ABACUS MINING & EXPLORATION CORP.

Management Discussion & Analysis

FORM 51-102F1

For the Period Ending

December 31, 2006

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 audited financial statements including the notes thereto for the years ending December 31, 2006 and December 31, 2005.

The accompanying audited 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 April 5, 2007 (“Report Date”), are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to the potential future performance. The information in the MD&A may contain forward-looking statements. These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

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

Overall Performance

Abacus Mining & Exploration Corp. (the “Company”) is a junior mining and exploration company actively engaged in the acquisition, exploration and development of mineral resource properties. The Company trades on the TSX Venture Exchange under the symbol AME. As at the date hereof, the Company presently holds options on mineral resource properties in the Afton Mine Camp near Kamloops, British Columbia.

During the twelve month period ending December 31, 2006, the Company raised a significant amount of capital through a private placement with a syndicate of agents. The Company issued 20 million units at a price of 60 cents and 3,571,430 flow-through units at a price of 70 cents per unit to raise gross proceeds of $14.5-million. Each unit consists of one common share and one-half of one common share purchase warrant. Each flow-through unit consists of one common share issued on a flow-through basis and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share for a period of two years from the closing date at a price of 85 cents.

The Company also raised $589,800 through the issuance of 816,000 shares for the exercise of warrants and 990,000 for the exercise of incentive stock options

In March, the Company announced that drilling commenced on the wholly owned copper-gold Afton project located near Kamloops, in south-central British Columbia. Two diamond drill rigs were commissioned and completed 50,000 metres of drilling. The drill program is designed to explore on a property-wide scale that will test deep targets below the Ajax pits and expand the preliminary resources below and on strike at the DM Zone. The program was completed in December.

Based on the results of drilling in the Ajax West pit, the Company began a resource estimation study that was completed subsequent to the period. The results are tabled below:

Cutoff (% Cu)	Tonnes	Copper (%)	Gold (g/t)	Total pounds of Copper	oz Gold
0.10	221,925,978	0.292	0.184	1,428,647,649	1,312,876
0.15	183,531,761	0.3271	0.2061	1,323,505,995	1,216,149
0.20	147,269,070	0.3647	0.2296	1,184,081,088	1,087,129
0.25	114,703,646	0.4048	0.2538	1,023,650,879	935,980
0.30	86,927,513	0.4466	0.279	855,874,546	779,757

The above resource numbers represent a global inferred resource and further work is needed to determine the economic viability of the deposit and how much of this resource can be classified as measured or indicated reserves.

Drilling in 2005 and 2006 by the Company in the Ajax West area included 42 holes totalling over 20,000 metres which tested 650 metres of strike length to depths of up to 500 metres. Highlights of this drilling included 408 metres grading 0.52% copper and 0.31 g/t gold in hole AW-05-01. Numerous high grade intercepts were returned from the deeper drilling (24 metres grading 1.31% copper and 1.17 g/t gold in hole AW-06-025) which indicate the potential for a higher grade underground target.

Administrative expenses before stock-based compensation costs and interest income total $850,081. Exploration expenditures on the Afton properties during the period total $14,867,405 of which $4,635,693 was spent on exploration while $10,231,712 was spent on acquisition of the Afton infrastructure. Including exploration and acquisition amounts from previous periods, the Company has spent $28,334,900 on the Afton properties.

Selected Annual Information

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

	Revenues	$ Net Income/ (Loss)	Earnings (Loss) per share $	Total Assets $	Long term debt $	Cash Dividends $
2006	**-**	**(935,150)**	**(0.01)**	**33,612,130**	**-**	**-**
2005	-	(1,090,602)	(0.03)	15,219,132	-	-
2004	-	(1,083,598)	(0.03)	5,470,797	-	-
2003	-	(456,578)	(0.03)	2,315,428	-	-

Since the acquisition of the Afton property in 2001, the operational and exploration costs have significantly increased give the activity of the Company. The increase is primarily due to the favourable market conditions which have afforded the Company the ability to raise a significant amount of funds. For the fiscal periods ending 2003, 2004, and 2005 the Company raised $2,028,929, $3,673,861 and $900,000 through private placements, warrant exercises, and exercise of stock options, respectively. In fiscal 2006, over $15,089,801 has been raised, which will have a significant impact on the growth of the Company's mineral based assets. Increased exploration expenses on the Afton property have also transpired into a significant increase in operational expenses for management support, consulting services and promotional costs.

As the demand for precious and base metal commodities is expected to remain strong through 2007, management of the Company expects the growth of the Company to continue in a similar manner. While exploration expenditures are expected to be significantly greater in 2007, management will attempt to maintain greater control over its operational expenses.

The Company employs various controls and measure to ensure the Company is in accordance with current accounting standards and regulatory policies. All non related party invoices are subject to review by management before authorization is given for payment. Any related party invoices are subject to independent review by two members of management before authorization is given for payment.

Results of Operations

Expenses for the period ending December 31, 2006 total $1,255,730. Significant expenditures include stock-based compensation charges of $706,310 a non-cash charge representing approximately 56% of the Company's general and administrative costs. Actual expenditures for the year total $850,081, which have increased significantly over fiscal 2005 ($685,300) given the significant amount of corporate and exploration activity. The biggest changes on a comparative basis include consulting fees of 218,518 which represent a 93% increase over fiscal 2005. The increase is a result of the extensive use of promotion, consulting, and engineering firms. Also, legal fees increased 118% to $101,694 as the Company made extensive use of its legal counsel with respect to financings, shareholder rights plan and increased regulatory correspondence. Interest income in fiscal 2006 increased to $300,661 over 2005 ($35,272). Interest income is derived from funds invested in Guaranteed Investment Certificates (GICs).

<u>Afton Properties, Kamloops, B.C</u>.

The Company held an agreement with Afton Operating Corporation and Teck Cominco to acquire a 100% interest in all of Teck Cominco's interests in 289 mineral claims and 31 Crown grants in the vicinity of the past producing Afton mine. The Company also signed an agreement with Discovery-Corp. Enterprises Inc. ("Discovery") to earn all of Discovery's interest on the Rainbow portion of the claims. In July 2004, the Company met the terms and conditions of the Agreements signed between the company, Teck Cominco Ltd.

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 aforementioned assets for a total price of $28.5-million by issuing 18.5 million shares and paying $10-million cash. The Company has issued 13.5 million shares to Teck Cominco and has paid $5.0 million cash. The remaining cash payment and shares are due on or before November 26, 2007. 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.

As previously mentioned, drilling in 2005 and 2006 by the Company in the Ajax West, Ajax East and the DM area totalled over 40,000 metres which tested 650 metres of strike length to depths of up to 500 metres. Highlights of this drilling included 408 metres grading 0.52% copper and 0.31 g/t gold in hole AW-05-01. Numerous high grade intercepts were returned from the deeper drilling (24 metres grading 1.31% copper and 1.17 g/t gold in hole AW-06-025) which indicate the potential for a higher grade underground target.

Summary of Quarterly Results

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

	Revenue $	Income (Loss) $	Income (Loss) per share $
December 31 ,2006	Nil	(388,886)	(0.01)
September 30, 2006	Nil	(135,742)	(0.01)
June 30, 2006	Nil	(460,479)	(0.01)
March 31, 2006	Nil	49,957	0.00
December 31, 2005	Nil	(121,628)	0.00
September 30, 2005	Nil	(300,286)	(0.01)
June 30, 2005	Nil	(369,391)	(0.01)
March 31, 2005	Nil	(299,298)	(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. This year the Company will have a significant diamond drilling program on the Afton property which in turn, raises costs associated with promotion, travel and general expenses. The loss during the most recent period is considerably higher due to the size of the stock based compensation expense.

Liquidity

The consolidated financial statements are prepared on a 'going concern' basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At December 31, 2006, the Company has working capital $4,850,454 and an accumulated deficit of $23,119,515. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise equity financing and the attainment of profitable operations.

The Company also had the following share purchase warrants and incentive stock options at the period ending December 31, 2006 available for exercise:

Warrants

Outstanding as at December 31, 2005	Exercise Price	Expiry Date	Issued	Exercised	Expired	Outstanding as at September 30, 2006
1,000,000	$0.55	January 13, 2007	0	(816,000)	0	184,000
	$0.75	February 16,2008	2,357,143			2,357,143
	$0.85	February 16, 2008	11,785,715			11,785,715
1,000,000			14,142,858	(816,000)	0	14,326,858

Options

Options Outstanding		
Number of Shares	**Exercise Price**	**Expiry Date**
352,500	$0.16	April 16, 2007
720,000	$0.08	April 4, 2008
475,000	$0.15	September 4, 2008
300,000	$0.29	October 9, 2008
1,175,000	$0.16	September 17, 2009
1,450,000	$0.32	October 23, 2009
800,000	$0.28	March 4, 2010
500,000	$0.34	May 20, 2010
2,000,000	$0.90	April 7, 2011
7,772,500		

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

Capital Resources

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

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 and pay $10,000,000 over a two year period. To date, the Company has issued 13,500,000 shares and paid $5,000,000.

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. The Company paid that contractor $4,784,623 (2005 - $689,586) for exploration costs and $229,809 (2005 - $167,796) to reimburse office and administrative costs. As at December 31, 2006, there was $180,114 payable to that company.

(b) A management fee of $18,000 (2005 - $18,000) and rent of $31,247 (2005 - $27,147) was paid or was owed to a company in which a director is a principal. As at December 31, 2006, there was $4,514 (2005 - $4,067) due to that company.

(c) The Company shares office and administrative costs with a company with two directors in common. As at December 31, 2006 and 2005, $2,146 was due from this company.

(d) Legal fees in the amount of $50,013 (2005 - $46,297) were paid to a firm in which an officer of the Company is a partner.

(e) A director of the Company was paid $60,000 for consulting services in 2006 and 2005. As at December 31, 2006, $11,969 (2005 - $37,673) was a payable to this director.

Proposed Transactions

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

Fourth Quarter Adjustments

Significant adjustments include the adjustment for stock based compensation of $233,304 due to the granting of incentive stock options and $94,337 with respect to additional interest income earned from re-investment of funds into GIC's.

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 consolidated 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.

Risks and Uncertainties

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

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

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

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

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

On Behalf of the Board,
ABACUS MINING EXPLORATION CORP.

Doug Fulcher,
President