Abacus Mining & Exploration Corporation
(An exploration stage company)

Financial Statements
December 31, 2014 and 2013

(Expressed in Canadian dollars)

Index

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ABACUS MINING & EXPLORATION CORPORATION

We have audited the accompanying financial statements of Abacus Mining & Exploration Corporation, which comprise the statements of financial position as at December 31, 2014 and 2013, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Abacus Mining & Exploration Corporation as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 2 in the financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe Ratcliffe LLP
Chartered Accountants

Vancouver, British Columbia
April 21, 2015

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ABACUS MINING & EXPLORATION CORPORATION
Statements of financial position
December 31, 2014 and 2013
Expressed in Canadian dollars

		2014		2013
ASSETS				
Current assets:				
Cash and cash equivalents (Note 4)	$	2,084,219	$	404,516
Amounts receivable		9,666		8,897
Prepaid expenses		23,276		27,155
Due from KGHM Ajax Mining Inc. (Note 10)		116,314		-
		2,233,475		440,568
Non-current assets:				
Equipment		26,384		36,155
Loan receivable (Note 5)		260,000		-
Restricted cash (Note 7)		6,711,115		15,960,900
Investment in KGHM Ajax Mining Inc. (Note 6)		35,255,756		28,776,426
		42,253,255		44,773,481
	$	**44,486,730**	**$**	**45,214,049**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	$	36,597	$	47,190
Interest payable to KGHM Ajax Mining Inc. (Note 7)		120,000		-
		156,597		47,190
Shareholders' equity: (Note 8)				
Capital stock		84,408,367		84,382,367
Share-based payments reserve		4,625,293		4,505,692
Deficit		(44,703,527)		(43,721,200)
		44,330,133		45,166,859
	$	**44,486,730**	**$**	**45,214,049**

The accompanying notes are an integral part of the financial statements.
Subsequent Event (Note 13)

Approved on behalf of the Board by:

"Michael McInnis"
Chief Executive Officer

"Tom McKeever"
Director

ABACUS MINING & EXPLORATION CORPORATION
Statements of comprehensive loss
For the years ended December 31, 2014 and 2013
Expressed in Canadian dollars

		2014		2013
General and administrative expenses				
Accounting and audit	$	47,560	$	30,000
Amortization		9,771		13,573
Consulting and directors' fees		158,330		191,663
Expense recoveries from KGHM Ajax Mining Inc. (Note 10(a))		(110,776)		(19,670)
Insurance		29,601		30,309
Investor relations		8,900		32,200
Legal		310,412		88,826
Office		84,451		55,957
Interest expense (Note 7)		120,000		-
Rent		39,140		108,482
Salaries and contract wages		377,736		621,032
Share-based payments (Note 8(d))		119,601		145,725
Transfer agent and regulatory fees		24,120		28,808
Travel and promotion		17,257		47,912
		(1,236,103)		(1,374,817)
Other items:				
Interest income		140,931		200,900
Foreign exchange gain on restricted cash (Note 7)		233,515		505,079
Share of loss in equity investment in KGHM Ajax Mining Inc. (Note 6)		(120,670)		(235,367)
Net loss and comprehensive loss for the year	**$**	**(982,327)**	**$**	**(904,205)**
Loss per share, basic and diluted	$	(0.00)	$	(0.00)
Weighted average number of common shares outstanding		214,157,611		213,754,323

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

ABACUS MINING & EXPLORATION CORPORATION
Statements of changes in shareholders' equity
For the years ended December 31, 2014 and 2013
Expressed in Canadian dollars

	Number of shares		Capital stock		Share-based payments reserve		Deficit		Total shareholders' equity
Balance, December 31, 2012	**213,557,611**	**$**	**84,345,175**	**$**	**4,377,159**	**$**	**(42,816,995)**	**$**	**45,905,339**
Issued for cash, upon exercise of stock options (Note 8(d))	200,000		20,000		-		-		20,000
Share-based payments (Note 8(d))	-		-		145,725		-		145,725
Reclassification adjustment upon exercise of stock options	-		17,192		(17,192)		-		-
Net loss for the year	-		-		-		(904,205)		(904,205)
Balance, December 31, 2013	**213,757,611**		**84,382,367**		**4,505,692**		**(43,721,200)**		**45,166,859**
Share-based payments (Note 8(d))	-		-		119,601		-		119,601
Issued for settlement of debt (Note 8(c))	400,000		26,000		-		-		26,000
Net loss for the year	-		-		-		(982,327)		(982,327)
Balance, December 31, 2014	**214,157,611**	**$**	**84,408,367**	**$**	**4,625,293**	**$**	**(44,703,527)**	**$**	**44,330,133**

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

ABACUS MINING & EXPLORATION CORPORATION
Statements of cash flows
For the years ended December 31, 2014 and 2013
Expressed in Canadian dollars

		2014		2013
Operating activities				
Net loss for the year	$	(982,327)	$	(904,205)
Items not involving cash:				
Share of loss in equity investment (Note 6)		120,670		235,367
Share-based payments (Note 8(d))		119,601		145,725
Amortization		9,771		13,573
Interest expense accrued (Note 7)		120,000		-
Foreign exchange gain on restricted cash (Note 7)		(233,515)		(505,079)
Changes in working capital related to operating activities:				
Amounts receivable		(769)		8,609
Prepaid expenses		3,879		958
Due from KGHM Ajax Mining Inc. (Note 10)		(116,314)		314,032
Loan receivable (Note 5)		(260,000)		-
Accounts payable and accrued liabilities		15,407		(107,069)
Due to KGHM Ajax Mining Inc. (Note 10(a))		-		6,869
Cash used for operating activities		**(1,203,597)**		**(791,220)**
Investing activities				
Cash contribution to equity investment (Note 6)		(6,600,000)		(9,600,000)
Restricted cash (Note 7)		6,483,300		9,422,110
Cash used for investing activities		**(116,700)**		**(177,890)**
Financing activities				
Advance (Note 7)		3,000,000		-
Issuance of capital stock from exercise of stock options (Note 8(c)(ii))		-		20,000
Cash provided by financing activities		**3,000,000**		**20,000**
Increase (decrease) in cash and cash equivalents during the year		1,679,703		(949,110)
Cash and cash equivalents, beginning of year		404,516		1,353,626
Cash and cash equivalents, end of year	**$**	**2,084,219**	**$**	**404,516**

Supplemental cash flow information (Note 4)

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

1. NATURE OF OPERATIONS

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

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

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

On October 12, 2010, Abacus, KGHM and KGHM Ajax entered into the Definitive Joint Venture Shareholders' Agreement (the "Joint Venture Agreement"). Pursuant to the Joint Venture Agreement, KGHM subscribed for 5,100 common shares of KGHM Ajax, which represented a 51% interest for $37,392,200 (US$37,000,000); these funds were used by KGHM Ajax to fund exploration and evaluation activities during 2010 and 2011 required to produce the bankable feasibility study ("BFS"). As per the Joint Venture Agreement, KGHM had the option to acquire an additional 29% interest in KGHM Ajax (for a total interest of 80%) for a maximum of US$35,000,000 based on an aggregate value of $0.025 per pound for 29% of the proven and probable copper equivalent reserves as defined in the BFS. On January 6, 2012, Abacus filed on SEDAR the completed BFS with respect to the Ajax Project.

On April 2, 2012, KGHM exercised its option to acquire an additional 29% of KGHM Ajax, thereby increasing its ownership in KGHM Ajax to 80% (Notes 6 and 7).

Until September 1, 2012, Abacus was the operator of the Ajax Project and KGHM Ajax reimbursed Abacus for the expenses incurred as the operator of the Ajax Project. On August 17, 2012, KGHM notified Abacus that it was exercising its option to appoint KGHM International Ltd., a wholly-owned subsidiary of KGHM, as the operator of the Ajax Project effective September 1, 2012.

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

(a) Basis of preparation and going concern

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

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments and financial instruments at fair value through profit or loss ("FVTPL"), if any held, that have been measured at fair value. The financial statements are presented in Canadian dollars, except where otherwise noted. The financial statements have been prepared under the assumption that the Company is a going concern. The Company currently does not have revenue. At December 31, 2014, the Company has working capital of approximately $2,077,000 (2013: working capital of $400,000) and an accumulated deficit of $44,703,527 (2013: $43,721,200). The Company is dependent on raising additional funds through the issue of equity, debt, disposition of assets, or some combination thereof, to continue its operations. The Company cannot guarantee it will be successful in raising additional funds. The existence of this uncertainty casts significant doubt on the Company's ability to continue as a going concern. Should the Company cease to be a going concern, significant adjustments to the financial statements may be required.

The policies applied in these financial statements are presented in Note 3 and are based on IFRS issued and effective as at December 31, 2014. The financial statements of Abacus were reviewed by the Audit Committee, and the Board of Directors approved and authorized for issue the financial statements on April 21, 2015.

(b) Significant accounting judgments, estimates, and assumptions

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

(i) *Realization of assets*

The investment in KGHM Ajax represents a significant portion of the Company's assets. Realization of the Company's investment in KGHM Ajax is dependent upon KGHM Ajax obtaining permits, the satisfaction of governmental requirements, satisfaction of possible aboriginal claims, the attainment of successful production from the properties, or from the proceeds upon disposal of the Company's interest in KGHM Ajax.

(ii) *Environmental*

Environmental legislation is becoming increasingly stringent and the costs of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development of the Ajax Project, the potential for production on the property may be diminished or negated.

The Company is subject to 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.

Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations, are initially recognized, and recorded as a liability based on estimated future cash flows discounted at a credit-adjusted risk-free rate.

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.

(iii) *Impairment assessment*

Annually, the Company assesses whether its assets' carrying values are greater than their recoverable values. The recoverable value is the higher of an asset's fair value, less costs to sell, and its value in use. Given the nature of the Company's assets, generally their recoverable values are their value in use. The Company generally estimates value in use using a discounted cash flow model. Management has assessed its cash-generating units as being an individual mine site, which is the lowest level for which cash inflows are largely independent of those of other assets. The Company completed the BFS and has reviewed its most recent economic models and forecasts in assessing whether a potential impairment has occurred. The assumptions to which the calculation of value in use is most sensitive, are ore production volume, metal prices, discount rates, operating costs, and development and construction costs.

(iv) *Contingencies*
By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

(v) *Fair value of financial instruments*
Where the fair value of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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

While management believes that these judgments and estimates are reasonable, actual results could differ from those estimates and could impact future results of comprehensive income and cash flows. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. There were no significant changes in estimates during the year ended December 31, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Investments in associates

Investments in which the Company exerts significant influence are accounted for using the equity method, whereby the original cost of the investment is adjusted for the Company’s share of profit or loss, other comprehensive income and dividends during the current period in the Company’s statements of comprehensive loss. The Company’s 20% (2013: 20%) investment in KGHM Ajax is accounted for under the equity method.

(b) Cash and cash equivalents

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

(c) Mineral interests

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

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

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

Recoverability of the carrying value of mineral interests is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(d) Impairment of non-financial assets

At the end of each reporting period, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If such an indication exists, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows, based on budgets and forecast calculations, are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

(e) Equipment

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

(f) Earnings (loss) per share

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

(g) Share-based payments

The Company has a stock option plan that is described in Note 8. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as capital stock and the related amount originally recorded in share-based payments reserve is transferred to capital stock.

(h) Income taxes

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

(i) Mining and exploration tax credit recoveries

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

(j) Unit offerings

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated between common shares and share purchase warrants on a residual value basis wherein the fair value of the common shares is the market value on the date of the announcement of the placement and the balance, if any, is allocated to the attached warrants.

(k) Foreign currency translation

The functional and reporting currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transaction. Monetary assets and liabilities that are denominated in foreign currency are translated at the rates prevailing at each reporting date. Non-monetary assets and liabilities that are measured in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date the fair value was determined.

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

(l) Financial instruments

(i) *Financial assets*

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

- FVTPL - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in net income (loss).

- *Loans and receivables* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.
- *Held-to-maturity investments* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in net income (loss).
- *Available-for-sale* - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income as a component of equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in net income (loss).

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

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

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

(iii) *Fair value hierarchy*
The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly; and
- Level 3 - inputs that are not based on observable market data.

(m) Accounting standards adopted

The adoption of the following new IFRS pronouncements, effective January 1, 2014, did not have an effect on the Company's financial statements:

IFRIC 21 Levies

Provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

- The liability is recognized progressively if the obligating event occurs over a period of time
- If an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Amends IAS 32 *Financial Instruments: Presentation* to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of "currently has a legally enforceable right of set-off"
- the application of simultaneous realization and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

Amends IAS 36 *Impairment of Assets* to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

(n) New accounting standards not yet adopted

IFRS 9 Financial Instruments (2014)

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment. The 2014 version of IFRS 9 introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The finalized version of IFRS 9 is applicable to the Company's annual period beginning on January 1, 2018.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

Amends IFRS 11 *Joint Arrangements* to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 *Business Combinations*) to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRS, except for those principles that conflict with the guidance in IFRS 11
- disclose the information required by IFRS 3 and other IFRS for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured). The amendments apply prospectively to acquisitions of interests in joint operations in which the activities of the joint operations constitute businesses, as defined in IFRS 3, for those acquisitions occurring from the beginning of the first period in which the amendments apply. Amounts recognized for acquisitions of interests in joint operations occurring in prior periods are not adjusted.

Applicable to the Company's annual period beginning on January 1, 2017.

Equity Method in Separate Financial Statements (Amendments to IAS 27)

Amends IAS 27 *Separate Financial Statements* to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Applicable to the Company's annual period beginning on January 1, 2017.

Expressed in Canadian dollars

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

Amends IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e., a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, i.e., whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

The Company is currently evaluating the impact of these new and amended standards on its financial statements. The impact is not expected to have a material impact on the statements of financial position or results of operations.

4. CASH AND CASH EQUIVALENTS

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

Cash and cash equivalents		December 31, 2014		December 31, 2013
Bank accounts	$	59,219	$	29,516
Temporary investments		2,025,000		375,000
	$	2,084,219	$	404,516

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

Supplemental cash flows		2014		2013
Non-cash investing and financing transactions:				
Reclassification of share-based payment reserve to capital stock upon exercise of stock options	$	-	$	17,192
Issuance of capital stock for settlement of debt (Note 8(c)(i))	$	26,000	$	-
Supplemental disclosures:				
Interest on cash and cash equivalents	$	24,022	$	22,844
Interest on restricted cash (Note 7)	$	116,700	$	164,511

5. LOAN RECEIVABLE

On June 27, 2014, Abacus and Burnstone Ventures Inc. ("Burnstone") entered into a loan and security agreement (the "Loan") pursuant to which Abacus advanced $250,000 to Burnstone, to be used in relation to Burnstone's Tomichi project located in Colorado. The amount is included in loan receivable, bears interest of 8% per annum ($10,000 accrued to December 31, 2014), matures on December 31, 2015, and is secured by a first priority security interest over Burnstone's option to acquire a 100% interest in the Tomichi Project.

Expressed in Canadian dollars

6. INVESTMENT IN KGHM AJAX MINING INC.

As at December 31, 2014, the Company owns 20% of the common and voting shares of KGHM Ajax. (2013: 20%). KGHM Ajax is a private company incorporated under the *Corporations Act* (British Columbia) and is currently engaged principally in the exploration and development of the Ajax Project located near Kamloops, British Columbia, which is its principal place of operation. KGHM Ajax's two shareholders are KGHM and the Company. As the Company owns 20% of the outstanding common shares of KGHM Ajax and also has representation on the Board of Directors, the Company is considered to have significant influence over KGHM Ajax, and accordingly accounts for its investment in KGHM Ajax using the equity method as prescribed under IFRS. Under the equity method, the investment in KGHM Ajax is initially recognized at cost then subsequently adjusted for the Company's share of the profits and/or losses of KGHM Ajax as well as distributions received from KGHM Ajax. To date no dividends or distributions to shareholders of KGHM Ajax have occurred.

During the year ended December 31, 2014, Abacus contributed $6,600,000 (2013: $9,600,000) to KGHM Ajax representing Abacus' 20% share of cash calls of KGHM Ajax made pursuant to the Joint Venture Agreement, in order to continue operations of KGHM Ajax. Abacus' share of the cash call was paid using funds that were previously held in restricted cash (Note 7). Pursuant to the terms of the Joint Venture Agreement, once the restricted funds are exhausted, Abacus may elect to contribute its proportionate share of the operational expenditures or, without any dilution to its 20% ownership of KGHM Ajax, request that KGHM provide the funding as a loan, to be recovered from Abacus' share of revenue upon commencement of production at Ajax.

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

Investment in KGHM Ajax		
Investment in KGHM Ajax at December 31, 2012	$	19,418,661
Abacus' cash contribution to KGHM Ajax pursuant to cash calls		9,600,000
Abacus' share of the loss of KGHM Ajax for the year ended December 31, 2013		(235,367)
Other		(6,868)
Investment in KGHM Ajax at December 31, 2013		28,776,426
Abacus' cash contribution to KGHM Ajax pursuant to cash calls		6,600,000
Abacus' share of the loss of KGHM Ajax for the year ended December 31, 2014		(120,670)
Investment in KGHM Ajax at December 31, 2014	**$**	**35,255,756**

Expressed in Canadian dollars

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

Selected financial information of KGHM Ajax		December 31, 2014		December 31, 2013
Cash and cash equivalents	$	3,746,215	$	23,500,018
Current assets (excluding cash and cash equivalents)		4,184,124		1,936,607
Total non-current assets		181,210,212		123,211,938
Total assets	$	189,140,551	$	148,648,563
Current liabilities	$	8,486,400	$	2,545,234
Non-current liabilities		4,341,032		2,186,861
Total shareholders' equity		176,313,119		143,916,468
Total liabilities and equity	$	189,140,551	$	148,648,563

		Year ended December 31, 2014		Year ended December 31, 2013
Net loss and comprehensive loss	$	603,349	$	1,176,837
Revenue	$	nil	$	nil
Interest income	$	(150,160)	$	(126,933)
Amortization	$	39,268	$	131,529
Interest and accretion expense	$	12,537	$	17,218
Income tax expense	$	nil	$	nil

7. RESTRICTED CASH AND ADVANCE

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

The following is a summary of the Company's restricted cash:

		Funds held as security for credit cards		Funds held in trust with KGHM Ajax		Collateral in respect of the Advance		Total
Balance, December 31, 2012	$	52,012	$	24,825,919	$	-	$	24,877,931
Abacus' cash contribution to KGHM Ajax in 2013 (Note 6)		-		(9,600,000)		-		(9,600,000)
Unrealized foreign exchange gain		-		505,079		-		505,079
Unrealized interest income		12		177,878		-		177,890
Balance, December 31, 2013		52,024		15,908,876		-		15,960,900
Abacus' cash contribution to KGHM Ajax (Note 6)		-		(6,600,000)		-		(6,600,000)
Collateral in respect of advance		-		(3,360,000)		3,360,000		-
Advance		-		(3,000,000)		-		(3,000,000)
Unrealized foreign exchange gain		-		233,515		-		233,515
Unrealized interest income		(22)		96,778		19,944		116,700
Balance, December 31, 2014	**$**	**52,002**	**$**	**3,279,169**	**$**	**3,379,944**	**$**	**6,711,115**

On June 26, 2014, Abacus signed an agreement for an advance of $3,000,000 to be drawn from the funds held in trust with KGHM Ajax. Under the terms of the agreement, the advance bears interest of 8% per annum, and is due December 31, 2015. It is collateralized by $3,360,000 of the funds held in trust. Abacus has accrued $120,000 in interest payable to KGHM Ajax for the year ended December 31, 2014. As a condition of the agreement, Abacus will continue to contribute its 20% share of the 2014 and 2015 programs and budget towards development of the Ajax Project from the funds held in trust. Should the Company be unable to repay the advance by December 31, 2015, the advance will be satisfied by the collateralized funds held in trust.

In connection with the restricted cash, the Company had total unrealized gains from foreign exchange gain and interest income from restricted cash held in US dollars in the amount of $350,215 (net) at December 31, 2014 (2013: unrealized foreign exchange gain $505,079 and realized interest income of $177,878).

8. SHAREHOLDERS' EQUITY

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

(a) Capital management

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

There were no changes in the Company's approach to capital management during the year ended December 31, 2014. The Company is not subject to externally imposed capital requirements.

(b) Authorized capital stock

At December 31, 2014, the authorized capital stock of the Company is comprised of an unlimited number of common shares without par value.

(c) Share issuances

Details of issuances during the years ended December 31, 2014 and 2013 are as follows:

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

(ii) In January 2013, pursuant to the exercise of stock options the Company issued 200,000 common shares for total proceeds of $20,000.

(d) Stock options

The Company has a "20% fixed" stock option plan (the "Plan") pursuant to which stock options may be granted to its directors, officers, employees and consultants, to a maximum of 20% of the Company's issued shares as at the date of shareholder approval of the Plan, such that at December 31, 2014 stock options may be granted allowing for the purchase of up to, in the aggregate, a maximum of 24,509,135 shares. Under the terms of the Plan, the exercise price of any option granted shall be equal to the greater of the amount designated at the time of the grant, or the discounted market price on the trading day immediately preceding the day on which the TSX-Venture Exchange (the "Exchange") receives notice of the grant, subject in either case to a minimum of $0.10 per common share. The expiry date for each option, set by the Board of Directors at the time of issue, shall not be more than five years after the grant date. Generally, options granted vest as to 25% on date of grant, and 25% each on six, twelve and eighteen months after grant. The Plan further provides that at any such time the Exchange rules differ from specific terms of the Plan, then the rules of the Exchange shall apply.

Expressed in Canadian dollars

As at December 31, 2014, the Company had stock options outstanding allowing for the purchase of up to, in the aggregate, 7,555,000 common shares (2013: 9,160,000) exercisable as follows:

December 31, 2014		**Awards Outstanding**		**Awards Exercisable**	
Exercise Price	Expiry Date	Quantity	Remaining Contractual Life	Quantity	Remaining Contractual Life
$0.18	July 21, 2015	1,000,000	0.55	1,000,000	0.55
$0.19	August 27, 2015	1,340,000	0.65	1,340,000	0.65
$0.27	January 12, 2016	750,000	1.03	750,000	1.03
$0.235	January 26, 2017	1,765,000	2.07	1,765,000	2.07
$0.12	October 8, 2018	2,700,000	3.77	2,025,000	3.77
		7,555,000	**2.12**	**6,880,000**	**1.96**

December 31, 2013		**Awards Outstanding**		**Awards Exercisable**	
Exercise Price	Expiry Date	Quantity	Remaining Contractual Life	Quantity	Remaining Contractual Life
$0.15	February 20, 2014	100,000	0.14	100,000	0.14
$0.20	June 29, 2014	1,200,000	0.49	1,200,000	0.49
$0.25	September 17, 2014	100,000	0.71	100,000	0.71
$0.18	July 21, 2015	1,000,000	1.55	1,000,000	1.55
$0.19	August 27, 2015	1,360,000	1.65	1,360,000	1.65
$0.27	January 12, 2016	850,000	2.03	850,000	2.03
$0.235	January 26, 2017	1,850,000	3.07	1,850,000	3.07
$0.12	October 8, 2018	2,700,000	4.77	675,000	4.77
		9,160,000	**2.70**	**7,135,000**	**2.12**

The weighted average remaining contractual life of the stock options outstanding as at December 31, 2014 is 2.12 (2013: 2.70) years.

Expressed in Canadian dollars

A summary of the status of the Company's stock options as at December 31, 2014 and 2013, and changes during the years then ended follows:

Status of stock options	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2012	11,260,000	$0.24
Granted	2,700,000	$0.12
Expired	(4,600,000)	$0.28
Exercised	(200,000)	$0.10
Outstanding, December 31, 2013	9,160,000	$0.19
Expired	(1,605,000)	$0.21
Outstanding, December 31, 2014	**7,555,000**	**$0.18**

The fair value of the stock options that are expected to vest is recognized as a share-based payments expense over the vesting period of the options. During the year ended December 31, 2014, share-based payments expense for stock option grants vesting during the year was $119,601 (2013: $145,725).

On October 8, 2013, the Company granted stock options to employees, directors and officers, allowing for the purchase of up to, in the aggregate, 2,700,000 shares at $0.12 per share until October 8, 2018. The grant date fair value was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 1.871%, expected life of five years, expected volatility of 100.2% and dividend yield of 0%. The total amount of share-based payments expense, which is expected to be recognized over the vesting period of these stock options, is calculated at $242,868, of which $119,601 was recognized during the year ended December 31, 2014 (2013: $112,037).

9. INCOME TAXES

The Company is subject to Canadian Federal and British Columbia Provincial income taxes. Income tax expense (recovery) differs from the amount that would be computed by applying the combined Federal and Provincial statutory income tax rate of 26.00% (2013: 25.75%) to loss before income taxes, due to the following:

Income taxes		Year ended December 31, 2014		Year ended December 31, 2013
Net loss before income tax	$	(982,327)	$	(904,205)
Statutory rate for the year		26.00%		25.75%
Expected income tax recovery		(255,405)		(232,833)
Change in benefit of tax losses not recognized		180,741		1,737,397
Non-deductible items		31,357		38,534
Change in timing differences		(6,465)		(293,098)
Amounts under (over) those provided for in prior year		49,772		(1,250,000)
Tax expense reported	**$**	-	**$**	-

Expressed in Canadian dollars

The Canadian Federal corporate tax rate remained unchanged at 15.00% throughout 2013, and the British Columbia Provincial tax rate increased from 10.00% to 11.00% effective April 1, 2013. The overall increase in tax rates has resulted in an increase in the Company's statutory tax rate to 26.00% from 25.75%.

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

Unrecognized deductible temporary differences and unused tax losses:		December 31, 2014		December 31, 2013
Net capital loss carry-forwards	$	1,710,302	$	1,711,865
Non-capital loss carry-forwards		10,685,317		8,814,508
Non-refundable mining income tax credit		673,959		685,584
Share issue costs		109,786		319,285
Excess of tax values over accounting values of:				
Investments		780,812		717,042
Mineral interests		419,404		419,404
Equipment		33,115		23,346
	$	**14,412,695**	**$**	**12,691,034**

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

Loss carry-forwards		December 31, 2014
Net capital losses, which carry-forward indefinitely to offset future taxable capital gains	$	1,710,302
Non-capital losses, that expire as follows:		
2028	$	969,662
2029	$	2,740,111
2031	$	1,896,050
2032	$	2,489,488
2033	$	1,415,710
2034	$	1,174,296

Expressed in Canadian dollars

10. RELATED PARTY TRANSACTIONS

All advances to and amounts due from related parties are incurred in the normal course of business, have repayment terms similar to the Company's other trade receivables (payables), and do not incur interest. The following are the related party transactions occurring during the year ended December 31, 2014.

(a) KGHM Ajax

Until September 1, 2012, the Company was the operator for the Ajax Project, and KGHM Ajax reimbursed Abacus for expenses incurred as the operator of the Ajax Project. Pursuant to an audit completed during the year ended December 31, 2014 by the Canada Revenue Agency ("CRA") in respect of income tax withholdings for services provided by a non-resident consultant during the years 2009 to 2012 (the "CRA Audit"), a total of $241,173 was assessed by CRA and included in the statements of comprehensive loss during the year ended December 31, 2014. The amount assessed by CRA included $110,776 pertaining to the period during which the Company was operator for the Ajax Project. At December 31, 2014, all amounts owing by Abacus in respect of this matter had been satisfied, and Abacus was owed $110,776 plus applicable GST (for a total of $116,314) by KGHM Ajax.

The following is a summary of amounts that the Company reimbursed or had reimbursable to Abacus during the years ended December 31, 2014 and 2013:

Amounts reimbursed to Abacus		2014		2013
Exploration and evaluation, and acquisition expenditures for mineral interests	$	-	$	3,696
Contract wages		110,776		4,276
Office and administrative expenditures		-		15,394
	$	110,776	$	23,366

(b) Compensation of key management personnel

Key management personnel consist of the directors and executive officers of the Company. The remuneration, including share-based payments, of key management personnel during the years ended December 31, 2014 and 2013 follow:

Compensation of key management personnel		2014		2013
Accounting	$	22,000	$	-
Consulting		59,167		78,103
Salaries and contract wages		68,500		469,000
Share-based payments (Note 8(d))		117,352		143,644
Directors' fees		91,153		113,560
	$	358,172	$	804,307

Key management personnel were not paid post-retirement benefits or other long-term benefits during the years ended December 31, 2014 and 2013.

Effective July 1, 2013 the directors of the Company decreased their directors' fees by 50%. Effective October 1, 2013, the executive directors of the Company decreased their salaries by 50%, and effective April 1, 2014, ceased receiving a salary.

Expressed in Canadian dollars

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

11. FINANCIAL RISK MANAGEMENT

The Company has classified its cash and cash equivalents and restricted cash as FVTPL; amounts receivable, loan receivable and due from KGHM Ajax, as loans and receivables; and accounts payable and accrued liabilities and interest payable to KGHM Ajax, as other financial liabilities. The carrying values of amounts receivable, due from KGHM Ajax, accounts payable and accrued liabilities and interest payable to KGHM Ajax 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:

(a) 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	-	-
As at December 31, 2014:				
Financial assets				
Cash and cash equivalents	$ 2,084,219	$ 2,084,219	-	-
Funds held in trust with KGHM Ajax	6,711,115	6,711,115	-	-
Total financial assets	$ 8,795,334	$ 8,795,334	-	-

(b) 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 (Note 4) and restricted cash (Note 7), 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		December 31, 2014		December 31, 2013
Bank accounts	$	59,219	$	29,516
Temporary investments		2,025,000		375,000
Due from KGHM Ajax (Note 10)		-		-
Restricted cash (Note 7)		6,711,115		15,960,900
	$	8,795,334	$	16,365,416

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty meeting obligations associated with financial liabilities. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated financing and investing activities. Accounts payable and accrued liabilities of $36,597 (2013: $47,190) are due in the first quarter of 2015. At December 31, 2014, the Company had cash and cash equivalents, and accounts receivable of $2,084,219 and $9,666, respectively, which is sufficient to satisfy the expected requirements for the first quarter of 2015. The advance of $3,000,000 from funds in trust and interest thereon ($120,000 to December 31, 2014) payable to KGHM is due on December 31, 2015. Should the Company be unable to repay the advance by December 31, 2015, the advance and interest thereon will be satisfied by the collateralized funds held in trust.

(d) 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's restricted cash includes US$1,500,000. A 10% fluctuation in the Canadian/US dollar exchange rate would result in a fluctuation of CDN$180,000 in the restricted cash held in US dollars.

(iii) *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not currently exposed to other price risk.

12. SEGMENT DISCLOSURE

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

13. SUBSEQUENT EVENT

On February 20, 2015, the Company granted stock options allowing for the acquisition of up to, in the aggregate, 1,540,000 shares at a price of $0.05 per share until February 20, 2020.