

ABACUS MINING & EXPLORATION CORP.

Management Discussion & Analysis

FORM 51-102F1

For the Period Ended

September 30, 2010

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 financial statements including the notes thereto for the periods ending September 30, 2010 and September 30, 2009.

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 29 2010 ("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.

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

Overall Performance

Abacus Mining & Exploration Corp. (the "Company") is a mineral exploration and development company engaged in the acquisition, exploration and development of mineral resource properties. The Company is a Tier One issuer that trades on the TSX Venture Exchange under the symbol AME. As at the date hereof, the Company holds a 100% interest in six mineral resource properties in the Afton Mine Camp ("Afton") near Kamloops, British Columbia. The Company also holds the right to earn a 100% interest in mining infrastructure and related permits in the Afton area.

Activity of the Company is generally dependent on the sources of capital and access to funding in the capital markets. In fiscal 2010, the Company successfully completed a private placement for net proceeds of \$3,744,705 which has provided the Company the necessary capital to achieve its objectives.

Exploration in the third quarter of 2010 at Afton focused on the Ajax area where \$3,064,818 was spent. Feasibility work comprised a significant portion of the costs (2,015,039). Exploration drilling also comprised significant amount of the expenditures (\$442,701) as did work associated with wages supporting the drill program (\$234,576), and environmental work (\$203,083). When combined with previous fiscal periods, the Company has spent \$53,869,257 on the Afton properties, including \$26,503,282 on the Ajax ground.

In January 2010, the Company announced it has accelerated environmental and socio-economic studies to support future environmental assessment and permitting of the Ajax copper-gold deposit. Knight Piesold Ltd. has been retained to undertake comprehensive studies of aquatic and terrestrial ecosystems, physical environmental parameters, and socio-economic data. The studies will expand the significant existing environmental database collected in recent years during Abacus's exploration programs, and will be coupled with analysis of in situ parameters created by past mining activities at the site.

In March 2010, the Company also announced drill results from the ongoing drill program at Ajax. The drilling was completed in the Ajax East extension (AEE) area, a fault offset extension of the copper-

gold rich Ajax deposit. The intent of the program is to upgrade previously existing National Instrument 43-101-compliant mineral resources in the AEE (announced June 22, 2009) and to explore the potential for hosting a "starter pit," which could be delineated for the continuing prefeasibility study. The Ajax deposit is currently estimated to contain approximately 2.9 billion pounds copper and 2.7 million ounces gold with the potential for a 60,000-ton-per-day mining operation producing an average of 110 million pounds of copper and 100,000 ounces of gold in concentrate annually over a 23-year mine life.

The outcome of this phase of drilling is considered successful. The results demonstrate the presence of a zone or zones of near-surface copper-gold mineralization that when combined with previous near-surface intercepts, may host a starter pit that could supply early, higher-grade mill feed and potentially enhance the economics of the Ajax deposit. Also deep drilling in the AEE confirms the future blue-sky potential as the entire Ajax deposit remains open at depth.

Drill highlights include hole AM-10-044 intersects 71 metres (232.9 feet) averaging 0.43 per cent copper and 0.13 gram per tonne (g/t) gold; which includes 29 metres (95.1 feet) averaging 0.64 per cent copper and 0.20 g/t gold, and also includes 14 metres (45.9 feet) grading 1.09 per cent copper and 0.36 g/t gold. The top of the mineralized intercept was 31 metres (101.7 feet) below surface.

In May 2010, the Company announced the signing of a significant strategic investment agreement with KGHM Polska Miedz SA (KGHM) to form a joint venture to advance the Afton-Ajax copper-gold project through bankable feasibility study (BFS) and into production. KGHM is the world's ninth-largest copper producer with annual production of over 500,000 tonnes and the world's third-largest silver producer with annual output approximating 1,100 tonnes.

The agreement includes the following investment highlights:

- KGHM and the Company have completed a C\$4.5-million private placement involving the purchase of 15 million common shares (approximately 8.75 per cent of the shares issued and outstanding following the private placement) in the capital of Abacus at a price of 30 cents per share.
- KGHM will acquire a 51-per-cent interest in the project by investing US\$37-million in cash at closing of the transaction, to be allocated to: (a) completion of the BFS and certain other obligations; and (b) exploration of other targets in the Afton-Ajax camp, in accordance with a jointly approved budget.

Development option:

- Following the completion of the BFS, KGHM will have the option to acquire an additional 29-per-cent interest, for a total 80-per-cent direct interest in the joint venture, for cash consideration of US\$0.025 per pound for the corresponding 29 per cent of proven and probable copper equivalent reserves (as defined in the BFS) up to a maximum of US\$35-million. This payment will be applied directly toward Abacus's proportionate share of the project's capital costs, estimated at \$535-million (U.S.) in Abacus's preliminary economic assessment written by Wardrop Engineering Inc. and dated July 31, 2009.

- KGHM will arrange the financing for its proportionate share of 80 per cent of the project's capital costs and will offer to arrange the financing for the balance of Abacus's proportionate share of 20 per cent of the project's capital costs on commercially reasonable terms.

The transaction was unanimously approved by the shareholders of Abacus and at a special meeting of its shareholders held on June 22, 2010. The parties have also agreed to complete a definitive joint-venture agreement and ancillary agreements. The definitive joint-venture agreement was signed on October 12, 2010.

Also in May, the Company announced the appointment of Mr. James D. Excell to the board of directors. Mr. Excell spent more than three decades with BHP Billiton Diamonds Inc. and has managed and developed some of the world's premier mining projects in the United States, Australia and Canada. He led the construction, commissioning and subsequent operation of the \$700 million development of the Ekati Diamond Mine, Canada's first diamond mine. From 1999 to 2003, he was President and COO of BHP Billiton Diamonds Inc. and served as its Chairman to June 2005. Jim also managed copper operations in British Columbia, as well as metallurgical and thermal coal mines in Australia and the U.S.

In July, Mr. Excell, was appointed President and CEO of the Company. He takes over from Mr. Douglas Fulcher who has been with the Company since 1992. The Company thanks Mr. Fulcher for his work and dedication to the Afton project and wishes him well in his future endeavours.

In September, the Company announced two option grants to directors and employees. One million stock options were granted at a price of \$0.18 per share and 1.72 million stock options were granted at \$0.19, both for a period of five years.

Results of Operations

Activities of the Company for the period ending September 30, 2010 focused on continued engineering and exploration work based on the results of the Company's PEA, announced June 22, 2009. In-house engineering studies, commissioned to potentially refine and improve the economics of the PEA, and will be incorporated into the Feasibility study.

Total exploration expenditures in 2010 (\$5,665,753) were approximately 195% higher than of the same period in 2009 (\$1,916,563). The increase in expenditures is attributable to the shift in exploration activity at Ajax deposit to development work. As the project advances, the requirement for advanced engineering and environmental studies for feasibility has increased. The Company plans to spend approximately \$7 million on feasibility studies and \$2.5 million on permitting and environmental work over the next 12 months

Administrative costs during the three month period ending September 30, 2010 total \$1,325,064 representing a 124% increase over the same period in, 2009 (\$590,815). Significant differences include contract wages in 2010 (\$652,170) compared to amounts at the same period in 2009 (\$118,167). Most of the difference is attributable to a one time severance payment to one former director and officer. Additionally, legal costs in 2010 (\$42,554) were considerably higher than legal costs in 2009 (\$17,031). Travel costs associated with the Investment Agreement and the definitive

KGHM Ajax Mining Inc. were significantly higher (\$98,387 in 2010 compared to \$29,392 in 2009) as the Company made several trips to Poland and elsewhere promoting the KGHM/Abacus joint Venture. Stock based compensation expenses, a non-cash charge, total \$183,796 during the period compared to \$265,382 in 2009.

Interest charges during the period ending June 30, 2010 were nil compared to 2009 (\$138,675) as the Company paid back the loan payable to Maxtech in the first quarter of 2010.

The Company currently has funds invested in Guaranteed Investment Certificates (GICs) and has no exposure to Asset Backed Commercial Paper.

The Company does not expect to claim any significant BC METC for 2009 as funds expended were provided by flow-through financings.

Afton Properties, Kamloops, B.C.

The Company holds a 100% interest in 41 mineral claims and 31 Crown grants in the vicinity of the past producing Afton mine. The properties were purchased from Afton Operating Corporation and Teck Cominco, and from Discovery-Corp. Enterprises Inc. on the Rainbow portion of the claims. The Company has an asset purchase agreement with Teck Cominco Limited ("Teck Cominco") to acquire the mill buildings, shop facilities, tailings dam, associated land, permits and back-in rights at the past producing Afton mine. Under the terms of the agreement with Teck Cominco, the Company will acquire the assets for a total price of \$28.5-million by issuing 18.5 million shares and paying \$10-million cash. The Company has issued 18.5 million shares to Teck Cominco and has paid \$8.0 million cash. The remaining cash payment and shares due on or before November 26, 2007, have been extended to September 22, 2011.

Upon completion of all share issuances and cash payments, Teck Cominco will transfer title (the "Transfer Date") to the assets to the Company, subject to any additional consideration. The final consideration is subject to a price adjustment clause. If the ten day weighted average closing price of the Company's common shares issued to Teck Cominco, is less than \$18,500,000, the Company will pay Teck Cominco additional consideration equal to 81.1% of the difference between \$18,500,000 and the weighted average closing price of the Company's common shares. Any reclamation liabilities that may be attributable to the assets acquired will be assessed and recorded on the transfer date.

Teck Cominco has retained 1.5-per-cent net smelter royalty with respect to each of the Rainbow and DM/Audra agreements, which can be purchased for \$3-million per agreement.

The Company also holds an interest in 20 mineral claims surrounding the Ajax pits pursuant to an Option Agreement (the "Agreement") with New Gold Inc. Under the terms of the Agreement, the Company must incur \$2.5 million in exploration expenditures (completed) and deliver a PEA by July 25, 2010 (delivered). Upon delivery of the PEA, New Gold elected not to establish a joint venture with the Company and instead will revert to a 10% net profits interest royalty.

In June 2009, the Company released a National Instrument 43-101 ("NI 43-101") compliant study completed by Wardrop, a Tetra Tech Company ("Wardrop"), containing production parameters, capital costs, operating costs, and other financial projections for an open pit mine processing 60,000

tonnes of mill feed per day. The metal prices used for the base case were US \$2.00 per pound copper and US \$700 per ounce gold.

Base Case Highlights (All figures in US dollars and pre-tax)

- Net present value of \$192.7 million discounted at 8%
- Return on initial capital expenditures of \$535 million is 40.4%
- Average life of mine cash costs of \$1.17 per pound copper net of gold credit at \$700 per ounce
- Average annual production estimated at 106 million pounds of copper and 99,400 ounces of gold in concentrate
- Mine life of approximately 23 years
- The pit inventory resource contains 2.6 billion pounds of copper and 2.4 million ounces of gold in the measured and indicated category

Ajax Resource Estimate

	Cutoff NSR (\$/t)	Tonnes (Mt)	Cu (%)	Au (g/t)	NSR* (\$/t)	Contained Metal	
						Cu (M lb)	Au (Koz)
Measured	3.84	231	0.29	0.18	11.32	1,454.8	1,300
Indicated	3.84	193	0.27	0.18	10.93	1,153.6	1,100
Measured + Indicated	3.84	424	0.28	0.18	11.14	2,608.4	2,400
Inferred	3.84	78	0.21	0.15	8.28	357.5	400

**NSR based on metal prices of \$2.00/lb Cu and \$700/oz Au, at a copper recovery of $Cu\ Rec=32.591xCu(\%)+72.732$, max 92%, and gold recovery of $Au\ Rec=33.871xAu(g/t)+75.29$, max 90%. These were the metal recoveries developed during the preparation of the PEA.*

In the study, approximately 15.5% of the mineral resources in the mine production plan are classified as inferred. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There are no known environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues which may materially affect the mineral resource.

On July 13, 2009, the Company announced that it signed Option to Purchase Agreements ("Option Agreements") with subsidiaries of Teck Resources Limited - Afton Operating Corporation and Surgarloaf Ranches Limited (collectively "Teck") to acquire approximately 6,000 acres of land around the Company's Afton Ajax deposit.

Under the terms of the Option Agreements the Company will pay an aggregate of \$100,000 (paid) to Teck for the options and will then have two years to elect to exercise the options, or have the right to extend the exercise period of the options by an additional one year by making further option payments to Teck of an additional \$100,000. The exercise price of the options is \$2,500 per acre, exercisable at any time during the two year period, less amounts paid to Teck for the options.

In November 2009, the Company started drilling on the eastern portion of the Ajax deposit known as the Ajax East Extension ("AEE"). The focus of the drill programs is two-fold: to convert approximately 80 million tonnes of inferred resources in the AEE to a measured and indicated status for Prefeasibility work, and to explore for a potential near surface higher grade starter pit.

Results for the drilling were announced subsequent to the year ended December 31, 2009 with the following highlights:

- Hole AM-09-018 intersects 325.55 metres (1,068 feet) averaging 0.33% copper and 0.27g/t gold, and 105.05 metres (344.7 feet) averaging 0.47% copper and 0.39 g/t gold; both of which are part of a larger interval consisting of 520.2 metres (1706.7 feet) averaging 0.27% copper and 0.22 g/t gold. This hole is still in the mineralized zone at the end of the hole at 678.48 metres (2,226 feet) and will be deepened at the first opportunity.
- Hole AM-09-024 intersects 137.5 metres (451.1 feet) averaging 0.39% copper and 0.36 g/t gold; including 37.5 metres (123 feet) averaging 0.68% copper and 0.61 g/t gold. These intercepts form part of a larger mineralized interval consisting of 198 metres (649.6 feet) averaging 0.33% copper and 0.29 g/t gold.
- Hole AM-09-031 intersects 71.5 metres (234.6 feet) averaging 0.47% copper and 0.25 g/t gold; and a 112.5 metre (369.1 feet) intercept averaging 0.35% copper and 0.26 g/t gold; both of which are part of a larger interval consisting of 263.5 metres (864.5 feet) averaging 0.32% copper and 0.21 g/t gold.

On November 9, 2009, the Company announced it received notice from New Gold that New Gold has elected not to establish a joint venture and will retain a 10% Net Profits Interest in any open pit operation not exceeding 500 metres. New Gold maintains a right to establish a joint venture, and be the operator of, any underground operation that is below the 500 metre level.

With the signing of the agreement between the Company and KGHM, the Company has now commenced feasibility studies, which replace the prefeasibility work, and expects to have them complete by August 2011.

Summary of Quarterly Results

The selected information set out below has been gathered from the previous eight quarterly financial statements for each respective financial period and is based on Canadian GAAP (in Canadian dollars):

	Revenue \$	Income (Loss) \$	Income (Loss) per share \$
September 30, 2010	Nil	(1,319,363)	(0.01)
June 30, 2010	Nil	(543,609)	(0.00)
March 31, 2010	Nil	(610,257)	(0.00)
December 31, 2009	Nil	(304,000)	(0.01)
September 30, 2009	Nil	(729,480)	(0.01)
June 30, 2009	Nil	(1,019,718)	(0.01)
March 31, 2009	Nil	(573,537)	(0.01)
December 31, 2008	Nil	215,792	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. During the periods ending December 31, 2008 and September 30, 2009 future income tax recovery adjustments of \$950,859 and \$363,772 were incurred, respectively. While the Company incurred operating costs comparable to other periods, the offsetting income tax recovery charges resulted in income amounts of \$215,792 and net loss \$729,480, also respectively. Additionally, quarterly periods ending in June and September are generally higher as overall corporate activity increases with respect to promotional, travel and investor relations.

The significant loss in the second quarter ending June 30, 2009 primarily stems from interest charges incurred from the loan agreement with Maxtech which was in effect April 1, 2009, and significant stock based compensation charges (a non-cash expense). During the second quarter stock based compensation costs associated with the vesting of 840,000 stock options granted on February 20, 2009, 3,000,000 stock options on March 3, 2009, 2,030,000 stock options granted on June 26, 2009, and repricing 1,000,000 stock options from \$0.43 to \$0.14 (announced April 24, 2009) were applied. Stock based compensation costs are calculated using Black-Scholes option pricing model.

During the quarter ending June 30, 2010, the Company recorded \$34,471 in expense recoveries and \$5,423 in interest earned from funds invested in GICs.

The large loss at the period ending September 30, 2010, stems from increased costs associated with closing the KGHM/Abacus transaction and severance pay attributable to a former director and officer.

Liquidity

At September 30, 2010, the Company has working capital \$1,902,633 deficit (2009 - \$37,998), and an accumulated deficit of \$29,399,237 (2009 - \$26,911,211). Given the Company's current exploration and development plans, it is anticipated that the Company will have sufficient working capital to meet its objectives in fiscal 2010.

In May 2010, the Company announced the signing of a significant strategic investment agreement with KGHM Polska Miedz SA (KGHM) to form a joint venture to advance the Afton-Ajax copper-gold

project through bankable feasibility study (BFS) and into production. The Company anticipates that through this strategic initiative, there will be adequate funds to see the Company meet its financial obligations. Including plans at the Ajax project through to production. The agreement received shareholder approval June 22, 2010, and the definitive agreement was complete on October 12, 2010.

The \$2,500,000 loan payable to Maxtech was repaid through application with the BC Provincial Government under the Mineral Exploration Tax Credit . At the period ended March 31, 2010, the Company has received the funds from the Provincial Government and the loan was repaid in full. A total of \$2,752,578 was repaid.

In September, the Company received an invoice for unpaid GST, as a result from a CRA audit conducted on one of the Company's main contractors. Accordingly, the Company has received an invoice for \$1,354,713 for the period February 1, 2007 to April 30, 2010, that is fully recoverable from CRA.

At September 30, 2010, the Company has 176,350,859 shares outstanding and share capital of \$76,977,730. As at the date hereof, the Company has 176,350,859 shares outstanding and a share capital of \$77,977,730.

As at September 30, 2010, the Company also had the following share purchase warrants and incentive stock options available for exercise:

Warrants

Outstanding as at December 31, 2009	Exercise Price	Expiry Date	Issued	Exercised	Expired	Outstanding as at September 30, 2010
5,756,332	\$0.50	March 10, 2010	0	0	5,756,332	0
760,246	\$0.30	March 10, 2010	0	0	760,246	0
19,502,000	\$0.30	December 29, 2012	16,250	0	0	19,518,250
26,018,578			0	0	(6,516,578)	19,518,250

Options

Exercise Prices	Options Outstanding		Options Exercisable	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
\$0.01 - \$0.25	7,070,000	\$0.18	3,783,000	\$0.17
\$0.26 - \$0.50	2,865,000	\$0.34	2,865,000	\$0.34
\$0.51 - \$0.75	400,000	\$0.65	400,000	\$0.65
\$0.76 - \$1.00	1,225,000	\$0.90	1,225,000	\$0.90
	11,560,000	\$0.31	8,273,000	\$0.36

Outstanding obligations include rent of office space, which is in the fourth year of a six-year lease ending March 31, 2013. The cost of the premises is shared primarily between the Company and four other companies. The Company's proportionate share of minimum annual rental payments under this arrangement is approximately payable as follows: 2010 - \$25,858, 2011 - \$26,597, 2012 - \$26,597 and 2013 - \$6,649.

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.

The Company's Asset purchase agreement with Teck Cominco is a binding purchase and sale agreement whereby the company must issue 18,500,000 shares (issued) and pay \$10,000,000 over a two year period. The remaining \$2,000,000 payable to Teck Cominco were due November 26, 2007. By mutual consent the parties have agreed to postpone the payment until November 30, 2010.

Transactions with Related Parties

- (a) The Company conducts the majority of its exploration activities through an exploration services contractor in which a director is a principal. For the period ended September 30, 2010 and 2009, the Company paid that contractor amounts as follows:

	2010	2009
Exploration costs	\$ 3,278,839	\$ 1,310,880
Office and administrative costs	\$ 364,355	\$ 269,737
Equipment	\$ 30,226	\$ 7,293
Contract wages	\$ 861,050	\$ 390,798

As at September 30, 2010, there was \$2,793,295 (2009 - \$706,662) payable to that contractor.

Included in the amount owing to that contractor is a charge to the Company for GST in the amount of \$1,354,713 for the period February 1, 2007 to April 30, 2010. This amount will be recovered by the Company in the fourth fiscal quarter of 2010.

- (b) The Company shares office and administrative costs with a company with three directors in common. As at September 30, 2010, \$2,146 (2009 - \$2,146) was due from this company and is included in amounts receivable.
- (c) For the period ended September 30, 2010, consulting fees of \$45,000 (2009 - \$45,000) were charged by a director of the Company. As at September 30, 2010, \$11,260 (2009 - \$23,356) was payable to this director.

All advances to and amounts due from (to) related parties have repayment terms similar to the Company's other accounts receivable (payable) and are without interest. All of the above transactions and balances are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In July 2010, the director who is a principal of the exploration services contractor resigned from the Company.

Proposed Transactions

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

Third Quarter Adjustments

Significant adjustments include the adjustment for stock based compensation of costs \$183,796.

Outstanding Share Capital

As at November 29, 2010, the Company had the following common shares, stock options and warrants outstanding:

Common shares	176,490,917
Stock options	11,560,000
Warrants	19,518,250
Agent's Compensation Options	1,780,062
Agent's Compensation Warrants	1,780,062
Fully Diluted	211,236,849

Disclosure Controls and Internal Controls Over Financial Reporting

The Company's President & Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company.

In accordance with the requirements of Multilateral Instrument 52-109, Certification and Disclosure in the Company's annual and interim filings, evaluations of the design and operating effectiveness of disclosure controls and procedures and the design effectiveness of internal control over financial reporting were carried out under the supervision of the CEO and CFO as of the end of the period covered by this report.

The CEO and CFO have concluded that the design and operation of disclosure controls and procedures were adequate and effective to provide reasonable assurance that material information relating the Company would have been known to them and by others within those entities. The CEO and CFO have also concluded that the Company's internal controls over financial reporting are designed effectively, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

While there were no changes that occurred for the most recent fiscal period that have materially affected the Company's internal control procedures, the CEO and CFO will continue to attempt to identify areas to improve controls and intend to incorporate such improvement over the next fiscal period.

Financial Instruments

The Company has classified its cash and cash equivalents as held-for-trading; marketable securities as available-for-sale; amounts receivable as loans and receivables; reclamation deposits as held-to-maturity; accounts payable and accrued liabilities and loan payable as other financial liabilities.

The carrying values of cash and cash equivalents, amounts receivable (excluding due from related parties) and accounts payable (excluding due to related parties) approximate their fair values due to the short-term maturity of these financial instruments. The carrying value of reclamation deposits approximates their fair value since amounts held earn interest at market rates. The loan payable approximates fair value as it is at a market rate of interest. The fair values of amounts due to and from related parties have not been disclosed as their fair values cannot be reliably measured since there is no quoted market prices for such instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Fair value

The Company's measurement of fair value of financial instruments at September 30, 2010 in accordance with the fair value hierarchy is as follows:

	Total	Level 1	Level 2	Level 3
Assets				
Marketable securities	\$ 1,583	\$ 1,583	\$ 0	\$ 0

The Company's marketable securities are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices.

(b) Credit risk

The Company manages credit risk, in respect of cash and cash equivalents, by purchasing highly liquid, short-term investment-grade securities held at a major Canadian financial institution. In regard to amounts receivable, the Company is not exposed to significant credit risk as the majority are due from governmental agencies.

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:

	2010	2009
Bank accounts	\$ 15,098	\$ 455,656
Temporary investments	900,000	0
Total	\$ 915,098	\$ 455,656

Temporary investments as at September 30, 2010 earn interest at 1.0%.

(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 investing and financing activities. The Company has insufficient cash at September 30, 2010 in the amount of \$915,098 in order to meet its short-term liabilities of \$4,989,244, which are due in the fourth fiscal quarter of 2010. The Company requires significant additional funding to meet its administrative overhead costs and flow-through obligations and maintain its mineral interests in 2010.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign currency risk.

(i) Interest rate risk

Interest rate risk consists of two components:

- (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's loan is at a fixed rate of interest and, therefore, has no significant interest rate risk.

(ii) Foreign currency risk

The Company is not exposed to significant foreign currency risk.

International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board of the CICA confirmed that IFRS will replace Canadian GAAP for publicly accountable enterprises for fiscal years beginning on or after January 1, 2011. As a result, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter of fiscal 2011 for which current and comparative information will be prepared on an IFRS basis. In light of these requirements, the Company has developed an IFRS transition project plan.

The policy plan for transition is as follows:

Policy development and implementation policy decisions IFRS

Transition goal: Identify differences in relevant Canadian GAAP and 1m accounting policies, selection of ongoing IFRS policies, selection of IFRS first-time adoption of IFRS choices, development of new financial statement format.

Status: We have identified the differences between accounting policies under Canadian GAAP in accounting policy choices under IFRS and are in the process of selecting accounting policies under IFRS.

Infrastructure modifications

Transition goal: Staff trained in IFRS requirements and new Global policies. Ensure accounting software selection, ledger accounts used and reporting procedures are sufficient to meet requirements of IFRS policy and reporting.

Status: Key employees and officers have been trained. Additional training for management, Board and other stakeholders will be ongoing throughout the convergence period.

Business activities and contracts

Transition goal: IFRS compliant financing contracts and other contractual arrangements, which extend past January 1, 2010. Contract modifications and re-negotiations completed as necessary.

Status: A review of contracts is planned to start in the next three months. Management is considering IFRS implications in current business negotiations.

Subsequent Event

On May 4, 2010, the Company announced that it had signed an investment agreement (the "Investment Agreement") with KGHM Polska Miedź S.A. ("KGHM") to form a joint venture (the "Joint Venture") to advance Abacus' Afton-Ajax copper-gold project (the "Project") located near Kamloops, B.C. through bankable feasibility study ("BFS") and into production. KGHM is the world's ninth largest copper producer with annual production of over 500,000 tonnes, and the world's third largest silver producer with annual output approximating 1,100 tonnes.

The following are the details of the agreement:

- Formation of a Joint Venture to fast track the development of a mine at the Afton-Ajax camp by combining Abacus' interests in the camp with the financial backing and operational expertise of a leading global copper and precious metals producer
- Capital funding commitment by KGHM of US\$37 million to fully fund the Project through BFS for a 51% interest in the Project
- Funding provisions for the entire Project capex
- Strategic partnership to jointly identify and develop other global targets leveraging Abacus' mineral exploration expertise and KGHM's financial strength and operational expertise
- An immediate C\$4.5 million private placement into Abacus by KGHM (completed)
- Option for KGHM to acquire a further 29% interest in the Project upon completion of BFS for an additional payment of up to US\$35 million

Under the terms of the Investment Agreement, following an immediate private placement in Abacus of C\$4.5 million (completed), KGHM will invest US\$37 million to fund the Project through BFS and earn a 51% interest in the Project. Upon completion of the BFS, KGHM will have the option to acquire a further 29% in the Joint Venture (for a total 80% interest in the Joint Venture) for cash consideration of US\$0.025 per pound copper for 29% of the Proven and Probable copper equivalent

reserve, to a maximum of US\$35 million. At that time, KGHM will arrange the financing for its (80%) proportionate interest in the Project capex and will offer to arrange financing for Abacus' (20%) proportionate interest in the Project capex on commercially reasonable terms.

At the Special Meeting of the Company held on June 22, 2010, the shareholders overwhelmingly approved the Joint Venture transaction with KGHM. More than 90% of the shares represented at the meeting were voted in favour of the transaction. This clears the way for the finalization of the Definitive Joint Venture Agreement that sets out the parameters to fast track and fully fund the development of the Afton-Ajax copper-gold project near Kamloops, B.C. through BFS and into production. The definitive Agreement is expected to be finalized and the JV launched by the end of August.

On October 12, 2010, the Definitive Joint Venture Agreement with KGHM Polska Miedz S.A. formally creating a Joint Venture Company has been finalized and closed.

Other Requirements

Additional disclosure of the Company's technical reports, material change reports, news releases, and other information can be obtained on SEDAR.

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.

Changes in accounting policies including initial adoption

Effective January 1, 2009, the Company adopted the following standards of the Canadian Institute of Chartered Accountants ("CICA") Handbook:

Amendments to Section 1400 – Going Concern

The Company implemented CICA Handbook section 1400 (General Standards of Financial Statement Presentation). Section 1400 was amended to include requirements to assess and disclose an entity's ability to continue as a going concern. When financial statements are not prepared on a going concern basis, that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the company is not considered a going concern. The Company's accounting policies were already in accordance with the requirement of the amended section and there was no effect on the Company's financial statements.

Future accounting changes

(i) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The effective date for the Company is for interim and annual financial statements relating to the Company's fiscal years beginning on or after January 1, 2011.

The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Cautionary Notices

The Company's financial statements for the period ended September 30, 2010, and this accompanying MD&A contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, *Continuous Disclosure Obligations* of the Canadian Securities Administrators. Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions. Forward-looking statements in this MD&A include statements regarding the Company's future exploration plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a part, the ability of the Company to hire and retain employees and consultants and estimated administrative assessment and other expenses. The forward-looking statements that are contained in this MD&A involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Some of these risks and uncertainties are identified under the heading "RISKS AND UNCERTAINTIES" in this MD&A. Additional information regarding these factors and other important factors that could cause results to differ materially may be referred to as part of particular forward-looking statements. The forward-looking statements are qualified in their entirety by reference to the important factors discussed under the heading "RISKS AND UNCERTAINTIES" and to those that may be discussed as part of particular forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause the actual results to differ include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

On Behalf of the Board,
ABACUS MINING & EXPLORATION CORP.

"James D. Excell"

James D. Excell
President, CEO & Director