



Form 51-102-F1 Management Discussion & Analysis for the period ending  
March 31, 2008

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**ABACUS MINING & EXPLORATION CORP.**  
**Management Discussion & Analysis**

**FORM 51-102F1**

**For the Period Ending**

**March 31, 2008**

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 period ending March 31, 2008 and 2007.

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 May 28, 2008 ("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](http://www.sedar.com).

## **Overall Performance**

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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 consisted of one common share and one-half of one common share purchase warrant. Each flow-through unit consisted of one common share issued on a flow-through basis and one-half of one common share purchase warrant. Each whole warrant entitled 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 shares for the exercise of incentive stock options

During the twelve month period ending December 31, 2007, the Company raised a further significant amount of capital through two private placements and exercise of warrants and incentive stock options.

On June 7, 2007 the Company closed the brokered private placement with a syndicate of agents led by Pacific International Securities Inc. and Dundee Securities Corp. (the "Agents"). The Company issued 13,645,000 non flow-through units (the "Units") at a price of \$0.70 per Unit and 11,250,000 flow-through units (the "Flow-Through Units") at a price of \$0.80 per Flow-Through Unit for gross proceeds of \$18,551,500. Each Unit consisted of one common share and one-half of one transferable common share purchase warrant (each whole such warrant a "Warrant"). Each Flow-Through Unit consisted of one flow-through common share and one-half of one Warrant. Each Warrant entitled the holder to purchase one additional non-flow through common share until December 6, 2008 at a price of \$1.25. The Agents received a cash commission of \$781,305 and were issued 739,000 Units and 2,489,500 Agents' Options. Each Agent's Option entitled the Agents to purchase one common share until December 6, 2008 at a price of \$0.85.

The Company concurrently issued, on a non-brokered basis, 443,700 Units at a price of \$0.70 and 595,750 Flow-Through Units at a price of \$0.80 per Flow-Through Unit to raise gross proceeds of \$787,190. Each Unit consisted of one common share and one-half of one common share purchase warrant. Each Flow-Through Unit consisted of one common share issued on a flow-through basis and one-half of one common share purchase warrant. Each whole warrant entitled the holder to purchase one additional common share until January 3, 2009 at a price of \$1.25 per share. Finders were paid a cash commission of \$7,000 and were issued 31,059 Units and 56,870 Agents' Options. Each Agent's Option entitled the holder to purchase one additional common share until January 3, 2009 at a price of \$0.85 per share. Proceeds from the private placement financing will be used to finance further exploration on the Afton Project and for general working capital.

The Company also raised \$127,075 through the issuance of 128,500 shares for the exercise of warrants and 352,500 shares for the exercise of incentive stock options.

For the period ending March 31, 2008, the Company did not raise any funds.

Administrative expenses before stock-based compensation costs and interest income for the three month period ending March 31, 2008 total \$453,814. Exploration expenditures on the Afton properties during this period total \$2,900,377 of which \$2,784,060 was spent on exploration and \$116,317 was spent on acquisition of the Afton infrastructure. Including exploration and acquisition amounts from previous periods, the Company has spent \$44,730,745 on the Afton properties.

In 2006, the Company carried out a significant exploration program on its wholly owned copper-gold Afton project located near Kamloops, in south-central British Columbia. Two diamond drill rigs were commissioned and completed 33,000 metres of drilling. The drill program was designed to explore on a property-wide scale to test deep targets below the Ajax pits and expand the preliminary resources below and on strike at the DM/Audra Zone. The program was completed in December, 2006.

Based on the results of drilling in the Ajax West pit, the Company began a resource estimation study (NI43-101) that was completed in March, 2007. This resource calculation is tabled below:

Cutoff (% Cu)	Tonnes	Copper (%)	Gold (g/t)	Total pounds of Copper	Total ounces of 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.

In April 2007, the Company commenced a significant exploration program at its Afton property. Currently, three diamond drills are active. A 50,000 metre drill program is planned with initial drilling to focus on expanding the current resource at the Ajax West deposit. Drilling is also being conducted on the Ajax East deposit in order to complete a 43-101 compliant resource on it by mid summer. This will give the Company four, 43-101 compliant resources in the Afton Camp (Ajax West, Ajax East, Rainbow and DM/Audra deposits). Environmental baseline studies and metallurgical testing have been initiated and a preliminary economic assessment is planned upon completion of the drilling. A feasibility study is planned for 2008.

On May 31, 2007, the Company announced the first set of assay results from the 2007 diamond drill program on the Ajax Property near Kamloops, B.C. Of the three drill rigs operating at the property, two have significantly expanded the mineralized zone at the Ajax East pit while one rig continues to expand and increase the confidence level of the recently calculated resource estimation at the Ajax West pit. This phase of drilling has now completed over 15,000 metres of drilling and continues to expand the mineralized zones at the Ajax deposits.

On June 11, 2007, the Company announced the results from the initial metallurgical testing on the Company's Afton project. Initial test work was conducted by G & L Metallurgical Services Ltd. On material from the Ajax West deposit. The initial test work indicates recoveries of 90% for copper and 85% for gold and produces a concentrate grading 28.8% copper and 17.8 g/t gold. These new results indicate an 8.4% increase in the copper recovery, a 13% increase in the gold recovery and a 37% increase in the concentrate copper grade and a 19% increase in the concentrate gold grade over the historic recoveries from the Ajax pits (83T for copper, 75% for gold and a concentrate grading 21% copper and 15.0 g/t gold).

On September 10, 2007, the Company announced further results from the ongoing diamond drill program on the Ajax Property. A total of three drill rigs are carrying out the 2007 program. The first drill rig is dedicated to defining a NI43-101 compliant resource in the Ajax East zone. The second drill rig is being used to fill-in and possibly expand the NI43-101 compliant Ajax West inferred resource estimate completed in March, 2007 by Beacon Hill Consultants Ltd. The third drill rig is situated at the DM-Audra-Crescent zone and is intended to expand on the NI43-101 compliant resource estimate, which is open at depth and along strike. Assay results are pending.

On October 30, 2007, the Company announced that it has signed two letters of intent – one with New Gold Inc. and the second with New Gold Inc. and Teck Cominco Limited to resolve certain issues related to land access and surface and mineral rights required for the potential development and future production of its assets in the Afton camp. Subsequent to the period ending December 31, 2007, definitive agreements between all parties were completed.

For the quarter ending December 31, 2007, the Company announced the appointment of Mr. Tom McKeever as Chairman of Board. Mr. McKeever's career in the metals and mining industry commenced in 1977 when he joined AMAX Inc., then a NYSE/Fortune 500 global metals and energy producer. Mr. McKeever held various positions of increasing responsibility with AMAX, including serving as President and CEO of its AMAX Coal Company before returning to the corporate headquarters in 1985 as Executive Vice President, and joining the Board of Directors on AMAX Inc. in 1988. Mr. McKeever also served on behalf of AMAX on the Boards of AMAX-affiliated companies in Canada and Australia. Mr. McKeever later served as Executive Chairman of MG plc upon its successful IPO on the London Stock Exchange in 1999 and subsequently as Chairman of Sempra Metals Limited,

a London-based global leader in both physical and financial metals trading. Mr. McKeever retired from Sempra Metals at the end of 2006.

Exploration in the final quarter included work on the Ajax West and East area with assays reporting from each area. Significant intercepts include hole AE-07-038 that intercepted 98 metres averaging 0.63% copper and 0.40 g/t gold, and 54.74 metres of 0.91% copper and 0.56 g/t gold in the East area. In the West area, hole AW-07-059 that intercepted 111 metres of 0.45% copper and 0.28 g/t gold.

Hole AW-07-063 intercepts 48 metres of 0.49% copper and 0.27 g/t gold.

Holes AW-07-059 and 063 expand the mineralized zone at the west end of the pit at least 50 metres southwards.

In addition, the Company announced an updated schedule of operations that includes plans for development by 2010. The schedule through early 2010 will primarily focus on the Ajax area properties and includes metallurgical testing, condemnation drilling for placement of mine infrastructure and permitting.

Additional information on the Company's latest news releases can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Since the acquisition of the Afton property in 2001, the operational and exploration costs have significantly increased given 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 and 2007, the Company raised \$15,089,800 and \$19,465,765, which has had 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 2008, management expects the growth of the Company to continue in a similar manner. While exploration expenditures are expected to be significantly greater in 2008, management will attempt to maintain greater control over its operational expenses.

## **Results of Operations**

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Expenses for the three month period ending March 31, 2008 total \$450,011 before income tax. Expenditures for the year have increased over the same period in 2007 (\$206,839). The biggest changes on a comparative basis include increases of \$89,530 for stock based compensation, \$79,979 for consulting, \$62,427 for travel and promotion and 52,806 for salaries and benefits.. . Travel and promotion and consulting fees increased due to the extensive use of promotion and financial consulting firms. Interest income for the year increased to \$71,073 from \$41,910 in 2007. Interest income is derived from funds invested in Guaranteed Investment Certificates (GICs) and Bankers Acceptances. The Company has no exposure to Asset Backed Commercial Paper.

### Afton Properties, Kamloops, B.C.

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 41 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 \$8.0 million cash. The remaining cash payment and shares due on or before November 26, 2007, have been extended to May 30, 2008 .

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.

### **Summary of Quarterly Results**

The selected consolidated 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 \$
March 31, 2008	Nil	(501,365)	(0.01)
December 31, 2007	Nil	(1,424,691)	(0.01)
September 30, 2007	Nil	(129,553)	(0.00)
June 30, 2007	Nil	(606,213)	(0.01)
March 31, 2007	Nil	(206,839)	(0.00)
December 31, 2006	Nil	(388,886)	(0.01)
September 30, 2006	Nil	(135,742)	(0.01)
June 30, 2006	Nil	(460,479)	(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.

### **Liquidity**

As at March 31, 2008, the Company had working capital \$6,261,522 (2007 - \$3,593,748) and an accumulated deficit of \$25,988,176 (2007 - \$23,326,354).

At the period ending March 31, 2008, the Company had 107,917,360 shares outstanding and share



capital of \$72,189,753. As at the date hereof, the Company has 108,637,360 shares outstanding and a share capital of \$72,247,353.

As at March 31, 2008, the Company also had the following share purchase warrants and incentive stock options available for exercise:

Warrants

Outstanding as at December 31, 2007	Exercise Price	Expiry Date	Issued	Exercised	Expired	Outstanding as at March 31, 2008
2,357,143*	\$0.75	February 16, 2008	0	0	(2,357,143)	0
11,785,715*	\$0.85	February 16, 2008	0	0	(11,785,715)	0
12,817,000	\$1.25	December 6, 2008	0	0	0	12,817,000
535,255	\$1.25	January 3, 2009	0	0	0	535,255
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27,495,113			0	0	(14,142,858)	13,352,255

- expired subsequent to year-end

Options

Options Outstanding		
Number of Shares	Exercise Price	Expiry Date
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 22, 2009
800,000	\$0.28	March 4, 2010
500,000	\$0.34	May 20, 2010
2,000,000	\$0.90	April 7, 2011
400,000	\$0.65	March 15, 2012
500,000	\$0.45	January 11, 2013
925,000	\$0.45	February 1, 2013
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9,245,000		

\* exercised subsequent to March 31, 2008

In addition, the Company has granted Agents Options to acquire 2,489,500 Units exercisable at \$0.85 per unit with an expiry date of December 6, 2008 and 56,870 Units exercisable at \$0.85 per unit with an expiry date of January 3, 2009.

Outstanding obligations include rent of office space, which is in the first 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: 2008 - \$23,642, 2009 - \$23,642, 2010 - \$25,858, 2011 - \$26,597, 2012 - \$26,596 and 2013 - \$6,649.

## Capital Resources

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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 \$8,000,000. The remaining 5,000,000 shares and \$2,000,000 payable to Teck Cominco were due November 26, 2007. By mutual consent the parties have agreed to postpone the payment until May 30, 2008.

## Transactions with Related Parties

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- (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 \$2,769,632 (2007 - \$1,021,450) for exploration costs and \$166,048 (2007 - \$44,272) to reimburse office and administrative costs that include contract wages of \$82,806 (2007 - \$30,000). As at March 31, 2008, there was \$1,207,100 (2007 - \$664,797) payable to that contractor.
- (b) A management fee of \$1,500 (2007 - \$4,500) and rent of \$3,014 (2007 - \$9,041) were paid to a company in which a director is a principal. As at March 31, 2008, there was \$nil (2007 - \$4,514) due to that company and included in accounts payable.
- (c) The Company shares office and administrative costs with a company with three directors in common. As at March 31, 2008, \$2,146 (2007 - \$2,146) was due from this company and included in accounts receivable.
- (d) The Company shares office and administrative costs with a company with four directors in common. As at March 31, 2008, \$6,690 (2007 - \$6,690) was due from this company and included in accounts receivable.
- (e) Consulting fees of \$30,318 (2007 - \$15,000) were paid to directors of the Company. As at March 31, 2008, \$13,555 (2007 - \$11,689) was payable to these directors.

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.

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**Proposed Transactions**

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

**First Quarter Adjustments**

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Significant adjustments include the adjustment for stock based compensation of \$118,625 due to the granting of incentive stock options, \$71,073 with respect to additional interest income earned from re-investment of funds into GIC's and \$51,354 with respect to future income tax expense.

**Outstanding Share Capital**

As at May 28, 2008, the Company had the following common shares, stock options and warrants outstanding:

<b>Common shares</b>	108,637,360
<b>Stock options</b>	9,525,000
<b>Warrants</b>	15,898,624
<b>Fully Diluted shares outstanding</b>	134,060,984

**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**

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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

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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.

### **Cautionary Notices**

The Company's consolidated financial statements for the period ended March 31, 2008, 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.**

*"Doug Fulcher"*

Doug Fulcher,  
President