

**ABACUS MINING & EXPLORATION CORPORATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

### **NOTICE OF NO AUDITOR REVIEW**

The accompanying unaudited consolidated interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim statements by an entity's auditors.

**ABACUS MINING & EXPLORATION CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(Prepared by Management)

	<b>March 31, 2005</b>	<b>December 31, 2004</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 315,721	\$ 720,057
Marketable securities	1,000	1,000
Accounts receivable	604,142	683,542
Loan receivable (Note 3(d))	300,000	100,000
Advances to contractor (Note 6)	145,368	109,003
Prepaid expenses	8,870	4,469
	1,375,101	1,618,071
MINERAL PROPERTIES (Note 3)	3,865,000	3,801,225
EQUIPMENT	26,976	28,229
RECLAMATION DEPOSITS	23,272	23,272
	\$ 5,290,349	\$ 5,470,797
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 80,660	\$ 105,846
<b>SHAREHOLDERS' EQUITY</b>		
SHARE CAPITAL (Note 5)	25,982,848	25,982,848
SHARE PURCHASE WARRANTS	40,748	40,748
OPTION COMPENSATION	579,154	435,118
DEFICIT	(21,393,061)	(21,093,763)
	5,209,689	5,364,951
	\$ 5,290,349	\$ 5,470,797

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

APPROVED BY THE BOARD

*"Douglas A. Fulcher"*

Director - Douglas A. Fulcher

*"J. Patrick Nicol"*

Director - J. Patrick Nicol

**ABACUS MINING & EXPLORATION CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
**For the Three Months Ended March 31**  
**(Unaudited – Prepared by Management)**

	<b>2005</b>	<b>2004</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Stock-based compensation	\$ 144,036	\$ 31,495
Consulting	49,500	14,134
Travel and promotion	40,123	14,387
Salaries and benefits	18,200	3,066
Regulatory fees	14,287	6,724
Office and miscellaneous	6,261	2,677
Investor relations	6,000	8,406
Legal	5,563	11,521
Rent	5,492	7,042
Management fees	4,500	16,125
Transfer agent fees	3,059	1,628
Amortization	1,914	1,656
Accounting and audit	1,500	1,500
Telephone	1,191	1,496
	301,599	121,857
Less: Interest income	(2,301)	(2,164)
<b>LOSS BEFORE THE FOLLOWING</b>	<b>299,298</b>	<b>119,693</b>
General exploration	-	16,814
<b>LOSS FOR THE PERIOD</b>	<b>299,298</b>	<b>136,507</b>
<b>DEFICIT, BEGINNING OF PERIOD</b>	<b>21,093,763</b>	<b>20,010,165</b>
<b>DEFICIT, END OF PERIOD</b>	<b>\$ 21,393,061</b>	<b>\$ 20,146,672</b>
<b>LOSS PER SHARE</b>	<b>\$ 0.01</b>	<b>\$ 0.00</b>

**ABACUS MINING & EXPLORATION CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Three Months Ended March 31**  
**(Unaudited – Prepared by Management)**

	<b>2005</b>	<b>2004</b>
<b>CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (299,298)	\$ (136,507)
Less: non-cash charges		
Amortization	1,914	1,656
Stock-based compensation	144,036	31,495
	<b>(153,348)</b>	<b>(103,356)</b>
Net changes in non-cash working capital balances		
Accounts receivable	86,090	(8,623)
Prepaid expenses	(4,401)	(8,157)
Advances to contractors	(36,365)	-
Accounts payable and accrued liabilities	(25,186)	(12,920)
Loan receivable	(200,000)	-
	<b>(333,210)</b>	<b>(133,056)</b>
<b>INVESTING ACTIVITIES</b>		
Mineral properties	(63,775)	(878,307)
Equipment purchases	(661)	(15,886)
	<b>(64,436)</b>	<b>(894,193)</b>
<b>FINANCING ACTIVITIES</b>		
Issuance of share capital for cash	-	3,084,404
<b>INCREASE (DECREASE) IN CASH DURING THE PERIOD</b>	<b>(407,337)</b>	<b>2,057,155</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>720,057</b>	<b>1,255,205</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 315,720</b>	<b>\$ 3,312,360</b>

**Supplemental disclosure with respect of cash flows:**

During the period ended March 31, 2004 the Company issued 500,000 common shares valued at \$195,000 for the acquisition of mineral interests.

# ABACUS MINING & EXPLORATION CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2005

(Unaudited – Prepared by Management)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

The Company is an exploration stage company engaged principally in the acquisition, exploration and development of mineral properties. The recovery of the Company's investment in mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development and the future proceeds from the disposition of those reserves.

These consolidated financial statements have been 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 March 31, 2005, the Company has a working capital of \$1,294,441 and an accumulated deficit of \$21,393,061. 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.

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting policies generally accepted in Canada and reflect the following policies.

#### (a) Principles of Consolidation

The consolidated financial statements as at December 31, 2004 and 2003 included the accounts of the Company and its wholly owned subsidiary, Abacus Alaska, Inc.

#### (b) Basis of Presentation

The accompanying unaudited interim consolidated financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") in Canada with respect to the preparation of interim financial statements. Accordingly, they do not include all of the information and disclosures required by Canadian GAAP in the preparation of annual financial statements. The accounting policies used in the preparation of the accompanying unaudited interim financial statements are the same as those described in the annual consolidated financial statements and the notes thereto for the year ended December 31, 2004, with the exception of the change in accounting policy for stock based compensation, as disclosed in Note 2(b). In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements including the notes thereto for the year ended December 31, 2004.

#### (c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those reported.

**ABACUS MINING & EXPLORATION CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2005**  
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**3. MINERAL PROPERTIES**

The Company has acquired or has an option to acquire mineral properties as follows:

**(a) Rainbow Property, Kamloops Mining Division, B.C.**

The Company entered into an option agreement to acquire 100% of the optionor's 70% interest in 13 mineral claims on the issue of 150,000 common shares (issued) and a commitment to incur \$1,000,000 in exploration expenditures (incurred) on the property in stages prior to January 17, 2006. The optionor has reserved the right to back-in and acquire up to a 65% interest in any specific mineral deposit located or retain a 1.5% net smelter royalty on which the Company may purchase one-third of for \$1,000,000.

In 2004 the Company paid \$200,000 and issued 500,000 common shares at a deemed value of \$195,000 to the holder of the other 30% vested interest to acquire their right of refusal under their agreement with the optionor.

**(b) Iron Mask Property, Kamloops Mining Division, B.C.**

The Company entered into an option agreement to acquire 100% of the optionor's interest in 39 mineral claims and 20 Crown granted mineral claims on the issue of 100,000 common shares (issued) and the commitment to incur \$1,000,000 in exploration expenditures (incurred), in stages, on the property before January 17, 2006. The optionor has reserved the right to back-in and acquire up to a 65% interest in any specific mineral deposit located or retain a 1.5% net smelter royalty of which the Company may purchase one-third for \$1,000,000.

**(c) Combined Property**

On March 3, 2004, the Rainbow and Iron Mask properties were combined pursuant to an agreement which required an aggregate expenditures of \$1,300,000 with a minimum of \$250,000 to be incurred on the Iron Mask property.

The Company has incurred the required expenditures and its interest has been vested.

Once the Company has notified the optionor that it has incurred \$5,000,000 in expenditures on an ore deposit on the property or prepared a preliminary feasibility study on such specific deposit, the optionor will have 120 days in which to exercise its back-in right.

**(d) Niblack Project, Alaska, U.S.A.**

The Company has acquired a 100% interest in 123, reduced to 47 claims during the year ended December 31, 2003 and 16 patented mineral claims subject to the issue of 500,000 common shares upon making a decision to place the property into production. The optionor of a 70.49% interest in the property has retained a variable 1% to 3% net smelter returns royalty based on the profitability of the property. Certain net profit interests are held by other parties with respect to a 29.51% interest in the property. An additional 100% interest in 2 patented mineral claims have been acquired subject to a final US \$10,000 payment. During 2002 the property was written-down to a nominal value of \$1.

The Company has received approval to reorganize the Company's wholly owned Niblack property. The property will be transferred into a new company, incorporated under the name Niblack Mining Corp. ("Niblack Mining"). Under the terms of the arrangement, Abacus shareholders at record on closing of the arrangement will receive one share of Niblack Mining for every four Abacus shares held.

**ABACUS MINING & EXPLORATION CORPORATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2005

(Unaudited – Prepared by Management)

**3. MINERAL PROPERTIES (continued)**

Niblack Mining will be funded by way of a private placement financing on terms that are yet to be determined. Initial capital has been provided by a \$300,000 loan from Abacus which will be convertible by Abacus into Niblack Mining shares and warrants at a conversion price equal to the planned prospectus offering price. Abacus will be issued approximately 1,000,000 shares of Niblack Mining as a bonus for the foregoing loan and to provide an initial measure of control over the direction of Niblack Mining. On completion of the reorganization and prospectus financing, the Company will hold approximately 6.5% of Niblack Mining, the Abacus shareholders will hold an estimated 61%, and the prospectus purchasers will hold the remaining 32.5%.

At March 31, 2005, expenditures incurred on mineral properties are as follows:

	Rainbow	Iron Mask	Niblack	Total
Balance, December 31, 2004	\$2,514,061	\$1,287,163	\$ 1	\$3,801,225
Additions during period				
Acquisition costs	-	-	-	-
Exploration costs				
Assay	-	8,629	-	8,629
Drilling	-	-	-	-
Geological consulting	-	3,692	-	3,692
Geophysical consulting	-	-	-	-
Contract wages	-	37,813	-	37,813
Travel and accommodation	-	8,774	-	8,774
Reports, drafting, maps	-	-	-	-
Recording fees	-	1,553	-	1,553
Equipment rental	-	2,667	-	2,667
Camp, field supplies	-	647	-	647
	-	63,775	-	63,775
Total additions during period	-	63,775	-	63,775
Balance, March 31, 2005	\$2,514,061	\$1,350,938	\$ 1	\$3,865,000

**4. EQUIPMENT**

Equipment is comprised of office, field and computer equipment and are recorded at cost net of accumulated amortization of \$68,267 as at March 31, 2005.

**ABACUS MINING & EXPLORATION CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2005

(Unaudited – Prepared by Management)

**5. SHARE CAPITAL**

Authorized	No. of	
100,000,000 common shares without par value	Shares	Amount
Issued:		
Balance at December 31, 2004 and March 31, 2005	37,535,602	\$ 25,982,848

**(a) Share Purchase Warrants**

The Company has, as at March 31, 2005, share purchase warrants outstanding entitling the holders to acquire common shares as follows:

Outstanding as at December 31, 2004	Exercise Price	Expiry Date	Issued	Exercised	Expired	Outstanding as at March 31, 2005
394,744*	\$0.24	October 29, 2005	-	-	-	394,744

\* The share purchase warrants issued as part of units in the settlement of outstanding debts have been ascribed a fair value of \$40,748 calculated using the Black-Scholes Option Pricing Model.

**(b) Stock Options**

Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of the grant. As at March 31, 2005 the Company had stock options outstanding to directors and employees for the purchase of up to 6,515,000 common shares exercisable as follows:

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	\$0.45	October 9, 2008
1,500,000	\$0.20	September 17, 2009
1,500,000	\$0.40	October 23, 2009
200,000	\$0.30	December 23, 2009
800,000	\$0.28	March 4, 2010
6,515,000		

**ABACUS MINING & EXPLORATION CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2005

(Unaudited – Prepared by Management)

**5. SHARE CAPITAL (continued)**

A summary of the status of the Company's stock options as at March 31, 2005 and changes during the period then ended is as follows:

	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2004	5,715,000	\$ 0.18
Granted	800,000	0.28
Exercised	-	
Cancelled/expired	-	
Outstanding at March 31, 2005	6,515,000	\$ 0.19

**(c) Stock based compensation**

Pursuant to the CICA standard of accounting for stock-based compensation, the fair value of stock options granted and vested in the period, in the amount of \$144,036 has been recorded as an expense in the period.

The fair value of stock options used to calculate compensation expense is estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	2005
Risk-free interest rate	3.12
Expected dividend yield	-
Expected stock price volatility	108%
Expected option life in years	3

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the

**6. RELATED PARTY TRANSACTIONS**

- (a) 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 \$63,775(2004 - \$562,878) for exploration costs and \$43,217(2004 - \$65,636) to reimburse office and administrative costs. As at March 31, 2005 the Company had advanced \$145,452 that contractor.
- (b) A management fee of \$4,500(2004 - \$7,500) was paid or was owed to a company controlled by a Company director.
- (c) The Company shares office and administrative costs with a company with three directors in common. As at March 31, 2005, \$2,530 was due from this company.

**ABACUS MINING & EXPLORATION CORPORATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2005**

**(Unaudited – Prepared by Management)**

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**7. SEGMENTED DISCLOSURE**

The Company has one operating segment, mineral exploration and development. All of the Company's assets are located in Canada with the exception of its mineral property that is located in Alaska, U.S.A. (refer to Note 3).

**8. SUBSEQUENT EVENTS**

**Corporate Reorganization**

The Company received shareholder, court and regulatory approval of the arrangement to transfer the Company's Niblack property to the newly incorporated Niblack Mining Corp. ("Niblack"). Under the terms of the plan of arrangement, shareholders of the Company at April 15, 2005 will receive four new common shares of the Company and one common share of Niblack for each four common shares held in the Company. Pursuant to the plan of arrangement the exercise price of all outstanding share purchase warrants and stock options of the Company will be reduced by 20%.