,048	42,041
Transfer agent and regulatory fees		4,050	3,466	22,294	27,404
Investor relations		3,750	3,000	6,600	29,200
Amortization		2,443	725	7,328	10,180
Expense recoveries from KGHM Ajax Mining Inc. (Note 9 (a))		-	-	-	(19,670)
Loss before other items and income tax		(643,604)	(248,299)	(1,029,262)	(971,045)
Other items:					
Interest income		26,550	71,059	94,862	164,614
Loss on equity investment in KGHM Ajax Mining Inc. (Note 6)		(9,711)	(79,854)	(57,429)	(231,804)
Foreign exchange gain (loss) on restricted cash (Note 7)		(79,598)	(125,590)	172,447	278,028
Net income (loss) before income tax	**$**	(706,363)	(382,684)	(819,382)	(760,207)
Comprehensive income (loss) for the period	**$**	**(706,363)**	**(382,684)**	**(819,382)**	**(760,207)**
Income (loss) per share, basic and diluted	**$**	0.00	0.00	0.00	0.00
Weighted average number of common shares outstanding		214,157,611	213,757,611	214,157,611	213,757,611

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

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Condensed interim statements of changes in shareholders' equity

Unaudited - expressed in Canadian dollars

	Number of shares		Capital stock		Share-based payments reserve		Deficit		Total shareholders' equity
Balance, December 31, 2012	**213,557,611**	**$**	**84,345,175**	**$**	**4,377,159**	**$**	**(42,816,995)**	**$**	**45,905,339**
Issued for cash, private placement, net of issue costs (Note 8(b)(ii))	-		-		-		-		-
Issued for cash, upon exercise of agent options (Note 8(b)(iii))	-		-		-		-		-
Reclassification adjustment upon exercise of agent options (Notes 8(c) and 8(d))	-		-		-		-		-
Issued for cash, upon exercise of stock options (Note 8(b))	200,000		20,000		-		-		20,000
Reclassification adjustment upon exercise of stock options (Notes 8(c) and 8(d))	-		-		-		-		-
Share-based payments (Note 8(e))	-		-		-		-		-
Reclassification adjustment upon exercise of stock options (Notes 8(c))	-		17,192		16,187		-		33,379
Net loss for the nine month period	-		-		-		(760,207)		(760,207)
Balance, September 30, 2013	**213,757,611**	**$**	**84,382,367**	**$**	**4,393,346**	**$**	**(43,577,201)**	**$**	**45,198,511**
Share-based payments (Note 8(c))	-		-		145,725		-		145,725
Reclassification adjustment upon exercise of stock options (Notes 8(c))	-		-		(33,379)		-		(33,379)
Net loss for the three month period	-		-		-		(143,999)		(143,999)
Balance, December 31, 2013	**213,757,611**	**$**	**84,382,367**	**$**	**4,505,692**	**$**	**(43,721,200)**	**$**	**45,166,858**
Share-based payments (Note 8(c))	-		-		108,150		-		108,150
Issued for settlement of debt, private placement	400,000		26,000		-		-		26,000
Reclassification adjustment upon exercise of stock options (Notes 8(c))	-		-		-		-		-
Net profit for the nine month period	-		-		-		(819,382)		(819,382)
Balance, September 30, 2014	**214,157,611**	**$**	**84,408,367**	**$**	**4,613,842**	**$**	**(44,540,582)**	**$**	**44,481,626**

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

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)
Condensed interim statements of cash flows
Unaudited - expressed in Canadian dollars

		Nine months ended September 30, 2014		Nine months ended September 30, 2013
Operating activities:				
Net income (loss) for the period	$	(819,382)	$	(760,207)
Items not involving cash:				
Share-based payments (Note 8(c))		108,151		33,340
Loss (Profit) on equity investment (Note6)		57,429		231,804
Shares issued for services		26,000		-
Amortization		7,328		10,180
Unrealized gain on restricted cash (net) (Note 7)		(255,382)		(422,550)
Changes in working capital related to operating activities:				
Accounts payable and accrued liabilities		387,591		(122,171)
Prepaid expenses		6,294		7,875
Amounts receivable		(261,531)		13,746
Due from KGHM Ajax Mining Inc. (Note 9(a))		-		314,032
Due to KGHM Ajax Mining Inc. (Note 9(a))		-		6,869
Cash used for operating activities		**(743,502)**		**(687,082)**
Financing activities:				
Issuance of capital stock for cash, net of share issuance costs, from holder's exercise of stock options (Note 8(b))		-		20,000
Loan payable to KGHM (Note7)		2,975,000		-
Cash provided by (used for) financing activities		**2,975,000**		**20,000**
Decrease in cash and cash equivalents during the period		2,231,498		(667,082)
Cash and cash equivalents, beginning of the period		404,516		1,353,626
Cash and cash equivalents, end of the period	**$**	**2,636,014**	**$**	**686,544**

The accompanying notes are an integral part of the condensed interim 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"), a private company, 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 ("Joint Venture Agreement"). Pursuant to the Joint Venture Agreement, KGHM subscribed for 5,100 common shares of KGHM Ajax which represents 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 6).

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. ("KGHMI") as the operator of the Ajax Project effective September 1, 2012.

2. BASIS OF PREPARATION and SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

(a) Basis of preparation

The condensed interim 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. The financial statements are presented in Canadian dollars, except where otherwise noted.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting 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. The condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2013. These condensed interim financial statements of Abacus were reviewed by the Audit Committee, and the Board of Directors approved and authorized them for issuance on November 25, 2014.

Unaudited - expressed in Canadian dollars

(b) Significant accounting judgments, estimates, and assumptions
The preparation of condensed interim 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 condensed interim financial statements, and the reported amounts of revenues and expenses during the reporting period. While management believes that the judgments and estimates made 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.

3. SIGNIFICANT ACCOUNTING POLICIES

Other than the adoption of new accounting policies as described below, the same accounting policies have been used in the preparation of these condensed interim financial statements as those used in the most recent audited annual financial statements and reflect all the adjustments necessary for the fair presentation in accordance with IFRS of the result of the interim periods presented:

(a) The Company has adopted the following new IFRS pronouncements:

- IAS 32 "Financial Instruments: Presentation" is effective for annual periods beginning on or after January 1, 2014.
- IAS 36, "Impairment of Assets" is effective for annual periods beginning on or after January 1, 2014.
- IFRIC 21, "Levies" is effective for annual periods beginning on or after January 1, 2014.

The Company has evaluated the impact of this standard on its financial statements, and believes it has no impact on the statements of financial position or results of operations.

(b) New accounting standards not yet adopted

- IFRS 9, "Financial Instruments: Classification and Measurement" is effective for annual periods beginning on or after January 1, 2018.

The Company is currently evaluating the impact of any new and amended standards on its financial statements. The impact is not expected to have a material impact on the statements of financial position or results of operations.

4. CASH and CASH EQUIVALENTS

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

Cash and cash equivalents		September 30, 2014		December 31, 2013
Bank accounts	$	361,014	$	29,516
Temporary investments		2,275,000		375,000
	$	2,636,014	$	404,516

Unaudited - expressed in Canadian dollars

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

Supplemental cash flows		Nine months ended September 30, 2014		Nine months ended September 30, 2013
Supplemental disclosures:				
Interest on cash and cash equivalents	$	11,636	$	19,818
Interest on restricted cash (Note 7)	$	83,143	$	144,796

5. LOAN RECEIVABLE

On June 27, 2014, Abacus and Burnstone Ventures Inc. ("Burnstone") entered into a loan (the "Loan") and security agreement pursuant to which Abacus advanced $250,000 to Burnstone, which amount is included in Loan receivable. The Loan bears interest of 8% per annum, matures on December 31, 2015, and is secured by a first priority security interest over Burnstone's Tomichi Project. Abacus has accrued $5,000 in interest receivable for the three month period ending September 30, 2014. The Loan proceeds are to be used by Burnstone in relation to the Tomichi Project, located in Colorado.

6. INVESTMENT IN KGHM AJAX MINING INC.

As at September 30, 2014, the Company owns 20% of the common and voting shares of KGHM Ajax. (December 31, 2013: 20%) and has representation on the board of directors, such that the Company is considered to have significant influence over KGHM Ajax. Accordingly, the Company accounts for its investment in KGHM Ajax using the equity method as prescribed under International Financial Reporting Standards. Under the equity method the Company's 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.

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

Investment in KGHM Ajax		
Investment in KGHM Ajax as of December 31, 2012	$	19,418,661
Abacus' cash contribution to KGHM Ajax pursuant to cash calls		9,600,000
Abacus' share of the loss of KGHM Ajax during the nine month period ended December 31, 2013		(235,367)
Other		(6,868)
Investment in KGHM Ajax as of December 31, 2013	**$**	**28,776,426**
Abacus' cash contribution to KGHM Ajax pursuant to cash calls		4,000,000
Abacus' pre call contribution		3,000,000
Abacus' share of the profit of KGHM Ajax during the six month period ended June 30, 2014		(57,429)
Investment in KGHM Ajax as of September 30, 2014	**$**	**35,718,996**

Unaudited - expressed in Canadian dollars

A summary of 100% of the assets and liabilities of KGHM Ajax and selected results of operations for the period ended September 30, 2014 follows:

Selected financial information of KGHM Ajax		September 30, 2014		December 31, 2013
Cash and cash equivalents	$	10,089,497	$	23,500,018
Current assets (excluding cash & cash equivalents)		1,639,363		1,936,607
Total non-current assets		161,111,717		123,211,938
Total assets	$	172,840,577	$	148,648,563
Current liabilities	$	7,014,995	$	2,545,234
Non-current liabilities		2,196,264		2,186,861
Total shareholders' equity		163,629,318		143,916,468
Total liabilities and equity	$	172,840,577	$	148,648,563

		Nine months ended September 30, 2014		Nine months ended September 30, 2013
Net and comprehensive profit (loss)	$	(287,150)	$	(759,702)
Revenue	$	nil	$	nil
Interest Income		122,888		13,787
Amortization		29,420		115,592
Interest expense		9,403		5,964
Income tax expense		nil		nil

The Company, in January, 2012, delivered the BFS to KGHM. In accordance with the provisions of the Joint Venture Agreement, KGHM had 90 days thereafter to exercise its option (the "Development 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. Use of the funds is restricted to Abacus' participation in KGHM Ajax's investment activities.

On April 2, 2012, KGHM exercised the Development Option, thereby increasing its ownership in KGHM Ajax to 80%, and paid cash consideration of $30,159,107 (US$29,907,881) to Abacus. The funds were placed in escrow with KGHM Ajax (the "Escrowed Funds"). Additionally, KGHM elected to appoint KGHMI as the operator of the Ajax Project, effective September 1, 2012.

During the nine months ended September 30, 2014, Abacus contributed $4,000,000 (2013: $9,600,000) from the Escrowed Funds to KGHM Ajax, representing Abacus' 20% share of cash calls by KGHM Ajax (Note 7).

Unaudited - expressed in Canadian dollars

7. 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	Collateral in respect of the Loan Agreement	Total
Balance, December 31, 2012	52,012	24,825,919	-	24,877,931
Abacus' cash contribution to KGHM Ajax in 2013 (Note 6)	-	(9,600,000)	-	(9,600,000)
Unrealized foreign exchange gain (loss)	-	505,079	-	505,079
Unrealized interest income	12	177,878	-	177,890
Balance, December 31, 2013	$ 52,024	$ 15,908,876	-	15,960,900
Abacus' cash contribution to KGHM Ajax (Note 6)	-	(6,975,000)	-	(6,975,000) [1]
Loan Collateral	-	3,360,000	(3,360,000)	-
Unrealized foreign exchange gain (loss)	-	172,239	-	172,239
Unrealized interest income	(159)	83,302	-	83,143
Balance, September 30, 2014	**$ 51,865**	**$ 12,549,417**	**(3,360,000)**	**9,241,282** [2]

(1) Comprised of $4,000,000 in cash calls (note 6), and $3,000,000 in respect of the Loan Agreement further described below, net of $25,000 expenses.
(2) Of this amount, $3,360,000 is collateral in respect of the Loan Agreement, and thus is unavailable to the Company until such time as the loan is repaid.

On June 26, 2014 Abacus signed a loan and security agreement ("Loan Agreement") for a term loan facility of $3,000,000 to be drawn from the remaining Escrowed Funds. Under the terms of the Loan Agreement, the loan bears interest of 8% per annum, is collateralized by $3,360,000 of the Escrowed Funds and matures on December 31, 2015. Abacus has accrued $60,000 in interest payable for the three month period ended September 30, 2014. As a condition of the Loan Agreement, Abacus will continue to contribute its 20% share of the 2014 and 2015 programs and budget towards development of the Ajax Project from the Escrowed Funds.

In connection with the restricted cash, the company has an unrealized gain in the amount of $255,382 (net) at September 30, 2014.

8. SHAREHOLDERS' EQUITY

Share-based payments reserve is included in shareholders' equity and consists of the costs related to the issuance of stock options (Notes 8(c)).

(a) Authorized capital stock

At September 30, 2014, the authorized capital stock of the Company is comprised of an unlimited number of common shares without par value.

(b) Share issuances

Details of issuances of common shares during the nine months ended September 30, 2014 are as follows:

Unaudited - expressed in Canadian dollars

(i) On May 28, 2014, the Company issued 400,000 common shares to the then CFO of the Company, in satisfaction of an indebtedness for services rendered. The shares were valued at $0.065 per share, for total value of $26,000.

(ii) In January 2013, pursuant to the exercise of stock options the company issued 200,000 common shares for total proceeds of $20,000.

(c) 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 market price on the trading day immediately preceding the day on which the TSX Venture 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 as to 25% on date of grant, 25% six months after grant, 25% twelve months after grant and 25% eighteen months after grant. The fair value of the stock options that are expected to vest is recognized as share-based payments expense over the vesting period of the options.

As at September 30, 2014, the Company had stock options outstanding to directors, officers and consultants for the purchase of up to, in the aggregate,7,760,000 (December 31, 2013: 9,160,000) common shares as follows:

		Awards Outstanding		Awards Exercisable	
Exercise Price	Expiry Date	Quantity	Remaining Contractual Life	Quantity	Remaining Contractual Life
$0.18	July 21, 2015	1,000,000	0.81	1,000,000	0.81
$0.19	August 27, 2015	1,360,000	0.91	1,360,000	0.91
$0.27	January 12, 2016	850,000	1.28	850,000	1.28
$0.235	January 26, 2017	1,850,000	2.32	1,850,000	2.32
$0.12	October 8, 2018	2,700,000	4.02	1,350,000	4.02
		7,760,000	**2.36**	**6,410,000**	**2.01**

The weighted average remaining contractual life of the stock options outstanding as at September 30, 2014 is 2.36 years (December 31, 2013: 2.70 years).

A summary of the status of the Company's stock options as at September 30, 2014 and December 31, 2013, and changes during the nine month and twelve month periods then ended is as follows:

Unaudited - expressed in Canadian dollars

Status of stock options	Number of Options	Weighted Average Exercise Price
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
Expired	(1,400,000)	$0.20
Outstanding, September 30, 2014	**7,760,000**	**$0.18**

On October 8, 2013 the company granted stock options allowing for the purchase of up to, in the aggregate, 2,700,000 shares, 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) 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 $241,653 of which $108,151 was recognized during the period ended September 30, 2014 (year ended December 31, 2013: $112,384).

9. 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 period:

(a) KGHM Ajax

Until August 31, 2012, the Company acted as the operator for the Ajax Project on behalf of KGHM Ajax 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 as the Operator of the Ajax Project	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Exploration and evaluation, and acquisition expenditures for mineral interests	$ -	$ 3,696
Contract wages	-	4,276
Office and administrative expenditures	-	15,394
Equipment	-	-
	$ -	$ 23,366

Unaudited - expressed in Canadian dollars

As at September 30, 2014, $nil (December 31, 2013: $nil) is due from KGHM Ajax.

(b) Management's compensation

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

Management's compensation	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Management's compensation as included in the statement of comprehensive loss	93,750	402,300
Share-based payments (Note 8(e))	108,151	33,340
Directors' fees	71,815	148,909
	$ 273,716	$ 584,549

Key management personnel were not paid post-retirement benefits or other long-term benefits during the nine month period ended September 30, 2014 and the year ended December 31, 2013.

Effective July 1, 2013 the directors of the Company voluntarily decreased their directors' fees by 50%. Effective October 1, 2013, the executive directors of the company voluntarily decreased their salaries by 50%, and effective April 1, 2014, ceased receiving a salary.

Pursuant to an audit completed by Canada Revenue Agency ("CRA") in respect of income tax withholdings for services provided by a non-resident consultant during the years 2009 to 2012, a total of $241,173 was assessed by CRA, including penalties and interest, of which $52,631 was included in the statements of comprehensive income (loss) for the period January 1 to September 31, 2014. All amounts owing in respect of this matter have been satisfied.

10. FINANCIAL RISK MANAGEMENT

The Company has classified its cash and cash equivalents, restricted cash and contractual obligations 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.

Unaudited - 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, 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

		Total	Level 1	Level 2	Level 3
As at September 30, 2014:					
Financial assets					
Cash and cash equivalents	$	2,636,014	2,636,014	-	-
Funds held in trust with KGHM Ajax		9,241,282	9,241,282	-	-
Total financial assets	$	11,877,296	11,877,296	-	-

		Carrying value	Fair value
Total financial assets	$	11,877,296	11,877,296
Amounts receivable		270,428	270,428
Accounts payable and accruals		(3,434,781)	(3,434,781)
Net financial assets	$	8,712,943	8,712,943

(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 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		September 30, 2014		December 31, 2013
Bank accounts	$	361,014	$	29,516
Temporary investments		2,275,000		375,000
Restricted cash (Note 7)		9,241,282		15,960,900
	$	11,877,296	$	16,365,416

(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 $434,781 are due in the fourth quarter of 2014. The Company is exposed to liquidity risk.

(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$1,500,000. A 10% fluctuation in the Canadian dollar, US dollar exchange rate would result in a fluctuation of US$150,000 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.

11. SUBSEQUENT EVENTS

a) On November 6, 2014 Abacus announced that it and Burnstone Ventures Inc. had been unable to reach agreement on suitable terms for a transaction in a definitive arrangement agreement (the "Arrangement Agreement"), as contemplated in a letter agreement dated July 31, 2014, and that discussions regarding the Arrangement Agreement had terminated.

b) On October 24, 2014 Abacus contributed $2,600,000 to KGHM Ajax, representing Abacus' 20% share of a cash call of KGHM Ajax made pursuant to the Joint Venture Agreement. Abacus' share of the cash call was paid using funds that were previously held in restricted cash (Note 7).