ABACUS MINING & EXPLORATION CORPORATION
(An exploration stage company)

Management's discussion & analysis

For the year ended December 31, 2014

Contents

April 21, 2015

This Management's Discussion and Analysis ("MD&A" or "Report") of the financial condition of Abacus Mining & Exploration Corporation (an exploration stage company) ("Abacus" or the "Company") and results of operations of the Company for the year ended December 31, 2014 has been prepared by management in accordance with the requirements under National Instrument 51-102 as at April 21, 2015 (the "Report Date"). The Report should be read in conjunction with the financial statements including the notes thereto for the years ended December 31, 2014 and 2013 (the "Financial Statements"). The Financial Statements are presented in accordance with International Financial Reporting Standards ("IFRS"), and Abacus' accounting policies are described in Note 3 of the Financial Statements. All dollar amounts in the Report are in Canadian dollars unless otherwise noted.

The Financial Statements, together with the MD&A, are intended to provide investors with a reasonable basis for assessing the performance and potential future performance of the Company, and are not necessarily indicative of the results that may be expected in future periods. The information in the MD&A may contain forward-looking statements, and the Company cautions investors that any forward looking statements by the Company are not guarantees of future performance, as they are subject to significant risks and uncertainties that may cause projected results or events to differ materially from actual results or events. Please refer to the risks and cautionary notices of this MD&A. Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Special Note Regarding Forward-Looking Information

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

Qualified Person

The Company's disclosure of a technical or scientific nature has been reviewed and approved by Michael McInnis P.Eng., a qualified person under the definition of National Instrument 43-101.

Background and overall performance

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 was the operator of the Ajax Project, and KGHM could elect 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, with the payment to be applied directly toward Abacus' proportionate share of the project's capital costs. After acquiring the additional 29%, KGHM could 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 life of mine 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, thereby increasing its ownership in KGHM Ajax to 80%, and paid $30,159,107 (US$29,907,881) to Abacus. The funds were placed in escrow with KGHM Ajax (the "Escrowed Funds").

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, thereby 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 which currently numbers over 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 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.

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 2019 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. Abacus' 20% share of the project costs were being funded by the Escrowed Funds.

In May 2014, KGHMI announced that it had made modifications to the site plan wherein several of the proposed mine's industrial facilities have been moved farther from the City of Kamloops. The new site plan represents an important adjustment to the Ajax Project as it concentrates mine activities to reduce the potential for adverse impacts from industrial activity to the city, nearby residents and other public infrastructure while optimizing the value of the project.

The key changes include:

- Redesign of the tailings storage facility from the previously proposed dry stack tailings storage to a more proven wet tailings technology. The tailings storage facility will be located closer to the mine operations.
- Relocation of a waste rock storage facility, the mine processing plant, primary crusher and temporary ore stockpiles. These sites, formerly situated inside City of Kamloops limits, will now be located more than 3.5 kilometers from the nearest city neighbourhoods and outside municipal boundaries.

A major work programme was completed during 2014 consisting of various permitting activities, detailed engineering work, metallurgical test work, optimization studies and exploration and condemnation drilling. The objective of the exploration drilling programme, estimated to comprise 13,500 metres, was to identify potentially economic mineral resources close to the Ajax mining complex for future resource definition, as well as to test several highly-prospective regional targets outside the Ajax area, which resources could add significant value to the project. Total expenditures for the 2014 program were $59.3 million.

Escrowed Funds in the amount of $6,659,113 (of which $3,360,000 is collateral in respect of an advance, and thus unavailable to the Company until such time as the advance is repaid (see "*Results of operations*" in this document)) was available to Abacus at December 31, 2014. 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.

Other

During the year ended December 31, 2014, the Company entered into a letter agreement ("Letter Agreement"), subject to certain closing conditions, with Burnstone Ventures Inc. ("Burnstone"), pursuant to which Abacus would acquire, in consideration of Abacus common shares, all of the outstanding securities of Burnstone, by way of a plan of arrangement (the "Arrangement"), such that upon closing of the Arrangement, Burnstone would become a wholly-owned subsidiary of Abacus. A definitive arrangement agreement incorporating the terms of the Letter Agreement and other terms and conditions customary for transactions of this nature would then be agreed upon by the Company and Burnstone. Despite extensive discussions, Burnstone and Abacus were unable to reach agreement on suitable terms for a transaction to be incorporated in the definitive arrangement agreement contemplated by the Letter Agreement, and on November 6, 2014, the Company announced that discussions regarding the proposed acquisition had terminated.

On June 27, 2014, Abacus and Burnstone entered into a loan and security agreement (the "Loan") pursuant to which Abacus advanced $250,000 to Burnstone. The Loan 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, located in Colorado.

On June 26, 2014 Abacus signed an agreement for an advance facility of $3,000,000 to be drawn from the then remaining Escrowed Funds. Under the terms of the agreement, the loan bears interest of 8% per annum and is collateralized by $3,360,000 of the Escrowed Funds. Should the Company be unable to repay the advance prior to December 31, 2015, the advance will be satisfied by the Escrowed Funds. 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 Escrowed Funds. Pursuant to the terms of the Joint Venture Agreement, once the restricted funds are exhausted, Abacus may elect to contribute its proportionate shares 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.

On January 31, 2014, James Excell resigned as CEO and President of the Company, and Thomas McKeever retired as executive chairman of the Company. Michael McInnis, a Director, assumed the roles of CEO and President and executive chairman effective February 1, 2014. In April 2014, Ian MacNeily (CFO) reduced his day-to-day involvement with the Company and on August 7, 2014 formally terminated his relationship with the Company. Mr. Excell has remained as a consultant.

Selected annual information

The selected information set out below has been gathered from the three most current fiscal years ended December 31, and reflects the effects of the Company's transition to IFRS.

Year ended	Revenue $	Net income (loss) $	Earnings (loss) per share $	Total assets $	Non-current liabilities $
December 31, 2014	Nil	(982,327)	(0.00)	44,486,730	nil
December 31, 2013	nil	(904,205)	(0.00)	45,214,049	nil
December 31, 2012	nil	11,042,057	0.05	46,059,597	nil

The Company has not paid any dividends during the past three years.

Results of operations

Activities of the Company for the year ended December 31, 2014 continued to focus on monitoring the environmental and permitting activities being performed by KGHMI, operator of the Ajax Project since September 2012, and evaluating other opportunities. The Ajax Project and the status thereof are discussed in "*Background and overall" performance* in this document.

Analysis of the results of operations for the years ended December 31, 2014 and 2013

As a result of KGHMI assuming operatorship of the Ajax Project in 2012, and the shift from exploration and BFS evaluation activities to the environmental and permitting activities, total expenditures on the project, including exploration, evaluation, and acquisition costs, during the year ended December 31, 2014 were $nil (2013: $3,696). No expenditures on Abacus' mineral interests were capitalized during the years ended December 31, 2014 and 2013, as Abacus transferred 100% of its mineral interests to KGHM Ajax in 2010. As at December 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 for the year ended December 31, 2014 of $1,236,103 remained relatively unchanged (2013: $1,374,817), as did the net loss and comprehensive loss for the year 2014 of $982,327 (2013: $904,205). Significant differences follow:

- Investor relations and travel and promotion expenditures decreased by approximately 72% and 64% respectively, due to continued difficult market conditions.

- Rent expenses decreased by approximately 64% as a result of the Company's former CFO ceasing to provide services from Toronto.

- Salaries and contract wages decreased by approximately 39%, which results primarily from the cessation of services provided by the prior CEO and President in January 2014, and the commencement of services of the current CEO and President at a lesser rate. Pursuant to an audit completed by Canada Revenue Agency ("CRA") in respect of income tax withholdings for services provided by a non-resident consultant during the years 2009 to 2012, a total of $241,173 was assessed by CRA during 2014, of which $187,721 was included in salaries and contract. A recovery for $110,776 plus applicable GST (for a total of $116,314) was recorded as receivable from KGHM Ajax, as it pertained to the period during which the Company was the operator for the Ajax Project. All amounts owing or receivable in respect of this matter have been satisfied.

- Legal fees increased to $310,412 for the year ended December 31, 2014 (2013: $88,826) as a result of the due diligence process in connection with the Letter Agreement for the proposed Burnstone acquisition (see "*Background and overall performance, Other*" in this document).

- Consulting and director's fees decreased by approximately 17% as compared with 2013 due to a 50% reduction in directors' fees effective July 1, 2013.

- In 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.

- Interest expense of $120,000 (2013: $Nil) was accrued in respect of the Loan Agreement.

- Share-based payments is a non-cash item, resulting from the application of the Black-Scholes Option Pricing Model using assumptions in respect of expected dividend yield average risk-free interest rates, expected life of the options and expected volatility, is intended to represent the fair value determined under the Black-Scholes model of the vested portion of existing options during the period. A share-based payment expense of $119,601 was recognized during the year ended December 31, 2014 (2013: $145,725).

- Abacus recorded its share of the losses incurred by KGHM Ajax in its equity investment in KGHM Ajax of $120,670 for the year ended December 31, 2014 (2013: $235,367).

Analysis of the changes to the financial position of the Company

In connection with the Loan Agreement, the Company had accrued interest of $120,000 at December 31, 2014. Should the Company be unable to repay the loan prior to December 31, 2015, the loan will be satisfied by the Escrowed Funds. As a condition of the Loan 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 Escrowed Funds. Pursuant to the terms of the Joint Venture Agreement, once the restricted funds are exhausted, Abacus may elect to contribute its proportionate shares 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. With the release of Escrowed Funds, cash and cash equivalents at December 31, 2014 totalled $2,084,219, an increase of $1,679,703 from December 31, 2013 resulting in a decrease in the Company's restricted cash position from $15,960,900 to $6,711,115.

During the year ended December 31, 2014, Abacus contributed $6,600,000 from the Escrowed Funds 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. Pursuant to the terms of the Joint Venture Agreement, once the restricted funds are exhausted, Abacus may elect to contribute its proportionate shares 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.

Other current assets (excluding cash and cash equivalents) comprised amounts receivable and prepaid expenses totalling $32,942 (December 31, 2013: $36,052).

Non-current assets as at December 31, 2014 ($42,253,255) remained in line with December 31, 2013 totals ($44,773,481). Pursuant to the Loan entered into with Burnstone, the Company is due to receive principal of $250,000, and interest thereon, on or before December 31, 2015.

Current liabilities of $36,597 as at December 31, 2014 decreased slightly (2013: $47,190).

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 $
December 31, 2014	Nil	68,399	0.00
September 30, 2014	Nil	(706,363)	0.00
June 30, 2014	Nil	(432,513)	0.00
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

Liquidity

The Company's cash and cash equivalents are comprised of bank deposits and highly liquid temporary investments. 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.

The ability of the Company to continue is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its development partner and shareholders, primarily by way of equity financing. The Company will need to raise or borrow money for its activities. Current sources of future funding are undetermined, and management will continue to review potential financings options as the need arises. There is no certainty that the Company will be able to receive continued financial support in the future.

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 years ended December 31, 2014 and December 31, 2013.

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 escrow. Under the terms of the Joint Venture Agreement, this restricted cash can only be used to fund Abacus' share of the development activities of KGHM Ajax. At December 31, 2014, $6,659,113 remained in escrow. Of the escrowed funds, $3,360,000 is collateral in respect of the Loan Arrangement and thus unavailable to the Company until such time as the loan is repaid.

Off balance sheet arrangements

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 following is a summary of amounts that the Company reimbursed or 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

As at December 31, 2014, $116,314 was receivable from KGHM (received subsequent to December 31, 2014).

Compensation of Key Management Personnel

Key management personnel consists of Michael McInnis (CEO, President and Chairman of the Board of Directors effective February 1, 2014, and a Director of the Company since 2002), James Excell (former CEO and President until January 31, 2014). Ian MacNeily, (CFO until August 7, 2014) Jeannine Webb (CFO effective August 7, 2014), and Thomas McKeever, Louis Montpellier, and Victor Lazarovici (the non-executive Directors of the Company).

The remuneration, excluding any stock-based compensation, of key management personnel during the years ended December 31, 2014 and 2013 follows:

	December 31, 2014 $	December 31, 2013 $
CEO, CFO & Executive Chair	149,667	547,103
Directors	91,153	113,560

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

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 income (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.

Outstanding share data

As at April 21, 2015, the Company had the following common shares, stock options and warrants outstanding:

Common shares	214,157,611
Stock options	9,095,000
Warrants	-

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 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:

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	-	-

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	December 31, 2014	December 31, 2013
Bank accounts	$ 59,219	$ 29,516
Temporary investments	2,025,000	375,000
Due from KGHM Ajax	-	-
Restricted cash	6,711,115	15,960,900
	$ 8,795,334	$ 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. 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.

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 dollar, US dollar exchange rate would result in a fluctuation of CDN$180,000 in the value of 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.

Changes in accounting policies

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.

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.

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, e.g., 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.

Risks and uncertainties

The Company's principal activity is mineral exploration and development, which is speculative and involves a high degree of risk. There is a significant probability that the expenditures made by the Company in the exploring of its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditures is required to locate and estimate ore reserves, which are the basis for further development of a property. Capital expenditures to attain commercial production stage are also very substantial. The Company has a history of incurring losses and deficits, and is subject to a number of risks and uncertainties due to the nature of its business and present stage of explorations, such as, but not limited to, exploration, market, commodity prices, Aboriginal land claims, title, limited financial resources, share price volatility, key personnel, competition, environmental and regulatory requirements, uninsurable risks and critical accounting estimates.

The following sets out the principal risks faced by the Company:

Title: 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.

Aboriginal Land Claims: Aboriginal rights may be claimed on properties or other types of tenure with respect to which mining rights have been conferred. The Company is aware of the mutual benefits afforded by cooperative relationships with indigenous people in conducting exploration activity and is supportive of measures established to achieve such cooperation. While there is, to the Company' s knowledge, no existing claim in respect of any of its properties, the advent of any future aboriginal land claims and the outcome of any aboriginal land claims negotiations cannot be predicted.

Lack of Revenue and Limited Financial Resources: The Company has no significant source of operating cash flow and no revenues from operations. The Company has limited financial resources, and its 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. Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. At present, the Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing exploration budgets. While the Company has been successful in obtaining financing from the capital markets for its projects in recent years, there can be no assurance that the capital markets will remain favourable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favourable terms, or at all. Restrictions on the Company's ability to finance could have a materially adverse outcome on the Company and its securities.

Exploration and Development of Properties: The property interests owned by the Company or KGHM Ajax, or in which it may have an interest, are currently in the exploration and evaluation stages and have no ongoing mining operations. Mineral exploration and development involves a high degree of risk and few properties are ultimately developed into producing mines. 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. 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.

Share Price Volatility, Price Fluctuations and Commodity price: 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. There can be no assurance that such price fluctuations will continue, or that investors' evaluations, perceptions, beliefs and sentiments will continue to impact these target commodities. An adverse change in these commodities' prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities. There can be no assurance that these price fluctuations and volatility will not continue to occur.

Key personnel: Other than in respect of the Joint Venture, the Company's operations are dependent to a large degree on the skills and experience of certain key personnel. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a materially adverse outcome on the Company and its securities.

Competition: Significant and increasing competition exists for the opportunity to acquire or acquire an interest in the limited number of mineral properties available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional interests in attractive mineral properties on terms it considers acceptable.

Environmental and Other Regulatory Requirements: 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.

Market: The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

Uninsurable: The Company and its subsidiaries may become subject to liability for pollution, fire, explosion and other risks against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

Critical Accounting Estimates: In the preparation of financial information, management makes judgments, estimates and assumptions that affect, amongst other things, the carrying value of its mineral property assets. All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value. Management's estimates of exploration, operating, capital and reclamation costs, if any, are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its properties. The Company also uses the Black-Scholes Option Pricing Model in relation to share based payments. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted/vested during the period.

Legal proceedings

As at the date of this Report there were no legal proceedings against or by the Company.

On behalf of the Board,

"Michael McInnis"

Michael McInnis, President, CEO & Director