Abacus Mining & Exploration Corporation
(An exploration stage company)

Financial Statements
December 31, 2015 and 2014

(Expressed in Canadian dollars)

Index

April 15, 2016

Independent Auditor's Report

To the Shareholders of Abacus Mining & Exploration Corporation

We have audited the accompanying financial statements of Abacus Mining & Exploration Corporation, which comprise the statement of financial position as at December 31, 2015 and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Abacus Mining & Exploration Corporation as at December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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Other matter
The financial statements as at December 31, 2014 and for the year then ended were audited by other auditors who expressed an opinion without reservation in their report dated April 21, 2015.

signed "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

ABACUS MINING & EXPLORATION CORPORATION

Statements of financial position

December 31, 2015 and 2014

Expressed in Canadian dollars

		2015		2014
ASSETS				
Current assets:				
Cash and cash equivalents (Note 4)	$	1,626,237	$	2,084,219
Amounts receivable		6,841		9,666
Prepaid expenses		15,066		23,276
Loan receivable (Note 5)		280,000		-
Due from KGHM Ajax Mining Inc.		-		116,314
		1,928,144		2,233,475
Non-current assets:				
Equipment		19,330		26,384
Loan receivable (Note 5)		-		260,000
Restricted cash (Note 7)		47,252		6,711,115
Investment in KGHM Ajax Mining Inc. (Note 6)		46,759,876		35,255,756
		46,826,458		42,253,255
	$	**48,754,602**	**$**	**44,486,730**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	$	50,049	$	36,597
Interest payable (Note 7)		-		120,000
		50,049		156,597
Long-term liabilities:				
Loan payable to KGHM (Note 6)		7,940,250		-
		7,990,299		156,597
Shareholders' equity: (Note 8)				
Capital stock		84,408,367		84,408,367
Share-based payments reserve		4,931,912		4,625,293
Deficit		(48,575,976)		(44,703,527)
		40,764,303		44,330,133
	$	**48,754,602**	**$**	**44,486,730**

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

Subsequent Events (Note 14)

Approved on behalf of the Board by:

"Michael McInnis"
Chief Executive Officer

"Kerry Spong"
Director

ABACUS MINING & EXPLORATION CORPORATION

Statements of comprehensive loss

For the years ended December 31, 2015 and 2014

Expressed in Canadian dollars

		2015		2014
General and administrative expenses:				
Accounting and audit	$	66,083	$	47,560
Amortization		7,054		9,771
Consulting and directors' fees		187,455		158,330
Insurance		23,769		29,601
Interest Expense		530,641		120,000
Investor relations		10,520		8,900
Legal		99,642		310,412
Office		18,996		84,451
Rent		26,767		39,140
Salaries and contract wages		153,225		377,736
Share-based payments (Note 8)		306,619		119,601
Transfer agent and regulatory fees		21,376		24,120
Travel and promotion		34,406		17,257
Expense Recoveries from KGHM Ajax Mining Inc.		-		(110,776)
		(1,486,553)		(1,236,103)
Other items:				
Partial refund of proceeds on disposal of interest in Ajax project (Note 7)		(3,000,000)		-
Interest income		78,903		140,931
Income (loss) on equity investment in KGHM Ajax Mining Inc. (Note 6)		404,120		(120,670)
Foreign exchange gain (Note 7)		131,081		233,515
Net loss and comprehensive loss for the year	**$**	**(3,872,449)**	**$**	**(982,327)**
Loss per share, basic and diluted	$	(0.02)	$	(0.00)
Weighted average number of common shares outstanding		214,157,611		214,157,611

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

ABACUS MINING & EXPLORATION CORPORATION

Statements of changes in shareholders' equity

Expressed in Canadian dollars

	Number of shares	Capital stock		Share-based payments reserve		Deficit		Total shareholders' equity
Balance December 31, 2013	**213,757,611**	**$ 84,382,367**	**$**	**4,505,692**	**$**	**(43,721,200)**	**$**	**45,166,859**
Share-based payments (Note 8)	-	-		119,601		-		119,601
Issued for settlement of debt (Note 8)	400,000	26,000		-		-		26,000
Net loss and comprehensive loss for the year	-	-		-		(982,327)		(982,327)
Balance December 31, 2014	**214,157,611**	**$ 84,408,367**	**$**	**4,625,293**	**$**	**(44,703,527)**	**$**	**44,330,133**
Share-based payments (Note 8)	-	-		306,619		-		306,619
Net loss and comprehensive loss for the year	-	-		-		(3,872,449)		(3,872,449)
Balance December 31, 2015	**214,157,611**	**$ 84,408,367**	**$**	**4,931,912**	**$**	**(48,575,976)**	**$**	**40,764,303**

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

ABACUS MINING & EXPLORATION CORPORATION

Statements of cash flows

For the years ended December 31, 2015 and 2014

Expressed in Canadian dollars

	2015	2014
Operating activities:		
Net loss for the year	$ (3,872,449)	$ (982,327)
Items not involving cash:		
Share of (income) loss in equity investment (Note 6)	(404,120)	120,670
Share-based payments (Note 8)	306,619	119,601
Amortization	7,054	9,771
Financing expense	410,641	120,000
Foreign exchange gain on restricted cash (Note 7)	(131,081)	(233,515)
Changes in working capital related to operating activities:		
Prepaid expenses	8,210	3,879
Amounts receivable	2,825	(769)
Accounts payable and accrued liabilities	13,452	15,407
Loan receivable	(20,000)	(260,000)
Due from KGHM Ajax Mining Inc.	116,314	(116,314)
Partial refund of proceeds on disposal of interest in Ajax project	3,000,000	-
Cash used for operating activities	**(562,535)**	**(1,203,597)**
Investing activities:		
Restricted cash (Note 7)	3,553,553	6,483,300
Cash contributions to equity investment (Notes 6)	(3,449,000)	(6,600,000)
Cash provided by (used for) investing activities	**104,553**	**(116,700)**
Financing activities:		
Advance (Note 7)	-	3,000,000
Cash provided by financing activities	**-**	**3,000,000**
Decrease in cash and cash equivalents during the year	(457,982)	1,679,703
Cash and cash equivalents, beginning of the year	2,084,219	404,516
Cash and cash equivalents, end of year	**$ 1,626,237**	**$ 2,084,219**

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

1. NATURE OF OPERATIONS

Abacus Mining & Exploration Corporation (the "Company" or "Abacus"), incorporated under the *Company Act* (British Columbia), is an exploration stage company engaged principally in the acquisition, exploration and development of mineral properties in Canada. The address of the Company's office is Suite 615 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6.

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

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

On October 12, 2010, Abacus, KGHM and KGHM Ajax entered into the Definitive Joint Venture Shareholders' Agreement (the "Joint Venture Agreement"). Pursuant to the Joint Venture Agreement, KGHM subscribed for 5,100 common shares of KGHM Ajax, which represented a 51% interest for $37,392,200 (US$37,000,000); these funds were used by KGHM Ajax to fund exploration and evaluation activities during 2010 and 2011 required to produce the bankable feasibility study ("BFS"). Additionally, 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.

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% (Notes 6 and 7). The Joint Venture Agreement includes provisions allowing Abacus to fund its share of cash calls from the Ajax project through to production using loans from KGHM International. Such loans will be repaid from Abacus's share of future dividends from the joint venture.

The financial statements have been prepared under the assumption that the Company is a going concern. The Company currently does not generate any revenue. The Company is dependent on raising additional funds through the issue of equity, debt, disposition of assets, or some combination thereof, to continue the advancement of the Ajax project. Existing working capital is expected to be sufficient to cover non-discretionary operating expenditures for the next twelve months.

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

(a) Basis of preparation

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

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, except where otherwise noted. The financial statements of Abacus were reviewed by the Audit Committee, and the Board of Directors approved and authorized for issue the financial statements on April 15, 2016.

(b) Significant accounting judgments, estimates, and assumptions

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

(i) *Realization of investment in associate*

Realization of the Company's investment in KGHM Ajax is dependent upon KGHM Ajax obtaining permits, the satisfaction of governmental requirements, satisfaction of possible aboriginal claims, the attainment of successful production from the properties, or from the proceeds upon disposal of the Company's interest in KGHM Ajax. The Company performed an assessment, in accordance with its accounting policy, and did not identify objective evidence of impairment as at December 31, 2015.

Where objective evidence of impairment is found, the recoverable amount of the investment in KGHM Ajax would involve using the most recent available economic models and forecasts in assessing whether a potential impairment has occurred. The assumptions to which the calculation of recoverable amount is most sensitive are ore production volume, long term metal prices, discount rates, operating costs, and development and construction costs. These assumptions and estimates, as included in the latest feasibility study, are subject to change based on economic and other factors and these changes can have a material impact on the calculation of recoverable amount of the project.

(ii) *Recoverability of loan receivable*

The loan receivable of $280,000, comprised of principal of $250,000 and interest accrued to December 31, 2015 of $30,000, is subject to review for impairment at every reporting period end. In assessing whether there is any objective evidence of impairment, consideration is given to the borrower's financial position, the nature of any security relating to the loan receivable and its ability to generate cash through operations or from financings in order to be able to satisfy its obligations. Based on management's assessment the loan receivable is not impaired as at December 31, 2015.

(iii) *Income taxes*

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

While management believes that these judgments and estimates are reasonable, actual results could differ from those estimates and could impact future results of comprehensive income and cash flows. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Investments in associates

Investments in which the Company exerts significant influence are accounted for using the equity method, whereby the original cost of the investment is adjusted for the Company's share of profit or loss, other comprehensive income and dividends during the current year in the Company's statements of comprehensive loss. The Company's 20% (2014: 20%) investment in KGHM Ajax is accounted for under the equity method.

(b) Cash and cash equivalents

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

(c) Mineral interests

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

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

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

(d) Impairment of non-financial assets

IAS 28, Investments in Associates, requires that after the application of the equity method, the requirements of IAS 39, Financial Instruments: Recognition and Measurement should be applied to determine whether any impairment loss should be recognized. This requires an assessment of whether there is objective evidence that the Company's interest in KGHM Ajax is impaired. In addition to considering KGHM Ajax's solvency, business and financial risk exposures, consideration must also be given to industry specific factors, such as the current mining industry downturn to the demand for metals produced by KGHM Ajax and to changes in the political or legal environment impacting the ability to put the Ajax project into production.

If an impairment indicator is identified, the rules of IAS 36, Impairment of Assets, are applied to determine whether any impairment loss needs to be recorded. IAS 36 requires that the recoverable amount of the asset in question is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows, based on budgets and forecast calculations, are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

(e) Equipment

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

(f) Earnings (loss) per share

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

(h) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. A corresponding increase in contributed surplus is recorded when stock options are expensed. When stock options are exercised, capital stock is credited by the sum of the consideration paid and the related portion of stock-based compensation previously recorded in contributed surplus. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

Share-based compensation arrangements in which the Company receives goods or services as consideration for its own equity instruments or stock options granted to non-employees are accounted for as equity settled share based payment transactions and measured at the fair value of goods and services received. If the fair value of the goods or services received cannot be estimated reliably, the share based compensation transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

(i) Income taxes

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

(j) Mining and exploration tax credit recoveries

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

(k) Foreign currency translation

The functional and presentation currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transaction. Monetary assets and liabilities that are denominated in foreign currency are translated at the rates prevailing at each reporting date.

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

(l) Financial instruments

(i) *Financial assets*

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

- FVTPL - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in net income (loss).
- *Loans and receivables* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.
- *Available-for-sale* - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income as a component of equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in net income (loss).

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

(ii) *Financial liabilities*

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

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

(m) Accounting standards adopted

Effective January 1, 2014, the Company adopted the following standard: IFRIC 21 - Levies This standard was issued on May 20, 2013 and provided guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent

Expressed in Canadian dollars

Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The adoption of this standard did not have an impact on our financial statements.

(n) New accounting standards not yet adopted

Standards and amendments issued but not yet effective up to the date of authorization of these financial statements are as below:

IFRS 9, Financial Instruments, addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 Financial Instruments: Recognition and Measurement for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. Requirements for financial liabilities are largely carried forward from the existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. The effective date of this new standard will be for periods beginning on or after January 1, 2018 with early adoption permitted. The Company has not yet assessed the impact of this standard or determined whether it will adopt earlier.

IFRS 16, Leases specifies how an issuer will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has an insignificant value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019. The Company has not yet assessed the impact of this standard or determined whether it will adopt earlier.

4. CASH AND CASH EQUIVALENTS

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

Cash and cash equivalents		December 31, 2015		December 31, 2014
Bank accounts	$	60,794	$	59,219
Savings account		1,565,443		2,025,000
	$	1,626,237	$	2,084,219

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

Supplemental cash flows		2015		2014
Supplemental disclosures:				
Interest on cash and cash equivalents	$	38,662	$	24,022
Interest on restricted cash (Note 7)	$	40,241	$	116,700

5. LOAN RECEIVABLE

On June 27, 2014, Abacus and Burnstone Ventures Inc. ("Burnstone") entered into a loan and security agreement (the "Loan") pursuant to which Abacus advanced $250,000 to Burnstone, to be used in relation to Burnstone's Tomichi project located in Colorado. The loan receivable bears interest of 8% per annum ($30,000 accrued to December 31, 2015), was due to mature on December 31, 2015, and is secured by a first priority security interest over Burnstone's option to acquire a 100% interest in the

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Tomichi Project. Subsequent to December 31, 2015, the maturity date of the loan was extended to July 31, 2016 (Note 14).

6. INVESTMENT IN KGHM AJAX MINING INC.

As at December 31, 2015, the Company owns 20% of the common and voting shares of KGHM Ajax. (2014: 20%). KGHM Ajax is a private company incorporated under the *Corporations Act* (British Columbia) and is currently engaged principally in the exploration and development of the Ajax Project located near Kamloops, British Columbia, which is its principal place of operation. KGHM Ajax's two shareholders are KGHM and the Company. As the Company owns 20% of the outstanding common shares of KGHM Ajax and also has representation on the Board of Directors, the Company is considered to have significant influence over KGHM Ajax, and accordingly accounts for its investment in KGHM Ajax using the equity method. Under the equity method, the investment in KGHM Ajax is initially recognized at cost then subsequently adjusted for the Company's share of the profits and/or losses of KGHM Ajax as well as distributions received from KGHM Ajax. To date no dividends or distributions to shareholders of KGHM Ajax have occurred.

During the year ended December 31, 2015, Abacus contributed $11,100,000 (2014: $6,600,000) to KGHM Ajax representing Abacus' 20% share of cash calls of KGHM Ajax made pursuant to the Joint Venture Agreement, in order to continue operations of KGHM Ajax. Abacus' share of the cash calls was paid using funds that were previously held in restricted cash, $3,449,000 (Note 7). Pursuant to the terms of the Joint Venture Agreement, once the restricted funds were exhausted, Abacus could elect to contribute its proportionate share of the operational expenditures or, without any dilution to its 20% ownership of KGHM Ajax, request that KGHM provide the funding as a loan, to be recovered from Abacus' share of revenue upon commencement of production at Ajax. The restricted funds having been exhausted, the Company elected during the second quarter of fiscal 2015 that KGHM provide the funding as a loan (the "KGHM Loan"). The KGHM Loan is to be recovered from Abacus' share of revenue upon commencement of production at Ajax, and bears interest of 10% per annum. At December 31, 2015, $7,651,000 has been provided by KGHM and the Company has accrued interest of $289,250.

During the year ended December 31, 2014, Abacus contributed $6,600,000 to KGHM Ajax representing Abacus' 20% share of cash calls of KGHM Ajax made pursuant to the Joint Venture Agreement, to finance the continuing operations of KGHM Ajax during 2014. Abacus' share of the cash call was paid using funds that were previously held in restricted cash (Note 7).

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

Investment in KGHM Ajax		
Investment in KGHM Ajax as of December 31, 2013	$	28,776,426
Abacus' cash contributions to KGHM Ajax pursuant to cash calls		6,600,000
Abacus' share of the profit/loss of KGHM Ajax during the year ended December 31, 2014		(120,670)
Investment in KGHM Ajax as of December 31, 2014	$	35,255,756
Abacus' cash contributions to KGHM Ajax pursuant to cash calls		11,100,000
Abacus' share of the profit/loss of KGHM Ajax during the year ended December 31, 2015		404,120
Investment in KGHM Ajax as of December 31, 2015	$	46,759,876

Expressed in Canadian dollars

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

Selected financial information of KGHM Ajax		December 31, 2015		December 31, 2014
Cash and cash equivalents	$	905,335	$	3,746,215
Current assets (excluding cash and cash equivalents)		7,097,123		4,184,124
Total non-current assets		238,268,447		181,210,212
Total assets	$	246,270,905	$	189,140,551
Current liabilities	$	8,015,864	$	8,486,400
Non-current liabilities		4,421,322		4,341,032
Total shareholders' equity		233,833,719		176,313,119
Total liabilities and equity	$	246,270,905	$	189,140,551

		Year ended December 31, 2015		Year ended December 31, 2014
Net (income) loss and comprehensive (income) loss	$	(2,020,600)	$	603,349
Revenue	$	nil	$	nil
Interest income	$	(458,201)	$	(150,160)
Amortization	$	61,103	$	39,268
Interest and accretion expense	$	88,448	$	12,537
Income tax expense	$	nil	$	nil

Expressed in Canadian dollars

7. RESTRICTED CASH AND ADVANCE

Pursuant to the terms of the Joint Venture Agreement, KGHM elected, on April 2, 2012, to acquire an additional 29% interest in KGHM Ajax (for a total 80% interest) for cash consideration of $30,159,107 (US$29,907,881), which funds are held in trust by KGHM Ajax and presented as restricted cash on the Company's statements of financial position, to be used to fund Abacus' share of the investment activities of KGHM Ajax.

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 Advance	Total
Balance, December 31, 2013	52,024	15,908,876	-	15,960,900
Abacus' cash contribution to KGHM Ajax (Note 6)	-	(6,600,000)	-	(6,600,000)
Collateral in respect of advance	-	(3,360,000)	3,360,000	-
Advance	-	(3,000,000)	-	(3,000,000)
Foreign exchange gain	-	233,515	-	233,515
Interest income	(22)	96,778	19,944	116,700
Balance, December 31, 2014	$ 52,002	$ 3,279,169	$ 3,379,944	6,711,115
Credit card security returned	(25,875)			(25,875)
Abacus' cash contribution to KGHM Ajax (Note 6)	-	(3,449,000)	-	(3,449,000)
Foreign exchange gain	-	131,055	-	131,055
Interest income	(168)	38,899	1,226	39,957
Collateral returned	-	-	(3,360,000)	(3,360,000)
Balance December 31, 2015	25,959	123	21,170	47,252

On June 26, 2014, Abacus signed an agreement (the "Advance Agreement") for an advance of $3,000,000 to be drawn from the funds held in trust with KGHM Ajax. Under the terms of the agreement, the advance bore interest of 8% per annum, and was due December 31, 2015. The advance was collateralized by $3,360,000 of the funds held in trust. As a condition of the agreement, Abacus continued to contribute its 20% share of the 2015 program and budget towards development of the Ajax Project from the funds held in trust. Pursuant to the terms of the Advance Agreement, as the Company was unable to repay the advance by December 31, 2015, the advance was satisfied by the collateralized funds held in trust, which were released to KGHM Ajax on January 12, 2016 (note 14). As a result these funds are not available to satisfy the Company's future funding of KGHM Ajax and the company recorded a partial refund of proceeds on disposal of interest in the Ajax project of $3,000,000.

Pursuant to the terms of the Joint Venture Agreement, Abacus could elect to contribute its proportionate shares of the operational expenditures or, without any dilution to its 20% ownership of KGHM Ajax, request that KGHM provide the funding as a loan, to be recovered from Abacus' share of revenue upon commencement of production at Ajax. Using funds that were previously held in restricted cash Abacus contributed $3,449,000 (2014: $6,600,000) to KGHM Ajax, representing Abacus' 20% share of cash calls of KGHM Ajax made pursuant to the Joint Venture Agreement, in order to continue operations of KGHM Ajax. The restricted funds having been exhausted, the Company elected during the second quarter of fiscal 2015 that KGHM provide the funding as a loan. Under the provisions of the KGHM Loan, at December 31, 2015, $7,651,000 has been provided by KGHM, and the Company has accrued interest in the amount of $289,250.

8. SHAREHOLDERS' EQUITY

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

(a) Capital management

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

There were no changes in the Company's approach to capital management during the year ended December 31, 2015. The Company is not subject to externally imposed capital requirements.

(b) Authorized capital stock

At December 31, 2015, the authorized capital stock of the Company is comprised of an unlimited number of common shares without par value.

(c) Share issuances

Details of issuances during the years ended December 31, 2015 and 2014 are as follows:

(i) On May 28, 2014, the Company issued 400,000 common shares to the then-CFO of the Company, in satisfaction of indebtedness on termination of employment. The shares were valued at a market value of $0.065 per share, for total value of $26,000.

(d) Stock options

The Company has a "20% fixed" stock option plan (the "Plan") pursuant to which stock options may be granted to its directors, officers, employees and consultants, to a maximum of 20% of the Company's issued shares as at the date of shareholder approval of the Plan, such that at December 31, 2015 stock options may be granted allowing for the purchase of up to, in the aggregate, a maximum of 24,509,135 shares. The exercise price of any option granted shall not be less than the minimum price permitted by the policies of the TSX Venture Exchange (the "Exchange"). 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. Options granted vest at the discretion of the Board of Directors and in accordance with regulatory requirements. The Plan further provides that at any such time the Exchange rules differ from specific terms of the Plan, then the rules of the Exchange shall apply. As at December 31, 2015, the Company had stock options outstanding allowing for the purchase of up to, in the aggregate, 11,340,000 common shares (2014: 7,555,000) exercisable as follows:

Expressed in Canadian dollars

December 31, 2015		**Awards Outstanding**		**Awards Exercisable**	
Exercise Price	Expiry Date	Quantity	Remaining Contractual Life	Quantity	Remaining Contractual Life
$0.235	January 26, 2017	995,000	1.07	995,000	1.07
$0.12	October 8, 2018	2,200,000	2.77	2,200,000	2.77
$0.05	February 20, 2020	1,520,000	4.14	1,140,000	4.14
$0.065	November 16, 2020	1,000,000	4.88	250,000	4.88
$0.06	December 28, 2020	5,625,000	4.99	5,512,500	4.99
		11,340,000	**4.09**	**10,097,500**	**4.02**

The weighted average remaining contractual life of the stock options outstanding as at December 31, 2015 is 4.09 (2014: 2.12) years.

A summary of the status of the Company's stock options as at December 31, 2015 and 2014, and changes during the years then ended follows:

Status of stock options	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2013	9,160,000	$0.19
Expired	(1,605,000)	$0.21
Outstanding, December 31, 2014	**7,555,000**	**$0.18**
Granted	8,165,000	$0.06
Expired	(4,380,000)	$0.20
Outstanding, December 31, 2015	**11,340,000**	**$0.09**

The fair value of the stock options that are expected to vest is recognized as a share-based payments expense over the vesting period of the options. During the year ended December 31, 2015, share-based payments expense for stock option grants vesting during the year was $306,619 (2014: $119,601).

On February 20, 2015 the company granted stock options to employees, directors and officers of Abacus, allowing for the purchase of up to, in the aggregate, 1,540,000 shares, of which 20,000 stock options expired as of December 31, 2015. 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 0.8%, expected life of five years, expected volatility of 88.6% 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 $52,654 of which $39,734 was recognized during the year ended December 31, 2015.

On November 16, 2015 the company granted stock options allowing for the purchase of up to, in the aggregate, 1,000,000 shares, to directors 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 0.94%, expected life of five years, expected volatility of 93.16% 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 $41,542 of which $10,462 was recognized during the year ended December 31, 2015.

Expressed in Canadian dollars

On December 28, 2015 the company granted stock options allowing for the purchase of up to, in the aggregate, 5,625,000 shares, to employees, directors and officers 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 0.75%, expected life of five years, expected volatility of 93.78% 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 $239,944 of which $235,196 was recognized during the year ended December 31, 2015.

9. INCOME TAXES

The Company is subject to Canadian Federal and British Columbia Provincial income taxes. Income tax expense (recovery) differs from the amount that would be computed by applying the combined Federal and Provincial statutory income tax rate of 26.00% (2014: 26%) to loss before income taxes, due to the following:

		Year ended December 31, 2015 ($)		Year ended December 31, 2014 ($)
Income taxes				
Loss for the year	$	3,872,449	$	982,237
Effective statutory tax rate		26%		26%
Expected income tax recovery	$	(1,006,837)	$	(255,405)
Change in benefit of tax losses not recognized		189,527		180,741
Non-deductible items		817,310		74,664
Income taxes	**$**	**-**	**$**	**-**

Future potential tax deductions that are not used to offset deferred income tax liabilities are considered to be unrecognized deferred income tax assets. The significant components of the Company's unrecognized deferred income tax asset are as follows:

Unrecognized deferred income tax asset	**December 31, 2015 ($)**	**December 31, 2014 ($)**
Net capital loss carry-forwards	444,678	444,679
Non-capital loss carry-forwards	2,967,619	2,778,182
Non-refundable mining income tax credit	45,560	175,229
Share issue costs	22,835	28,544
Excess of tax values over accounting values of:		
Investments	300,951	203,011
Mineral interests	109,045	109,045
Equipment	10,444	8,610
	3,901,132	**3,747,300**

Expressed in Canadian dollars

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

Loss carry-forwards	December 31, 2015 ($)
Net capital losses, which carry forward indefintely to offset future taxable capital gains	1,710,302
Non-capital losses, which expire as follows:	
2028	969,662
2029	2,740,111
2031	1,896,050
2032	2,489,488
2033	1,415,710
2034	1,173,950
2035	728,950

10. RELATED PARTY TRANSACTIONS

All advances to and amounts due from related parties are incurred in the normal course of business, have repayment terms similar to the Company's other trade receivables (payables), and do not incur interest. The following are the related party transactions occurring during the year ended December 31, 2015.

(a) Compensation of key management personnel

Key management personnel consist of the directors and executive officers of the Company. The remuneration, including share-based payments, of key management personnel during the years ended December 31, 2015 and 2014 follow:

Compensation of key management personnel	2015	2014
Accounting	$ 30,563	$ 22,000
Consulting and contract wages	86,250	127,667
Share-based payments (Note 8)	306,619	117,352
Directors' fees	84,375	91,153
	$ 507,807	$ 358,172

On May 28, 2014, the Company issued 400,000 common shares to the then-CFO of the Company, in satisfaction of indebtedness on termination of employment. The shares were valued at market value of $0.065 per share, for total value of $26,000.

11. FINANCIAL RISK MANAGEMENT

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

a) Credit risk

The Company manages credit risk, in respect of its cash and cash equivalents, by purchasing highly liquid, short-term investment-grade securities held at major Canadian financial institutions. The Company is exposed to credit risk from related party balances. Concentration of credit risk exists with respect to the Company's cash and cash equivalents (Note 4), restricted cash (Note 7) and loan receivable (Note 5), 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:

Expressed in Canadian dollars

Concentration of credit risk and maximum exposure		December 31, 2015		December 31, 2014
Bank accounts	$	60,794	$	59,219
Savings account		1,565,433		2,025,000
Loan receivable (Note 5)		280,000		260,000
Restricted cash (Note 7)		47,252		6,711,115
	$	1,953,479	$	9,055,334

(b) 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 $50,049 (2014: $36,597) are due in the first quarter of 2016. At December 31, 2015, the Company had cash and cash equivalents, and accounts receivable of $1,633,078, which is sufficient to satisfy the expected requirements for the ensuing twelve months. The advance of $3,000,000 from funds in trust, was due to be returned to funds in trust by December 31, 2015. Pursuant to the terms of the Advance Agreement, as the Company was unable to repay the advance by December 31, 2015, the advance was satisfied by the collateralized funds held in trust, which were released to KGHM Ajax on January 12, 2016 (note 14).

(c) 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 is not exposed to foreign currency risk.

(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.

12. SEGMENT DISCLOSURE

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

13. CONTINGENCIES

On September 21, 2015, Chief Ignace and Chief Gottfriedson, on behalf of the Stk'emlùpsemc te Secwepemc of the Secwepemc Nation, (the "SSN") filed a Notice of Civil Claim in the BC Supreme Court, naming the Provincial and Federal governments and KGHM as defendants. SSN seeks declarations of Aboriginal rights and title over a portion of their traditional territory, focused on the Ajax Project area, damages for infringements of those Aboriginal rights and title, and interim and permanent injunctions preventing activities in relation to the Ajax Project. The Company is not a defendant, and has been advised that KGHM is receiving legal advice in respect of this matter.

14. SUBSEQUENT EVENTS

On January 12, 2016, in respect of the Loan with Burnstone Ventures Inc., the Company agreed to extend the maturity date of the Loan to July 31, 2016.

Pursuant to the terms of the Advance Agreement, as the Company was unable to repay the advance by December 31, 2015, the advance was satisfied by the collateralized funds held in trust, as to principal of $3,000,000 and interest of $360,000, which were released to KGHM Ajax on January 12, 2016. In connection with this transaction on January 29, 2016, the Company paid $24,494 to KGHM Ajax from interest earned on restricted funds.

Pursuant to the terms of the Joint Venture Agreement, on January 29, 2016, $1,515,506 was provided as a loan by KGHM Ajax to allow the company to meet it 20% obligation of the cash call for the first quarter of fiscal 2016.