ABACUS MINING & EXPLORATION CORP.

Management Discussion & Analysis

FORM 51-102F1

For the Year Ended

December 31, 2009

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 for the years ended December 31, 2009 and 2008, including the notes thereto.

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 March 2, 2010 (“Report Date”), are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to the potential future performance. The information in the MD&A may contain forward-looking statements.

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

Overall Performance

Abacus Mining & Exploration Corp. (the “Company”) is a mineral exploration and development company engaged in the acquisition, exploration and development of mineral resource properties. The Company is a Tier One issuer that trades on the TSX Venture Exchange under the symbol AME. As at the date hereof, the Company holds a 100% interest in six mineral resource properties in the Afton Mine Camp (“Afton”) near Kamloops, British Columbia. The Company also holds the right to acquire 6,000 acres of land and earn a 100% interest in mining infrastructure and related permits in the Afton area.

Activity of the Company is generally dependent on the sources of capital and access to funding in the capital markets. Over the past year, the Company successfully completed a private placement for gross proceeds of $7,025,400 and secured a loan of $2,500,000, that provided the Company the necessary capital to achieve its objectives.

Exploration at Afton focused on the Ajax area where $3,815,654 of the $4,247,152 in exploration expenditures and acquisition costs in 2009 was allocated. Exploration and geotechnical drilling, to provide for prefeasibility studies, comprised a significant amount of the exploration costs ($880,733) as did work associated with the preliminary economic assessment ($846,721). When combined with previous periods, the Company has spent $46,661,572 on the Afton properties, including $20,917,918 on the Ajax ground and $16,450,502 on various assets within the Afton camp.

In April 2009, the Company completed a $2,500,000 loan with Maxtech Ventures Inc. (“Maxtech”). The term of the loan agreement is for a period of one year bearing an interest rate of 12% per annum, compounded monthly. The loan may be repaid at any time after a six month period without penalty. Pursuant to TSX Venture Exchange policies, the Company issued the lender 1,250,000 shares at a fair value of $0.10 per share and finder's fee of $125,000. During the fourth quarter, the Company repaid $605,117 in interest and principal to Maxtech. Subsequent to the year ending December 31, 2009, the Company has repaid the remaining $2,147,461 balance including principal and interest payments to Maxtech.

In June 2009, the Company released a National Instrument 43-101 ("NI 43-101") compliant study completed by Wardrop, a Tetra Tech Company ("Wardrop"), containing production parameters, capital costs, operating costs, and other financial projections for an open pit mine processing 60,000 tonnes of mill feed per day. The metal prices used for the base case were US $2.00 per pound copper and US $700 per ounce gold.

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

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

Ajax Resource Estimate

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

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

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

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

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

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

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

- Hole AM-09-018 intersects 325.55 metres (1,068 feet) averaging 0.33% copper and 0.27g/t gold, and 105.05 metres (344.7 feet) averaging 0.47% copper and 0.39 g/t gold; both of which are part of a larger interval consisting of 520.2 metres (1706.7 feet) averaging 0.27% copper and 0.22 g/t gold. This hole is still in the mineralized zone at the end of the hole at 678.48 metres (2,226 feet) and will be deepened at the first opportunity.

- Hole AM-09-024 intersects 137.5 metres (451.1 feet) averaging 0.39% copper and 0.36 g/t gold; including 37.5 metres (123 feet) averaging 0.68% copper and 0.61 g/t gold. These intercepts form part of a larger mineralized interval consisting of 198 metres (649.6 feet) averaging 0.33% copper and 0.29 g/t gold.

- Hole AM-09-031 intersects 71.5 metres (234.6 feet) averaging 0.47% copper and 0.25 g/t gold; and a 112.5 metre (369.1 feet) intercept averaging 0.35% copper and 0.26 g/t gold; both of which are part of a larger interval consisting of 263.5 metres (864.5 feet) averaging 0.32% copper and 0.21 g/t gold.

In December 2009, the Company announced that it closed a private placement raising gross proceeds of $7,025,400. The Company issued 19,502,000 units (the "Units") and 12,500,000 flow-through common shares (the "Flow-through Shares"), which includes the partial exercise of the over-allotment option, at a price of $0.20 per Unit and $0.25 per Flow-through Share.

Each Unit consists of one common share and one transferable common share purchase warrant. Each warrant will entitle the holder to acquire one common Share at a price per common Share of $0.30 for a period of 36 months following the closing date of the Offering.

The agents received cash commissions of $491,778 and were issued 1,920,120 options to acquire units (“Agent option”). Each Agent option entitles the holder to acquire one common share plus one share purchase warrant until December 29, 2012 at a price of $0.20 per Agent option. Each warrant will entitle the holder to acquire one common share until December 29, 2012 at a price of $0.30 per share. Other cash share issuance costs of $487,115 were incurred by the Company in respect of this public equity financing, resulting in net cash proceeds received of $6,046,057.

Selected Annual Information

The selected consolidated information set out below has been gathered from annual financial statements for the previous three annual periods and is based on Canadian GAAP (in Canadian dollars):

	Revenues	$ Net Income/ (Loss)	Earnings (Loss) per share $	Total Assets $	Long term debt $	Cash Dividends $
2009	**-**	**(1,741,745)**	**(0.01)**	**53,872,835**	**-**	**-**
2008	-	(1,808,882)	(0.02)	47,060,657	-	-
2007	-	*(255,780)	(0.00)	45,409,215	-	-

*During 2007, the a future income tax liability in the amount of $2,111,516 was incorrectly presented on the renunciation of $9,539,850 of exploration expenditures for flow-through common shares issued in 2007 instead of recording it on the date the renunciation was filed with taxation authorities in 2008.

Since 2007, the Company has made considerable progress on the exploration properties in the Afton area. As the projects advance, additional specialized staff and personnel have kept corresponding general and administrative costs associated with the normal course of business quite high. As the Ajax project advances, the Company will require additional engineering, environmental and other specialized personnel. The Company expects that general and administrative costs will continue to be at levels similar to 2008 and 2009.

In 2007, the Company raised $19,465,765 which has significantly impacted the development of the Company's mineral based assets. Increased exploration expenses on the Afton property have also resulted in a significant increase in operational expenses for management support, consulting services and promotional costs.

As the Company has moved from an exploration firm to a mineral development focus, changes have been made at the board level. In 2008, Mr. Robert Friesen and Mr. Paddy Nicol resigned as directors of the Company however, they retain roles in the organization as Senior Geologist, and Senior Vice President and CFO, respectively. In their place, Mr. Victor Lazarovici and Mr. Louis Montpellier joined as independent directors, and Mr. Thomas McKeever took the position of Executive Chairman of the Company.

A project development team that includes Mr. Andrew Pooler, Executive Vice President and Chief Operation Officer, Mr. Jim Whittaker, Project Manager, and Mr. Gordon Frost, Chief Mining Engineer has been formed to help facilitate the mining and engineering work required to achieve a planned 60,000 tonne per day mining operation. To date, this team has successfully completed the PEA and has now focused their attention on prefeasibility studies.

Additional information on the Company's latest news releases and technical reports can be found on SEDAR at *www.sedar.com.*

Results of Operations

Activities of the Company for the year ending December 31, 2009 focused on continued engineering and exploration work based on the results of the Company's PEA, announced June 22, 2009. In-house engineering studies, commissioned to potentially refine and improve the economics of the PEA, will be incorporated into the prefeasibility study that commenced in December 2009.

The total cost for the acquisition, exploration and engineering work for the year ended December 31, 2009 was $4,247,152. Of this amount, $846,721 was allocated to the PEA, $880,733 was allocated to drilling, $604,169 was allocated to prefeasibility work, and $589,099 was allocated to contract wages stemming from exploration work on the mineral properties.

Total expenditures on the mineral properties in 2009 ($4,247,152) were approximately 40% lower than fiscal 2008 ($7,089,052). The decrease in expenditures is attributable to the shift in the exploration approach of the Ajax deposit. As the project advances, the requirement for costly exploration drilling has decreased, and the need for advanced engineering and environmental studies has increased through the PEA and prefeasibility studies. The Company had a very active drill program in 2008 where $5,734,716 was spent drilling Ajax whereas in 2009, the Company progressed through various levels of economic studies largely based on the work completed in 2008 and only $880,733 was spent on drilling Ajax in 2009. In fiscal 2010 however, the Company plans to spend approximately $3.5 million on prefeasibility work, and approximately $5.0 million on feasibility studies.

For the quarter ending December 31, 2009, $1,622,003 was spent on exploration work on the Company's property. Approximately half of the expenditures were attributable to drilling ($877,890) as the Company embarked on converting inferred resources on the Ajax deposit to an indicated status. In addition, $395,527 was expended on prefeasibility work and $205,503 on contract wages. Consistent with the previous three quarters, most of the Company's exploration activities focused on engineering level studies with minor field work completed.

Administrative costs during the three month period and year ending December 31, 2009 total $304,098 and $2,377,127, respectively. Costs for the quarter ending December 31, 2009 represent a 51% decrease over the same period in 2008 ($606,140). Costs for the year ending December 31, 2009 represent a 9.7% decrease over the same period in 2008 ($2,632,410).

Significant variances are a result of fluctuations in contract wages and consulting fees. For the year ending December 31, 2009, contract wages ($508,846) were 23% lower than in the same period in 2008 ($662,182) as some office staff were either laid off or utilized less due to less activity. Consulting fees of $431,960 were also significantly less than in 2008 ($705,626) as there were no bonuses provided for the recruitment of new management and officers.

Legal, rent, and investor relations costs increased significantly over the twelve month period. Legal costs ($114,505) associated with the Maxtech loan and the land acquisition agreement with Teck Ltd. represent an 86% increase over the same period in 2008 ($61,652). Rent increased significantly ($95,329 in 2009 versus $56,546 in 2008) as the Company subsidizes apartment space as per one of its employment contracts and per the agreed annual increase in its office tenancy agreement.

Investor relations cost increased $39,343 over 2008 as the Company sought investor exposure through different mediums of advertising.

Legal, rent and investor relations costs over the three-month period had increases similar to the twelve-month period. Legal costs were higher ($20,598 in 2009 versus $12,813). Investor relations costs ($38,372 in 2009 versus $17,472 in 2008) were considerably higher as the Company used various forms of advertising and promotion for the results of the recently completed PEA and also retained a new investor relations professional

Interest charges have also been significant in comparison to the previous period due to the loan with Maxtech Ventures. The loan has been amortized using the effective interest method with a rate of 26.01%. During the year ended December 31, 2009, the Company accrued interest expense of $465,263 ($217,716 in accrued interest and $247,547 accretion of the loan in finder's fees and bonus shares), and made principal and interest payments of $605,117. Subsequent to the period ending December 31, 2009, the Company repaid the remaining outstanding principal and interest in the amount of $2,147,461.

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

Afton Properties, Kamloops, B.C.

The Company holds a 100% interest in 41 mineral claims and 31 Crown grants in the vicinity of the past producing Afton mine. The properties were purchased from Afton Operating Corporation and Teck Cominco, and from Discovery-Corp. Enterprises Inc. on the Rainbow portion of the claims.
The Company has an asset purchase agreement with Teck Cominco Limited ("Teck Cominco") to acquire the mill buildings, shop facilities, tailings dam, associated land, permits and back-in rights at the past producing Afton mine. Under the terms of the agreement with Teck Cominco, the Company will acquire the assets 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 $2.0 million cash payment and issuance of 5,000,000 shares due on or before November 26, 2007, have been extended to July 31, 2010.

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

Effective June 4, 2009, the parties amended the Asset Purchase Agreement. Under the terms of the Amending Agreement, if, on the Transfer Date, the weighted market value of the payment shares is less than $18,500,000, Teck will receive additional common shares of the Company sufficient to increase its ownership interest in the Company to not more than 19.9%, plus an additional cash payment of up to $5,000,000 for the balance of the deficit. The number of additional shares and the amount of additional cash is dependent on the market value of the Company at the time the assets are transferred from Teck to the Company. The additional cash payment, if any, is payable at the earlier of 18 months after the Transfer Date or from 20% of net proceeds from any equity financing activities, within 5 days of receipt.

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

The Company also holds an interest in 20 mineral claims surrounding the Ajax pits pursuant to an Option Agreement (the “Agreement”) with New Gold Inc. (“New Gold”) Under the terms of the Agreement, the Company must incur $2.5 million in exploration expenditures (completed) and deliver a PEA by July 25, 2010 (delivered). Upon delivery of the PEA, New Gold has 90 days to establish a joint venture where the Company would hold a 60% interest in, and be the operator of, any open pit operation (to a maximum pit depth not exceeding 500 metres), while New Gold would retain a 40%.

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

Summary of Quarterly Results

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

	Revenue $	Income (Loss) $	Income (Loss) per share $
December 31, 2009	**Nil**	**580,990**	**0.01**
September 30, 2009	Nil	(729,480)	(0.01)
June 30, 2009	Nil	(1,019,718)	(0.01)
March 31, 2009	Nil	(573,537)	(0.01)
December 31, 2008	Nil	215,792	0.01
September 30, 2008	Nil	(675,006)	(0.01)
June 30, 2008	Nil	(848,303)	(0.01)
March 31, 2008	Nil	(501,365)	(0.01)

Fluctuations in the Company’s expenditures reflect the seasonal variations of exploration and the ability of the Company to raise capital for its projects. During the periods ending December 31, 2008, and December 31, 2009 future income tax recovery adjustments of $950,859 and $714,457 were incurred, respectively. While the Company incurred operating costs comparable to other periods, the offsetting income tax recovery charges resulted in income amounts of $215,792 and $580,990, also respectively. Additionally, quarterly periods ending in June and September are generally higher as overall corporate activity increases with respect to promotional, travel and investor relations.

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

Liquidity

At December 31, 2009, the Company has working capital of $3,364,328 (2008 - $3,456,200 working capital), and an accumulated deficit of $26,925,922 (2008 - $25,184,177). Given the Company's current exploration and development plans, it is anticipated that the Company will have a working capital deficiency subsequent to the period ending December 31, 2009, and is currently investigating a number of possibilities to continue paying its creditors and operate its normal course of business. Specifically, the Company will actively seek prospective investors in the capital markets for equity based funding. Alternatively, the Company will seek to engage strategic partners (producing mid-tier and senior mining companies) to structure an equity style offering or some other form of strategic investment in the Company. The Company anticipates that the likelihood of either event is high given the favourable response to Company efforts made to date.

The $2,500,000 loan payable to Maxtech will be repaid through application with the BC Provincial Government under the Mineral Exploration Tax Credit . At the period ended December 31, 2009, the Company has repaid $605,117 to Maxtech. Subsequent to the period ending December 31,2009, funds under the METC program were received and the Company has repaid the loan and interest payable in full.

At December 31, 2009, the Company has 156,304,609 shares outstanding and share capital of $72,121,063. As at the date hereof, the Company has 156,334,609 shares outstanding and a share capital of $72,125,563.

As at December 31, 2009, the Company also had the following share purchase warrants and incentive stock options available for exercise:

Warrants

Outstanding as at December 31, 2008	Exercise Price	Expiry Date	Issued	Exercised	Expired	Outstanding as at December 31, 2009
535,254	$1.25	January 3, 2009	0	0	(535,254)	0
5,756,332	$0.50	March 10, 2010	0	0	0	5,756,332
760,246	$0.30	March 10, 2010	0	0	0	760,246
0	$0.30	December 29, 2012	19,502,000	0	0	19,502,000
0	$0.30	December 29, 2012	1,920,120*	0	0	1,920,120*
7,051,832			21,422,120	0	(535,254)	27,938,698

* As at December 31, 2009, Agent options to acquire one common share and one share purchase warrant. each warrant is exercisable at $0.30 per share expiring December 31, 2012.

Options

Options Outstanding Number of Options	Exercise Price	Expiry Date
800,000	$0.28	March 4, 2010
450,000	$0.34	May 20, 2010
1,275,000	$0.90	April 7, 2011
400,000	$0.65	March 15, 2012
335,000	$0.45	January 11, 2013
880,000	$0.45	February 1, 2013
1,000,000	$0.14	May 5, 2013
1,650,000	$0.26	August 29, 2013
840,000	$0.15	February 20, 2014
300,000	$0.10	March 3, 2014
2,030,000	$0.20	June 29, 2014
100,000	$0.25	September 17, 2014
1,920,120*	$0.20	December 29, 2012
11,980,120		

* As at December 31, 2009, Agent options to acquire one common share and one share purchase warrant. each warrant is exercisable at $0.30 per share expiring December 31, 2012.

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

Capital Resources

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

The Company's Asset purchase agreement with Teck Cominco is a binding purchase and sale agreement whereby the company must issue 18,500,000 shares 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 July 31, 2010.

Transactions with Related Parties

(a) The Company conducts the majority of its exploration activities through an exploration services contractor in which a director is a principal. For the years ended December 31, 2009 and 2008, the Company was charged by that contractor amounts as follows:

	2009	**2008**
Exploration costs	$ 2,760,640	$ 9,003,548
Office and administrative costs	$ 419,518	$ 245,188
Equipment	$9,999	$ 46,104
Contract wages	$ 508,846	$ 662,182

As at December 31, 2009, there was $1,076,956 (2008 - $460,899) payable to that contractor.

(b) For the year ended December 31, 2009, management fees of $nil (2008 - $1,500) and rent of $nil (2008 - $3,014) were paid to a company in which a director is a principal.

(c) The Company shares office and administrative costs with a company with three directors in common. As at December 31, 2009, $2,146 (2008 - $2,146) was due from this company and included in amounts receivable.

(d) Consulting fees of $60,000 (2008 - $60,000) were charged by a director of the Company. As at December 31, 2009, $40,166 (2008 - $6,374) was payable to this director.

All advances to and amounts due from (to) related parties have repayment terms similar to the Company's other accounts receivable (payable) and are without interest. All of the above transactions and balances are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. There are no ongoing contractual or other commitments resulting from the above-mentioned related party transactions.

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 costs $134,956 accrued interest and accretion of loan payable of $188,493, decrease in the future income tax liability of $714,457 and an adjustment to the recoverability of the BC mining tax credit receivable in the amount of $510,170.

Outstanding Share Capital

As at March 2, 2010, the Company had the following common shares, stock options and warrants outstanding:

Common shares	156,334,609
Stock options	11,860,120
Warrants	27,938,698
Fully Diluted shares outstanding	196,133,427

Disclosure Controls and Internal Controls Over Financial Reporting

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

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

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

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

International Financial Reporting Standards ("IFRS")

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

The policy plan for transition is as follows:

Policy development and implementation policy decisions IFRS

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

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

Infrastructure modifications

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

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

Business activities and contracts

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

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

Subsequent Event

On February 16, 2010, the Company received $2,056,914 plus $51,316 pursuant to its application for the BC METC refund for 2008. Accordingly, the principal and interest pursuant to the Maxtech loan was repaid in the amount of $2,147,461.

Other Requirements

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

Risks and Uncertainties

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

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

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

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

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

Changes in accounting policies including initial adoption

There were no changes in accounting policies during the year ended December 31, 2009.

Future accounting changes

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

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that January 1, 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. The IFRS standards will be effective for the Company for interim and annual financial statements relating to the Company's fiscal year beginning on or after January 1, 2011. The effective date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the interim periods and year ended December 31, 2010. The Company has begun the planning and scoping phase of the transition to IFRS and intends to transition to IFRS financial statements during fiscal 2011. While the Company has begun assessing the adoption of IFRS for fiscal 2012, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

(ii) Business Combinations

In January 2009, the CICA issued Section 1582, “Business Combinations”, Section 1601, “Consolidated Financial Statements”, and Section 1602, “Non-Controlling Interests”. These sections replace the former Section 1581, “Business Combinations”, and Section 1600, “Consolidated Financial Statements”, and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

Financial Instruments

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

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

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

(a) Fair value

The Company's measurement of fair value of financial instruments at December 31, 2009 in accordance with the fair value hierarchy is as follows:

	Total	Level 1	Level 2	Level 3
Assets				
Marketable securities	$ 2,083	$ 2,083	$ -	$ -
Liabilities				
Loan payable	$ 2,057,725	$ -	$ -	$ 2,057,725

The Company's marketable securities are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices. The Company's notes payable are classified within Level 3 of the fair value hierarchy because they are valued using unobservable inputs.

(a) Credit risk

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

Concentration of credit risk exists with respect to the Company's cash and cash equivalents as all amounts are held at a single major Canadian financial institution. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	2009	2008
Bank accounts	$4,847,622	$ 27,467
Temporary investments	0	1,011,663
Total	$4,847,622	$1,039,130

Temporary investments as at December 31, 2008, earned interest at 1.42% and matured on January 30, 2009.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet commitments as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company has sufficient cash at December 31, 2009 in the amount of $4,847,622 in order to meet its short term liabilities of $3,694,835, of which $1,637,110 is due in the first fiscal quarter of 2010 and loan payable in the principal amount of $2,053,479 plus accrued interest of $59,120 due on April 1, 2010. The Company requires significant additional funding to meet its administrative overhead costs and flow-through obligations and maintain its mineral interests in 2010.

(d) Market risk

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

(i) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

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

(ii) Foreign currency risk

The Company is not exposed to significant foreign currency risk.

Cautionary Notices

The Company's financial statements for the period ended December 31, 2009, 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