

ABACUS MINING & EXPLORATION CORPORATION
Management Discussion & Analysis

FORM 51-102F1

For the Period Ending
September 30, 2004

The following management discussion and analysis of the financial position of Abacus Mining & Exploration Corp. ("Abacus" or the "Company") and results of operations of the Company should be read in conjunction with the unaudited and audited financial statements including the notes thereto for the years ended September 30, 2004 and December 31, 2003, respectively.

The accompanying unaudited financial statements and related notes are presented in accordance with Canadian generally accepted accounting principles. These statements, together with the following management's discussion and analysis dated November 25th, 2004 ("Report Date"), are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to the potential future performance. The information in the MD&A may contain forward-looking statements. These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Overall Performance

Abacus Mining and Exploration Corporation (the "Company") is a junior mining and exploration company actively engaged in the acquisition, exploration and development of mineral resource properties. The Company presently holds options on mineral resource properties in British Columbia and owns a mineral property in Alaska. The Company trades on the TSX Venture Exchange under the symbol AME.

During the nine-month period ending September 30, 2004, the Company raised \$3,563,615 by issuing 10,588,083 shares through two private placements and the exercise of warrants. The funds raised will fund the Company's drilling programs on its Afton properties near British Columbia, as announced in January 2004. At the period ending September 30, 2004, the Company has spent \$3,389,568 exploring the Afton properties, which includes sampling, trenching, mapping, geophysics, and approximately 25,000 metres of diamond drilling. The plan for 2005 is to continue drilling on the known zones of mineralization as well as to test new targets identified by geophysical surveys. Drilling programs comparable to the exploration completed in 2004 is planned.

The Niblack property continues to be examined by potential joint ventures partners or possible advancement. However, no material plans or agreements have been established.

Administrative expenses of \$218,635 (before general exploration costs) in the third quarter of 2004 are significantly higher than the same period last year. The increase is primarily due to increased legal and regulatory costs as well as promotional expenses.

Results of Operations

The Company incurred operating expenses of \$218,635. Major expenditures include consulting fees of \$32,845, travel and promotion costs of \$35,224, management fees of \$21,300, and salaries of \$15,927. Over the same period in 2003, the Company's operating expenses of \$109,090 were

significantly lower given the lower level of corporate and exploration activity in the Company. However, the largest difference between the two years is the difference in management fees (2003-\$63,646) and the increase in consulting fees (2003-(2,850)). The increase in these fees is due to the Company's decision to allow a management and consulting company to manage administrative and financing tasks including remuneration.

Exploration expenditures of \$2,441,918 were incurred with \$2,000,656 spent on the Rainbow property and \$441,262 spent on the Iron Mask properties. Of the total amount, most of the costs were associated with drilling (\$1,191,550), wages (\$385,865) and assays (\$135,736)

As previously mentioned, two private placement financings were undertaken during the period and raised net proceeds of \$2,557,590. Warrants exercised raised an additional \$811,025. No incentive stock options were exercised.

The Company is in exploration stage activities in two geographical areas, Kamloops, B.C. and Prince of Wales Island Alaska.

Afton Properties, Kamloops, B.C.

The Company has two Letter Agreements with Afton Operating Corporation and Teck Cominco Limited (collectively "Teck Cominco") to acquire a 100% interest in all of Teck Cominco's interests in 289 mineral claims and 31 Crown grants in the vicinity of the past producing Afton mine. The Company also signed an agreement with Discovery-Corp. Enterprises Inc. ("Discovery") to earn all of Discovery's interest on the Rainbow portion of the claims.

Subsequent to the quarter ending June 30, 2003, the Company has met the terms and conditions of the Agreements signed between the company, Teck Cominco Ltd. and Afton Operating Corp. and earned a 100-per-cent interest in Teck Cominco's interests in the Afton properties near Kamloops.

Niblack Project, Alaska

Subject to a 65% back-in right with Teck Cominco Ltd., 1-3% sliding scale NSR with Barrick Gold, and a 15% NPI with Cook Inlet Region Inc., the Company owns a 100% interest in 47 mineral claims on Prince of Wales Island in southeast Alaska.

The consolidated financial statements contain a schedule of all acquisition and exploration cost pertaining to both properties. Exploration activities will remain focused on the Afton properties and while management seek potential joint-venture partners to continue exploration on the Niblack project.

Summary of Quarterly Results

The selected consolidated information set out below has been gathered from quarterly financial statements for the previous eight quarterly periods:

	Revenue \$	Income (Loss) \$	Income (Loss) per share \$
September 30, 2004	Nil	(235,834)	(0.01)
June 30, 2004	Nil	(283,213)	(0.01)
March 31, 2004	Nil	(90,362)	0.00
December 31, 2003	Nil	(233,793)	0.00
September 30, 2003	Nil	(109,090)	0.00
June 30, 2003	Nil	(53,374)	0.00
March 31, 2003	Nil	(60,541)	(0.01)
December 31, 2002	Nil	(55,437)	(0.01)

Fluctuations in the Company's expenditures reflect the seasonal variations of exploration and the ability of the Company to raise capital for its projects. In June/September of 2004 and September of 2003, the Company had significant diamond drilling programs on the Afton property which in turn, raises costs associated with promotion, travel and general. In addition, expenditures in these periods are also higher due to fund raising activities. The loss during the most recent period is considerably higher due to the size of the Afton exploration program.

Liquidity

The consolidated financial statements are prepared on a 'going concern' basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2004, the Company has working capital of \$1,816,249 and an accumulated deficit of \$20,722,879. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise equity financing and the attainment of profitable operations.

The Company also has the following share purchase warrants and incentive stock options as at the date hereof available for exercise:

Warrants

Number Of Shares	Exercise Price	Expiry Date
800,750	\$ 0.15	October 6, 2004
1,395,000	\$ 0.12	October 6, 2004
80,000	\$ 0.18	October 28, 2004
33,333	\$ 0.10	October 30, 2004
394,744	\$ 0.24	October 29, 2004
2,903,666	\$ 0.60	March 30, 2005
560,000	\$ 0.65	March 30, 2005
6,167,493		

Options

Number of Shares	Exercise Price	Expiry Date
2,500	0.14	August 16, 2005
225,000	0.14	June 1, 2006
462,500	0.20	April 16, 2007
775,000	0.10	April 4, 2008
750,000	0.19	September 4, 2008
300,000	0.36	October 9, 2008
1,500,000	0.20	September 17, 2009
4,015,000		

The Company has no long-term liabilities. Outstanding obligations include rent of office space, which is in the second year of a six-year lease.

Capital Resources

The Company's primary capital assets are mineral property assets. The company capitalizes all costs related to the mineral properties until the properties are abandoned and written-off.

All of the Company's mineral property agreements are non-binding. To maintain its interest in the Afton properties, the Company must spend \$1,500,000 in exploration by January 17, 2006, of which \$1,000,000 must be spent on the Rainbow claims and \$500,000 spent on the Iron Mask Claims. To date, the Company has spent \$2,824,290 on the Rainbow Claims, and \$565,278 on the Iron Mask Claims. As the Niblack property is 100% owned, the only annual costs the claim leases which amount to USD\$5,875 annually.

As previously mentioned, the Company met the terms and conditions of the Agreements signed between the company, Teck Cominco Ltd. and Afton Operating Corp. The Company has now earned

a 100-per-cent interest in Teck Cominco's interests in the Afton properties near Kamloops, British Columbia.

Transactions with Related Parties

- The Company conducts the majority of its exploration activities through an exploration services contractor in which two directors are principals. The Company paid that contractor \$1,909,139 (2003 - \$84,753) for exploration costs and \$157,398 (2003 - \$79,485) to reimburse office and administrative costs and \$40,825 (2003 - \$nil) for management services.
- A management fee of \$22,500 (2003 - \$22,500) was paid or was owed to a company controlled by a Company director. As at September 30, 2004, there was \$5,299 due to that company.
- The Company shares office and administrative costs with a company with three directors in common. As at September 30, 2004, \$4,393 was due from this company.

Proposed Transactions

There are no transactions that will materially affect the performance of the Company.

Changes in Accounting Policies including Initial Adoption

Effective January 1, 2002, the Company adopted CICA Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments" which originally encouraged, but now requires, the fair value-based method for measuring all stock options granted. The fair value of stock options granted is measured using the Black-Scholes option pricing model and amortized over any applicable vesting periods. Consideration received for the exercise of stock options is recorded as share capital.

During the fourth quarter of 2003, the Company adopted the November 2003 amendments to CICA Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments" which now requires the fair value-based method for measuring all stock options granted. The Company elected for an earlier adoption of these amendments and has prospectively applied the amendments effective January 1, 2003. Accordingly, compensation cost has been recognized for all stock options granted in 2003.

The Company previously elected to apply the intrinsic value method of accounting for stock options granted to employees including directors, whereby no compensation expense is recognized if the exercise price of the stock options equals or is greater than market value, provided the effects of applying the fair value based method are disclosed in the notes as pro-forma information. Under this election, the fair value based method was applied only to stock options granted to non-employees.

Risks and Uncertainties

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, metal prices, political and economical.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has no significant source of operating cash flow and no revenues from operations. None of the Company's mineral properties currently have reserves. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish ore reserves.

The property interests owned by the Company, or in which it has an option to earn an interest are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. Exploration of the Company's mineral exploration may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the 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. 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.

On Behalf of the Board,
ABACUS MINING EXPLORATION CORP.

Doug Fulcher,
President