ABACUS MINING & EXPLORATION CORPORATION

(An exploration stage company)

Management's discussion & analysis

For the period ended March 31, 2014

May 22, 2014

The following Management's Discussion and Analysis ("MD&A") of the financial condition of Abacus Mining & Exploration Corporation (an exploration stage company) ("Abacus" or the "Company") and results of operations of the Company, should be read in conjunction with the unaudited condensed financial statements including the notes thereto for the three months ended March 31, 2014 and 2013 and the audited financial statements including the notes thereto for the years ended December 31, 2013 and 2012 (the "Financial Statements").

The Financial Statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Abacus' accounting policies are described in Note 3 of the Financial Statements. These Financial Statements, together with this MD&A dated May 22, 2014, 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 potential future performance. All dollar amounts are in Canadian dollars unless otherwise noted.

Special Note Regarding Forward-Looking Information

The Company's condensed financial statements including the notes thereto for the three months ended March 31, 2014 and 2013, and the audited financial statements including the notes thereto for the years ended December 31, 2013 and 2012, 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.

Additional information relating to the Company and its operations can be obtained from the offices of the Company or on SEDAR at *www.sedar.com*.

Background and overall performance

Abacus is engaged in the acquisition, exploration, and development of mineral resource properties. The Company is a Tier 1 Issuer that trades on the TSX Venture Exchange under the symbol AME. As at the date hereof, the Company holds a 20% interest in KGHM Ajax Mining Inc. ("KGHM Ajax") a British Columbia corporation; KGHM Ajax holds a 100% interest in in the Ajax Mine Camp near Kamloops, British Columbia (the ("Ajax Project") which is in post feasibility study/permitting phase of development.

In May 2010, the Company announced the signing of a significant strategic investment agreement (the "Agreement") with KGHM Polska Miedz SA ("KGHM") to form a joint venture to advance the Ajax Project through the bankable feasibility study ("BFS") and into production. KGHM is one of the world's largest copper and silver producers. On October 12, 2010 the parties executed the definitive joint venture shareholders' agreement ("Joint Venture Agreement"). These agreements included the following highlights:

- KGHM and the Company completed a $4.5-million private placement involving the purchase of 15 million common shares of Abacus at a price of $0.30 per share.
- Abacus incorporated a wholly-owned subsidiary, KGHM Ajax, and transferred all of its mineral property interests in the Ajax Project fair valued at US $35,549,020 to KGHM Ajax in exchange for 4,900 common shares of KGHM Ajax.
- KGHM acquired a 51% interest in KGHM Ajax by investing US$37,000,000 in cash in exchange for 5,100 common shares of KGHM Ajax at the closing of the transaction on October 12, 2010. These funds were used for: (a) the completion of the BFS and certain other obligations which occurred during 2010 and 2011; and (b) the acquisition of additional land areas and exploration of other targets in the Ajax Project area. By December 31, 2011 substantially all of these funds had been used to fund the planned activity.
- Abacus, initially was the Operator of the Ajax Project. KGHM had the option to become the Operator of the Ajax Project, as described below.

KGHM's development Option (the "Development Option"):

- Following the completion of the BFS, KGHM had the option to acquire an additional 29% interest, for a total 80% direct interest in KGHM Ajax, for cash consideration of US$0.025 per pound for the corresponding 29% of proven and probable copper equivalent reserves (as defined in the BFS) up to a maximum of US$35,000,000. This payment will be applied directly toward Abacus' proportionate share of the project's capital costs. After acquiring the additional 29%, KGHM can elect to become the Operator of the Ajax Project.

- KGHM is responsible for arranging the financing for its proportionate share of 80% of the Ajax Project's capital costs and will offer to arrange the financing for the balance of Abacus's proportionate share of 20% of the project's capital costs on commercially reasonable terms.

In accordance with the provisions of the Agreement, in December 2011 the Company delivered the Ajax Project's BFS to KGHM which was followed by the filing of the BFS on SEDAR on January 6, 2012. This NI 43-101 independent study supports a 60,000 tonne per day conventional milling plant producing a copper-gold concentrate containing 25% Cu and 18 g/t Au. The BFS was led by Tetra Tech WEI (formally Wardrop) in conjunction with a team of globally recognized independent consultants.

The base case highlights of the Ajax Project include (all economic figures in US$):

- Total proven and probable mineral reserves of 3 billion lbs Cu and 2.7 million ozs Au at 0.27% Cu and 0.17 g/t Au based on $2.50 Cu and $1,085 Au
- 23 year mine life at a processing rate of 60,000 t/d or 21.9 million t/a at a LOM stripping ratio of 2.4:1
- Life of mine production of 2.5 billion lbs Cu and 2.28 million ozs Au in concentrate
- Initial capital costs of $795 million, including contingency of $87 million
- Cash cost per lb of copper of $1.28 net of gold credits
- The pre-tax economic model has an internal rate of return (IRR) of 14.5% and a net present value (NPV) of US$416 million at an 8% discount rate, with payback of the initial capital of 7.8 years.

On April 2, 2012, KGHM exercised the Development Option and thus increased its ownership in KGHM Ajax to 80%. As a result, cash consideration of US$29,907,881 was paid by KGHM on April 2, 2012, which under the terms of the Joint Venture Agreement, Abacus is required to place into trust with KGHM Ajax to fund Abacus' share of the future investment activities of KGHM Ajax.

On August 17, 2012, KGHM notified Abacus that it was exercising its option to appoint KGHM International Ltd. ("KGHMI") as the Operator of the Ajax Project effective September 1, 2012 and a representative from KGHMI was appointed to KGHM Ajax's board of directors increasing KGHM's representatives on the board to three members and Abacus' representatives remaining at two. In addition, each of Abacus and KGHM selected a new appointee for the Chief Financial Officer and the Chief Operating Officer roles of KGHM Ajax.

With the change in operatorship, the Company is now in a more passive role with the Ajax Project monitoring the progress and success of KGHMI as operator.

KGHMI, has committed significant resources to the project's development since assuming the operatorship on

September 1, 2012. With a strategy of engaging the community with a strong local presence, KGHMI has expanded the Ajax project team throughout 2013 which currently numbers 30 employees. Agreements have been signed with the Stk'emlupsemc te Secwepemc ("STS"), represented by the Tk'emlups and Skeetchestn

First Nations bands for a Cultural Heritage Study and a Memorandum of Understanding ("MoU").Consultations continue with the STS on a Capacity Funding Agreement to assist them in the review of the Environmental Assessment and towards aligning an Impacts Benefits Project Agreement ("IBA"). The IBA would define the mutual responsibilities between KGHM-Ajax and the STS in connection with the benefits, construction, operations, and closure of the Ajax project.

An extensive review was performed by KGHMI staff and outside consultants in late 2012 through to mid 2013

to optimize the Ajax mine plan including validation of the proposed capital and operating expenditures. On

August 2, 2013, (please refer to Abacus' press release of same date), KGHMI informed Abacus and the community of Kamloops that it is evaluating opportunities to make modifications to the Ajax project layout in the BFS which, interalia, may improve the economics of the project, increase the distance of the project's infrastructure from the closest residential neighbourhoods and public infrastructure, and improve the permittibility of the Ajax project. As a consequence of reviewing these opportunities, KGHMI has delayed the submission of the Ajax project Environmental Application Assessment ("EA"), which had been expected to be submitted in September 2013.

KGHMI expects to provide further updates on their evaluations to Abacus during 2014. Management of Abacus currently cautions that depending on KGHMI's final decisions on the various opportunities being reviewed it is likely the submission of the EA will be delayed by approximately two years until mid-2015 and a projected mine startup delayed until mid-2018 if the Ajax project is eventually approved for development.

The 2013 actual expenditures on the Ajax project totaled $30 million versus a forecasted 2013 budget of $47 million as certain land acquisition costs and detailed engineering activities were delayed. The 2014 budget for KGHM Ajax has been proposed for $55 million plus an additional $9 million of carry forward from 2013's budget that was not incurred in 2013. Abacus' 20% share of the project costs are being funded by its monies, currently $16.0 million, held in trust for development of the Ajax project.

On February 1, 2014, James Excell resigned as CEO and Thomas McKeever retired as executive chairman of the Company. Michael McInnis (previously a director) assumed the role of CEO and executive chairman effective that date. In April, Ian MacNeily (formerly CFO) reduced his inolvement with the Company and is currently a consultant to Abacus.

The Ajax Project's project description and current information with respect to the permitting process is available at the British Columbia Environmental Assessment Office website at www.eao.gov.bc.ca.

Results of operations

Activities of the Company for the three months ended March 31, 2014 continued to focus on monitoring the environmental and permitting activities being performed by KGHMI now acting as operator of the Ajax Project. The Ajax Project and the status thereof are discussed in the section above titled *Overall performance*.

Analysis of the results of operations for the three months ended March 31, 2014

Total expenditures on the Ajax Project's mineral interests, including exploration, evaluation, and acquisition costs, during the three months ended March 31, 2014 were $nil a decrease of 100% as compared to the $19,670 incurred during the same period in 2013. The decrease in expenditures is attributable to the shift away from exploration and BFS evaluation activities to the current focus on environmental and permitting activities and the Company ceasing to be the project operator. Commencing September 1, 2012, KGHMI became the operator of the Ajax project and the Company's involvement in day to day operations has decreased significantly. As at March 31, 2014 and December 31, 2013 Abacus owned 20% of KGHM Ajax, and all reimbursements of Abacus's activities as operator of the Ajax Project are recorded by KGHM Ajax as its mineral interests.

Net general and administrative expenses during the three months ended March 31, 2014 were $207,434, which represented a 47% decrease over the same period in 2013 ($392,311) due to reduced employee costs and general operating expenses associated with the reduced activities of the Company.

Significant differences in the general and administrative expenses for the three month period ended March 31, 2014 include:

- Salaries and contract wages of $71,807 for the three months ended March 31, 2014 decreased 62% compared to $190,120 in 2013, which is primarily attributable to the reduced number of employees effective with the change in operator of the Ajax Project on September 1, 2012.
- Consulting and director's fees for the three months ended March 31, 2013 of $29,375 increased by 21% as compared to $24,333 in 2013 due to a new consulting agreement commencing with the incoming CEO.
- Share-based payments expense (non-cash) in 2013 of $54,936 increased by 91% as compared to $4,728 in 2013, due to stock option grants made and mostly vesting in 2014 compared to the residual 2012 stock option grants nominal costs that continued to vest in 2013.

- Other items that impacted the Company's net profit during the three month period ended March 31, 2014 as compared to 2013 consisted primarily of the following:

- During the period ended March 31, 2014, Abacus recorded its share of the profits incurred by KGHM Ajax in its equity investment in KGHM Ajax of $17,863 versus a loss of $(72,439) in 2013 as administrative expenditures in KGHM Ajax were reduced in 2013.

Analysis of the changes to the financial position of the Company

Cash and cash equivalents as at March 31, 2014 totalled $282,073, a decrease of $122,443 from December 31, 2013 ($404,516) to fund normal course business operations and a increase in the Company's restricted cash position from $15,960,900 to $16,237,549 as at March 31, 2014 due to unrealized foreign exchange gains. No cash calls have been received during the three months ended March 31, 2014.

Other current assets (excluding cash and cash equivalents) of $32,486 at March 31, 2014 were in line with December 31, 2013 balances ($36,052).

Non-current assets as at March 31, 2014 ($45,065,550) remained in line with December 31, 2013 totals ($44,773,481).

Current liabilities of $70,164 as at March 31, 2014 increased from December 31, 2013 total of $47,190 due to the accrual of directors fees for the three months ended March 31, 2014. To conserve cash, the directors agreed to accrue their fees until the company improves its liquidity.

Summary of quarterly results

The selected information set out below has been gathered from the previous eight quarterly financial statements for each respective three month financial period and are presented in accordance with IFRS.

	Revenue	Income (Loss)	Income (Loss) per share
	$	$	$
March 31, 2014	Nil	88,150	0.00
December 31, 2013	Nil	(143,998)	0.00
September 30,2013	Nil	(382,684)	0.00
June 30, 2013	Nil	(76,562)	0.00
March 31, 2013	Nil	(300,961)	0.00
December 31, 2012	Nil	(626,683)	0.05
September 30, 2012	Nil	(739,701)	0.00
June 30, 2012	Nil	13,200,726	0.06

Significant one-time and non-cash transactions occurred during the periods presented in the table above which also give rise to the fluctuations in the income (loss) per share. These transactions include:

- During the second quarter of 2012, significant non-cash gains of $9,236,552 and $5,000,000 were recognized from the Company's partial disposition of its investment in KGHM Ajax and from a debt extinguishment respectively, both of which occurred pursuant to KGHM exercising its Development Option.

Liquidity

The Company's cash and cash equivalents are comprised of bank deposits and highly liquid temporary investments and have no exposure to asset backed commercial paper. The Company is debt free.

The ability of the Company to continue as a going concern is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its development partner and shareholders. There is no certainty that the Company will be able to receive continued financial support in the future. As of the date of this report, the Company has sufficient resources to fund its anticipated operations and working capital needs for the upcoming six months.

Capital resources

The Company's primary capital asset is its 20% interest in KGHM Ajax: KGHM Ajax holds 100% of the mineral interests of the Ajax Project. There were no expenditures deferred on mineral interests by Abacus during the three months ended March 31, 2014 and 2013 and also for the years ended December 31, 2013 and December 31, 2012.

On April 2, 2012, as a result of KGHM exercising its Development Option, cash consideration of $30,159,107 was paid by KGHM to Abacus for 29% of its interest in KGHM Ajax and placed into trust. Under the terms of the Joint Venture Agreement, these funds are required to be held in trust by KGHM Ajax and can only be used to fund Abacus' share of the development activities of KGHM Ajax. Accordingly, these funds of Abacus are presented as restricted cash. As at March 31, 2014, $16,185,378 is the balance of the restricted cash held in trust.

The Company does not have any off-balance sheet arrangements.

Transactions with related parties

Until September 1, 2012, the Company was the Operator of the Ajax Project and was reimbursed for direct costs it incurred as the Operator. The Company offsets amounts recovered against the respective expense item. The Company was reimbursed the following amounts from KGHM Ajax:

Amounts reimbursed to Abacus as the Operator of the Ajax Project		Three months ended March 31, 2014		Three months ended March 31, 2013
Exploration and evaluation, and acquisition expenditures for mineral interests	$	-	$	3,696
Contract wages		-		4,276
Office and administrative expenditures		-		15,394
Equipment		-		-
	$	-	$	23,366

As at March 31, 2014, $nil is due from KGHM Ajax (December 31, 2013: $nil).

Outstanding share data

As at May 13, 2014, the Company had the following common shares and stock options outstanding:

Common shares	213,757,611
Stock options	9,060,000

During the year ended December 31, 2013, the company cancelled 1,207,500 stock options to former employees, per the terms in their employment contracts.

On October 8, 2013 the company granted 2,700,000 stock options to employees, directors and officers of Abacus. In considering the stock option grants, the board of directors took into account the 50% reductions in individual director fees (effective July 1, 2013) and officers' salaries (effective October 1, 2013) that have been made voluntarily by the directors and the executive officers to help preserve the cash resources of Abacus.

On January 17, 2013, pursuant to the exercise of 200,000 stock options, the Company issued 200,000 shares for cash proceeds of $20,000.

Proposed transactions

As is typical of the mineral exploration and development industry, the Company is continually reviewing potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value. At present there are no specific transactions being contemplated by management or the Board of Directors that would affect the financial condition, results of operations and cash flows of any asset of the Company.

Financial instruments

The Company has classified its cash and cash equivalents, restricted cash and contractual obligations as fair value through profit and loss ("FVTPL"); marketable securities as available-for-sale; amounts receivable as loans and receivables; and accounts payable, accrued liabilities and loan payable as other financial liabilities.

The carrying values of cash and cash equivalents, amounts receivable (excluding due from related parties), restricted cash, and accounts payable and accrued liabilities (excluding due to related parties) approximate their fair values due to the short-term maturity of these financial instruments.

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

Fair value

The Company's measurement of fair value of financial instruments in accordance with the fair value hierarchy is as follows:

Fair value hierarchy					
As at December 31, 2013:		Total	Level 1	Level 2	Level 3
Financial assets					
Cash and cash equivalents	$	404,516	404,516	-	-
Funds held in trust with KGHM Ajax		15,960,900	15,960,900	-	-
Total financial assets	$	16,365,416	16,365,416	-	-
			Carrying value	Fair value	
Total financial assets		$	16,365,416	16,365,416	
Amounts receivable			8,397	8,397	
Accounts payable and accruals			(36,690)	(36,690)	
Net financial assets		$	16,337,123	16,337,123	
As at March 31, 2014:					
Financial assets					
Cash and cash equivalents	$	282,073	282,073	-	-
Funds held in trust with KGHM Ajax		16,185,378	16,185,378	-	-
Total financial assets	$	16,467,451	16,467,451	-	-
			Carrying value	Fair value	
Total financial assets		$	16,467,451	16,467,451	
Amounts receivable			12,669	12,669	
Accounts payable and accruals			(70,164)	(70,164)	
Net financial assets		$	16,409,956	16,409,956	

Credit risk

The Company manages credit risk, in respect to 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 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:

Concentration of credit risk and maximum exposure		March 31, 2014		December 31, 2013
Bank accounts	$	82,073	$	29,516
Temporary investments		200,000		375,000
Restricted cash (Note 7)		16,237,549		15,960,900
	$	16,519,622	$	16,365,416

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. As at March 31, 2014, accounts payable and accrued liabilities of $32,087 are due in the second quarter of 2014. As at March 31, 2014, the Company has sufficient cash and amounts receivable in order to meets these current liabilities and obligations.

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 significant 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.

Changes in accounting policies

The Company's Financial Statements were prepared in accordance with IFRS effective January 1, 2011.

Accounting standards issued for adoption in future periods

Certain new accounting standards and interpretations have been published that are not mandatory for the March 31, 2014 reporting period:

- On January 1, 2015, Abacus will be required to adopt IFRS 9, Financial Instruments, which addresses classification and measurement of financial instruments and 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 FVTPL. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at FVTPL or at fair value through other comprehensive income. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

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, mining, and governmental policies.

Although the Company has taken steps to verify the title to mineral properties in which it or KGHM Ajax have an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the 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. The Company has limited financial resources. The Company's ability to continue operating as a going concern is dependent upon management's success in raising additional monies to sustain the Company until cash flow from operations is adequate to sustain the Company's viability. Substantial expenditures are required to be made by the Company and/or its development partners to establish ore reserves and develop a mining operation.

The property interests owned by the Company or KGHM Ajax, or in which it has an interest in, are currently in the exploration and evaluation 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. Mineral exploration may not result in any discoveries of commercial bodies of mineralization. If 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 Ajax Project is located on the southwest side of Kamloops, BC and is progressing through the preliminary steps of the environmental assessment process administered jointly by the provincial Environmental Assessment Office and the federal Canadian Environmental Assessment Agency. As currently contemplated, some of the Ajax Project's mine components will be entirely or partially within Kamloops City limits, including the north and east waste rock management facilities and tailings storage facility. The proposed infrastructure will be located primarily on private land owned by KGHM Ajax, with some utilization of crown land. The Ajax Project has been designated as a Major Resource Project and constitutes a reviewable project under the Canadian Environmental Assessment Act, in addition to requiring a number of provincial permits before construction can begin. While KGHM Ajax has engaged environmental experts and consultants and is committed to working in consultation with the community, First Nations and government agencies to identify areas of environmental concern, and to developing local policies and procedures that minimize the impact of mining on surrounding areas, there can be no assurance that environmental approval will be granted in a timely manner.

The price of the common shares, financial results and exploration, development and mining activities of the Company or KGHM Ajax may in the future be significantly adversely affected by declines in the prices of base and precious metals. Metal prices fluctuate widely and are affected by numerous factors beyond the Company's control.

The mining, processing, development and mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards, mine safety, land use, toxic substances, land claims of local people and other matters. These laws and other governmental policies may affect investments of the Company and/or its shareholders.

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,

"Michael McInnis"

Michael McInnis, President, CEO & Director