Abacus Mining & Exploration Corporation

(an exploration stage company)

Consolidated Financial Statements

December 31, 2017 and 2016

(Expressed in Canadian dollars)

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Independent Auditor's Report

To the Shareholders of
Abacus Mining & Exploration Corp.

We have audited the accompanying consolidated financial statements of Abacus Mining & Exploration Corp., which comprise the consolidated statement of financial position as at December 31, 2017 and December 31, 2016, and the consolidated 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 consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Abacus Mining & Exploration Corp. as at December 31, 2017 and December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company incurred a net loss of $19.6 million during the year ended December 31, 2017 and as at December 31, 2017 liabilities exceed assets by $7.4 million. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern.

/s/ Deloitte LLP

Chartered Professional Accountants
April 30, 2018
Vancouver, Canada

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Consolidated statements of financial position

Expressed in Canadian dollars

	NOTE	December 31, 2017	December 31, 2016
ASSETS		**($)**	**($)**
Current assets:			
Cash and cash equivalents	**4**	480,597	1,006,957
Amounts receivable		7,040	9,968
Prepaid expenses		20,983	15,066
		508,620	1,031,991
Non-current assets:			
Equipment		-	14,220
Restricted cash	**6**	26,000	25,948
Investment in KGHM Ajax Mining Inc.	**7**	6,390,810	22,040,341
Exploration and evaluation assets	**8**	91,828	-
		6,508,638	22,080,509
		7,017,258	**23,112,500**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities		58,047	76,513
Long-term liabilities:			
KGHM Ajax project loan	**9**	14,361,481	12,258,118
		14,419,528	12,334,631
Shareholders' equity:			
Capital stock	**10**	85,453,992	84,408,367
Reserve - stock options		5,354,844	5,019,749
Deficit		(98,211,106)	(78,650,244)
		(7,402,270)	10,777,869
		7,017,258	**23,112,500**

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

Nature of operations and going concern (Note 1)

Subsequent events (Note 16)

Approved on behalf of the Board by:

"Michael McInnis"
Chairman

"Kerry Spong"
Director

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Consolidated statements of comprehensive loss

Expressed in Canadian dollars

	Note	December 31 2017	December 31 2016
		($)	($)
General and administrative expenses:			
Accounting and audit		87,238	61,849
Amortization		1,857	5,110
Consulting and directors' fees		123,190	183,724
Exploration and evaluation expenditures	**8**	482,337	-
Insurance		29,163	20,442
Interest expense	**9**	1,283,362	1,002,511
Investor relations		71,050	18,010
Legal		98,919	39,758
Office		54,952	32,310
Rent		52,969	22,315
Salaries and contract wages		255,410	213,438
Share-based payments	**10**	335,098	87,834
Transfer agent and regulatory fees		45,563	26,960
Travel and promotion		166,289	33,971
		(3,087,397)	(1,748,232)
Other items:			
Write off of loan receivable	**5**	-	(290,000)
Write off of equipment		(10,862)	-
Interest income		6,928	23,499
Loss on equity investment in KGHM Ajax Mining Inc.	**7**	(16,469,531)	(28,059,535)
Net loss and comprehensive loss for the year		**(19,560,862)**	**(30,074,268)**
Loss per share, basic and diluted		(0.51)	(0.84)
Weighted average number of common shares outstanding	#	38,527,440 #	35,692,935

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

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Consolidated statements of changes in shareholders' equity

Expressed in Canadian dollars

	NOTE	Share capital		Reserve		
		Number of shares	Capital stock	Stock options	Deficit	Total shareholders' equity
		(#)	($)	($)	($)	($)
Balance December 31, 2015	**10(a)**	**35,692,935**	**84,408,367**	**4,931,912**	**(48,575,976)**	**40,764,303**
Share-based payments		-	-	87,834	-	87,834
Loss and comprehensive loss for the year		-	-	-	(30,074,268)	(30,074,268)
Balance, December 31, 2016		**35,692,935**	**84,408,367**	**5,019,746**	**(78,650,244)**	**10,777,869**
Securities issued for cash	10(b)	3,400,006	998,875	-	-	998,875
Issued for Willow property option	10(b)	41,668	18,750	-	-	18,750
Share-based payments		-	-	335,098	-	335,098
Loss and comprehensive loss for the year		-	-	-	(19,560,862)	(19,560,862)
Exercise of warrants	10(b)	58,333	28,000	-	-	28,000
Balance, December 31, 2017		**39,192,942**	**85,453,992**	**5,354,844**	**(98,211,106)**	**(7,402,270)**

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

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Consolidated statements of cash flows

Expressed in Canadian dollars

	December 31 2017	December 31 2016
	($)	**($)**
Operating activities:		
Net loss for the year	(19,560,862)	(30,074,268)
Items not involving cash:		
Share of loss in equity investment	16,469,531	28,059,535
Share-based payments	335,098	87,834
Amortization	1,857	5,110
Interest expense	1,283,362	1,002,511
Loan receivable written off	-	290,000
Equipment written off	10,862	-
Changes in working capital related to operating activities:		
Prepaid expenses	(5,917)	-
Amounts receivable (net)	4,429	(3,248)
Accounts payable and accrued liabilities	(18,466)	26,464
Loan receivable	-	(10,000)
Cash used for operating activities	**(1,480,105)**	**(616,062)**
Investing activities:		
Exploration and evaluation assets	(73,078)	-
Restricted cash	(52)	21,304
Cash contributions to equity investment	-	(24,522)
Cash used for investing activities	**(73,130)**	**(3,218)**
Financing activities:		
Proceeds fom warrants exercised	28,000	-
Proceeds from private placement (net)	998,875	-
Cash provided by financing activities	**1,026,875**	**-**
Decrease in cash and cash equivalents during the year	(526,360)	(619,280)
Cash and cash equivalents, beginning of the year	1,006,957	1,626,237
Cash and cash equivalents, end of year	**480,597**	**1,006,957**

Supplental cash flows		
Supplemental disclosures		
Interest on cash and cash equivalents	6,928	10,281
Interest on restricted cash	52	3,218
Shares issued for exploration and evaluation assets	18,750	-
Significant non-cash items		
Loan payable to KGHM	820,000	3,315,478
Contributions to equity investment	820,000	3,315,478

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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 1000 - 1050 West Pender Street, Vancouver, British Columbia, Canada, V6E 3S7.

The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether its properties contain economically recoverable ore reserves. The Company has not generated any revenues from its operations to date and consequently is considered to be in the exploration stage. The amounts shown as exploration and evaluation assets represent acquisition costs incurred to date, less any amounts written off, and do not necessarily represent present or future values. The recoverability of the carrying amounts for exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the Company raising capital, the sale or entering into a joint venture of the Company's exploration and evaluation assets, and/or the attainment of profitable operations.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. During the year ended December 31, 2017 the Company incurred a net loss of $19,560,862 (2016: $30,074,268). At December 31, 2017, the Company's liabilities exceeded its assets by $7,402,270.

The Company continues to have operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its mineral properties. The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to fund its mineral properties through the issuance of capital stock or joint ventures, and to realize future profitable production or proceeds from the disposition of its mineral interests. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

Management plans to continue to secure the necessary financing through a combination of equity financing and entering into joint venture arrangements; however, there is no assurance that the Company will be successful in these actions. These financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

On June 28, 2010, KGHM Ajax Mining Inc. ("KGHM Ajax") was incorporated. KGHM Ajax is currently focused on 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 "JV Agreement"). Pursuant to the JV 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"). Additionally, 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.

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% (Note 7). The JV Agreement includes provisions allowing Abacus to fund its share of cash calls from the Ajax project through to production using loans from KGHM International.

On May 1, 2017 the Company incorporated Abacus Mining & Exploration (NV) Corporation, a wholly-owned integrated Nevada, US subsidiary to hold its interest in the Willow property (Note 8).

2. BASIS OF PREPARATION and SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

(a) Basis of preparation

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The consolidated financial statements are presented in Canadian dollars, except where otherwise noted. The consolidated financial statements of Abacus were reviewed by the Audit Committee, and the Board of Directors approved and authorized for issue the consolidated financial statements on April 30, 2018.

(b) Significant accounting judgments, estimates, and assumptions

The preparation of consolidated 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 consolidated 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 consolidated financial statements and estimates with a risk of material adjustment are:

(i) *Realization of investment in associate*

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 KGHM Ajax's assets or the Company's interest in KGHM Ajax. The Company performed an assessment, in accordance with its accounting policy, and identified objective evidence of impairment as at December 31, 2017 and December 31, 2016.

Where objective evidence of impairment is identified, the recoverable amount of the investment in KGHM Ajax would involve using the most recent financial information from KGHM in assessing whether a potential impairment has occurred. The assumptions to which the calculation of recoverable amount is most sensitive includes comparative property prices, ore production volume, long term metal prices, discount rates, operating costs, and development and construction costs which KGHM Ajax would have used to determine the recoverable value of its assets. These assumptions and estimates are subject to change based on economic and other factors and these changes can have a material impact on the calculation of recoverable amount of the project.

(ii) *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 loss 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.

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 year in the Company's consolidated statements of comprehensive loss. The Company's 20% (2016: 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 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

Effective October 1, 2016, the Company voluntarily changed its accounting policy in respect of Exploration and Evaluation ("E&E") expenditures to recognize these costs in the consolidated statement of comprehensive loss in the period incurred, as permitted under IFRS6 Exploration for and Evaluation of Mineral Resources. Previously, these expenditures were capitalized as E&E assets on the Company's consolidated statement of financial position. The Company changed its accounting policy as it believes that the new policy is more consistent with the IFRS framework with respect to the characterization of an asset. The Company also believes that showing E&E expenditures separately on the consolidated statement of comprehensive loss and in the operating activities section of the consolidated statement of cash flows more accurately reflects the Company's activities during the periods presented. The change in accounting policy has been applied retrospectively. No change in accounting policy was made with regard to costs of acquiring mineral property licenses or rights which are disclosed as E&E assets.

E&E acquisition costs: All direct costs related to the acquisition of mineral property interests ("E&E Assets") are capitalized into intangible assets on a property by property basis. Expenditures made in connection with a right to acquire a property and or explore in an exploration area for a period in excess of one year, are capitalized.

E&E exploration expenditures: Exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated reserves as the depletion base.

(d) Impairment of non-financial assets

IAS 28, Investments in Associates, requires that after the application of the equity method, the requirements of IAS 39, Financial Instruments: Recognition and Measurement should be applied to determine whether any impairment loss should be recognized. This requires an assessment of whether there is objective evidence that the Company's interest in KGHM Ajax is impaired. In addition to considering KGHM Ajax's solvency, business and financial risk exposures, consideration must also be given to industry specific factors, such as the current mining industry downturn to the demand for metals produced by KGHM Ajax and to changes in the political or legal environment impacting the ability to put the Ajax project into production.

If an impairment indicator is identified, the rules of IAS 36, Impairment of Assets, are applied to determine whether any impairment loss needs to be recorded. IAS 36 requires that the recoverable amount of the asset in question is 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 grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. A corresponding increase in contributed surplus is recorded when stock options are expensed. When stock options are exercised, capital stock is credited by the sum of the consideration paid and the related portion of stock-based compensation previously recorded in contributed surplus. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

Share-based compensation arrangements in which the Company receives goods or services as consideration for its own equity instruments or stock options granted to non-employees are accounted for as equity settled share based payment transactions and measured at the fair value of goods and services received. If the fair value of the goods or services received cannot be estimated reliably, the share based compensation transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

(h) Income taxes

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. 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.

(h) 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.

(i) Foreign currency translation

The functional and presentation 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 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.

(j) 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 consolidated 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.
- *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.

Expressed in Canadian dollars

(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 consolidated 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, interest payable to KGHM Ajax and loan from KGHM, all of which are recognized at amortized cost.

(k) Segmented information

The Company has one operating segment, mineral exploration and development, and operates in two geographical segments, being Canada and the United States.

(l) New accounting standards not yet adopted

Standards and amendments issued but not yet effective up to the date of authorization of these consolidated financial statements are as below:

- IFRS 2, “Share-based payment” (amended standard) is effective for annual periods beginning on or after January 1, 2018.
- IFRS 9, “Financial Instruments: Classification and Measurement”: is effective for annual periods beginning on or after January 1, 2018.
- IFRS 15, “Revenue from Contracts and Customers”: the effective date of adoption has been deferred to January 1, 2018 (with earlier application permitted).
- IFRS 16, “Leases”: is effective for annual periods beginning on or after January 1, 2019.

The Company has evaluated the impact of these new and amended standards on its consolidated financial statements. The adoption of these new and amended standards 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, 2017	December 31, 2016
	($)	**($)**
Bank accounts	105,597	81,957
Savings account	375,000	925,000
	480,597	1,006,957

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 Loan, bearing interest of 8% per annum, was secured by a first priority security interest over Burnstone’s option to acquire a 100% interest in the Tomichi Project and repayable by July 31, 2016. The Company was advised that Burnstone had been unable to maintain its agreement on the Tomichi Project in good standing, and was also unable to satisfy its indebtedness to the Company; consequently, the Company wrote off principal and accrued interest of $290,000 during 2016.

Expressed in Canadian dollars

6. RESTRICTED CASH

At December 31, 2017, the Company has restricted cash of $26,000 (December 31, 2016: $25,948) to guarantee credit card balances.

7. INVESTMENT IN KGHM AJAX MINING INC.

KGHM Ajax is a private company incorporated under the Corporations Act (British Columbia) and engaged principally in the exploration and development of the Ajax Project located near Kamloops, British Columbia. As at December 31, 2017 and 2016, the Company owns 20% (KGHM: 80%) of the common and voting shares of KGHM Ajax, and has representation on the Board of Directors. Thus, the Company is considered to have significant influence over KGHM Ajax, and accordingly accounts for its investment in KGHM Ajax using the equity method, pursuant to which its 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 any distributions received from KGHM Ajax. To date no dividends or distributions to shareholders of KGHM Ajax have occurred.

During the year ended December 31, 2017, Abacus contributed $820,000 (2016: $3,340,000) to KGHM Ajax, representing Abacus' share of cash calls of KGHM Ajax made pursuant to the JV Agreement, to finance the continuing operations of KGHM Ajax. The cash calls were funded through additional loans from KGHM (Note 9).

Investment in KGHM Ajax	**($)**
December 31, 2015	**46,759,876**
Cash contributions to KGHM Ajax pursuant to cash calls	3,340,000
Share of the loss of KGHM Ajax	(28,059,535)
December 31, 2016	**22,040,341**
Cash contributions to KGHM Ajax pursuant to cash calls	820,000
Share of the loss of KGHM Ajax	(16,469,531)
December 31, 2017	**6,390,810**

A summary of 100% of the assets and liabilities of KGHM Ajax and selected results of operations for the year ended December 31, 2017 follows:

Expressed in Canadian dollars

Selected financial information of KGHM Ajax		December 31, 2017		December 31, 2016
Cash and cash equivalents	$	3,888,665	$	5,169,134
Current assets (excluding cash & cash equivalents)		507,560		934,357
Total non-current assets		31,752,126		108,806,038
Total assets	$	36,148,351	$	114,909,529
Current liabilities	$	1,883,013	$	2,172,496
Non-current liabilities		2,276,952		2,500,990
Total shareholders' equity		31,988,386		110,236,043
Total liabilities and equity	$	36,148,351	$	114,909,529

		Year ended December 31 2017		Year ended December 31 2016
Net and comprehensive loss (income)	$	82,347,657	$	137,297,676
Revenue	$	nil	$	nil
Interest Income		(32,690)		(24,817)
Amortization		64,417		38,482
Interest expense		23,209		27,698
Income tax expense (recovery)		1,941,032		(1,941,032)
Impairment		79,754,973		139,909,340

Impairment of non-current assets in KGHM Ajax

During the years ended December 31, 2017 and 2016 KGHM Ajax reviewed the carrying value of its mining and other assets due to the identification of indications of impairment. Impairment charges were recognized as a result to reduce the carrying value of mining and other assets to its recoverable amount.

In respect of the year ended December 31, 2017:

In December 2017, following a six-year environmental assessment review process, the British Columbia Minister of Environment and Climate Change Strategy and Minister of Energy, Mines and Petroleum Resources announced they had declined the issuance of an Environmental Assessment Certificate ("EA Certificate") for the Ajax project. The recoverable amount was determined based on fair value less costs to sell, with measurement of the value of KGHM Ajax's real estate providing the highest value. As such, KGHM Ajax recognized a total impairment of $79,754,973, which impairment was allocated among mineral interest, land, buildings and equipment.

In respect of the year ended December 31, 2016:

The recoverable amount was determined based on fair value less costs to sell by discounting estimated future cash flows using post tax discount rate of 8.0%. The future cash flows were estimated using future copper prices with a range of 2.40- 3.18 U.S. dollars per pound over the mine life. KGHM Ajax recognized $114,398,040 of impairment in mineral interest and an impairment of $25,511,300, which impairment was allocated among land, buildings and equipment.

Expressed in Canadian dollars

8. EXPLORATION AND EVALUATION ASSETS

The Company has investigated ownership of its mineral interests as at December 31, 2017, and to the best of the Company's knowledge, ownership of its interests is in good standing.

	Balance December 31, 2016 ($)	Acquistion Costs ($)	Balance December 31, 2017 ($)
Tomichi	-	8,484	8,484
Willow	-	83,344	83,344
	-	**91,828**	**91,828**

The following table shows the activity by category of exploration:

	Year ended December 31, 2017	2016
Exploration and Evaluation Expenditures	**($)**	**($)**
Consulting and project supervision	138,216	-
Surveying	230,915	-
Planning	103,948	-
Other	9,258	-
Total	**482,337**	**-**

Willow Property:

On February 14, 2017, the Company entered into an option agreement ("Option Agreement") with Almadex Minerals Limited and its wholly-owned Nevada subsidiary Almadex America Inc. (collectively, "Almadex"), to acquire, subject to regulatory approval (received February 22, 2017), the exclusive right and option to earn, in the aggregate, up to a 75% undivided ownership interest in the Willow Property (the "Willow Property"). To acquire the initial 60% Option Interest in the Willow Property, the Company is required to issue common shares and incur exploration expenditures as follows:

Date	Common shares in the capital of Abacus (the "Shares") (1) (#)	Minimum Annual Exploration Expenditures on the Exploration Program ("Expenditures") (US$)
TSX-V approval (received February 22, 2017)	41,667 (2)	Nil
On or before the February 22, 2018	41,667 (3)	100,000 (4)
On or before the February 22, 2019	41,667	300,000
On or before the February 22, 2020	41,667	600,000
On or before the February 22, 2021	83,333	800,000
On or before the February 22, 2022	166,666	1,200,000
Total	**416,667**	**3,000,000**

(1) After taking into effect the consolidation of the common shares in the capital of the Company, as to one post-consolidation share for every six pre-consolidation shares, which post-consolidated shares commenced trading on the TSX-V on May 1, 2017.
(2) Issued on March 16, 2017; valued at $18,750.
(3) Issued on February 7, 2018; valued at $9,167.
(4) Incurred

Expressed in Canadian dollars

Upon having earned the 60% Option Interest in the Willow Property and until the 10th anniversary date of the date of regulatory approval, the Company will be required to incur minimum exploration expenditures on an exploration program on the Property of US$500,000 per year. The Company will act as the Willow Property's operator during the initial five-year term and following the earning of the 60% Option Interest, until such time as a joint venture is established, as described below.

In order to earn the 15% Additional Interest, such that the Company would have an aggregate interest of 75% in the Willow Property, the Company will be required to deliver a Feasibility Study on the Willow Property to Almadex on or before the 10th anniversary date of the date of regulatory approval. Upon having earned the Additional Interest, the Company will continue to act as the Willow Property's operator until such time as a 75:25 joint venture is established for the further management, exploration and development of the Willow Property.

Tomichi Property:

During the year ended December 31, 2017, the Company acquired, by staking, claims comprising the Tomichi Property, in Nevada.

9. KGHM AJAX PROJECT LOAN

Under the terms of the JV Agreement, and without dilution to its 20% ownership of KGHM Ajax, the Company requested, beginning in 2015, that KGHM provide the Company's funding of the operations at Ajax as a loan (the "KGHM Loan").

The KGHM Loan is non-revolving, bears interest of 10% per annum, is secured by the investment in KGHM Ajax, and has a maturity date of December 31, 2020. Under the terms of the JV Agreement, if, at the time of maturity of the loan, the commencement of commercial production and the distribution of dividends by the JV to the Company are not sufficient to repay the KGHM Loan, the parties must, in good faith, negotiate an extension. Additionally, should the Company incur debt outside of the KGHM Loan or dispose of assets, in each case in excess of $100,000, any prepayment of the debt is only in the amount of the funds borrowed or sale proceeds received.

For the year ended December 31, 2017, $820,000 (2016: $3,315,478) was provided by KGHM and the Company accrued interest of $1,283,362 for the year (2016: $1,002,390).

KGHM Loan	**($)**
December 31, 2015	**7,940,250**
Funds advanced by KGHM	3,315,478
Interest	1,002,390
December 31, 2016	**12,258,118**
Funds advanced by KGHM	820,000
Interest	1,283,362
December 31, 2017	**14,361,481**

10. SHAREHOLDERS' EQUITY

(a) Authorized capital stock

Share consolidation
At the Special General Meeting held on April 25, 2017, the Company received shareholder approval to consolidate its issued and outstanding common shares on the basis of one post-consolidation common share for every six pre-consolidation common shares. Regulatory approval having been received, the common shares of the Company commenced trading on the TSX-V on a post-consolidated basis on May 1, 2017. There was no change to the Company's trading symbol on the TSX-V. All information relating to earnings/loss per share, issued and outstanding common shares, share options and warrants (Note 11), and per share amounts in these consolidated financial statements have been adjusted retrospectively to reflect the share consolidation.

At December 31, 2017, the authorized capital stock of the Company is comprised of an unlimited number of common shares without par value.

(b) Share issuances -

Year ended December 31, 2017

- On February 15, 2017, the Company announced a non-brokered private placement ("Offering") for proceeds of up to $1,000,000 through the issuance of 3,333,333 units ("Units") at a price of $0.30 per Unit. Each Unit consists of one common share of the Company (a "Unit Share") and one-half of a non-transferable common share purchase warrant, with each full warrant exercisable to purchase one additional common share of the Company at a price of $0.48 per common share for a period of 3 years from the date of closing of the Offering. On March 8, 2017, the Company closed the Offering, pursuant to which it received gross proceeds of $1,020,000, issued 3,400,006 common shares in the capital of the Company, and warrants allowing for the purchase of up to, in the aggregate, 1,700,000 common shares in the capital of the Company at $0.48 per share until March 8, 2020.

- Pursuant to the Option Agreement, the Company issued 41,668 common shares, which shares were valued at $18,750.

- The Company issued a total of 58,333 shares on the exercise of warrants, for total gross proceeds of $28,000.

Year ended December 31, 2016

- No shares issued during the year ended December 31, 2016.

(c) 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, 2017 stock options may be granted allowing for the purchase of up to, in the aggregate, a maximum of 4,084,855 shares. The exercise price of any option granted shall not be less than the minimum price permitted by the policies of the TSX Venture Exchange (the "Exchange"). 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. Options granted vest at the discretion of the Board of Directors and in accordance with regulatory requirements. 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, 2017, the Company had stock options outstanding to directors, officers and consultants for the purchase of up to, in the aggregate, 3,086,657 (December 31, 2016: 2,140,000) common shares exercisable as follows:

		Outstanding		Exercisable	
Exercise price ($)	Expiry date	Outstanding (#)	Remaining contractual life (yrs)	Exercisable (#)	Remaining contractual life (yrs)
0.72	October 8, 2018	366,665	0.77	366,665	0.77
0.30	February 20, 2020	253,330	2.14	253,330	2.14
0.39	November 16, 2020	166,666	2.88	166,666	2.88
0.36	December 28, 2020	937,496	2.99	937,496	2.99
0.36	April 19, 2021	250,000	3.30	250,000	3.30
0.42	February 21, 2022	962,500	4.15	950,000	4.15
0.25	December 20, 2022	150,000	4.97	150,000	4.97
		3,086,657	**3.13**	**3,074,157**	**3.12**

The weighted average remaining contractual life of the stock options outstanding as at December 31, 2017 is 3.12 years (December 31, 2016: 3.23 years).

A summary of the status of the Company's stock options as at December 31, 2017 and December 31, 2016, and changes during the years then ended is as follows:

	Outstanding (#)	Weighted average exercise price ($)
Outstanding December 31, 2015	**1,890,000**	**0.54**
Granted	250,000	0.36
Outstanding December 31, 2016	**2,140,000**	**0.48**
Granted	1,112,500	0.40
Expired	(165,843)	1.41
Outstanding December 31, 2017	**3,086,657**	**0.41**

Share-based payments reserve is included in shareholders' equity and consists of the estimated fair value of stock options.

On January 26, 2017, stock options allowing for the purchase of up to, in the aggregate, 165,846 common shares in the capital of the Company expired.

On February 21, 2017, the Company granted options allowing for the purchase of up to, in the aggregate, 962,500 shares at $0.42 per common share until February 21, 2022, to employees, directors and officers of Abacus. 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 1.17%, expected life of five years, expected volatility of 103.49% and dividend yield of 0%. The total amount of share-based payments expense is calculated at $307,067, of which $301,537 was recognized during the period ended December 31, 2017.

On December 20, 2017, the Company granted options allowing for the purchase of up to, in the aggregate, 150,000 common shares at $0.25 per share until December 20, 2022, to an officer of the Company. 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 1.75%, expected life of five years, expected volatility of 126.09% and dividend yield of 0%. The total amount of share-based payments expense is calculated at $30,421 which was recognized during the year ended December 31, 2017.

Expressed in Canadian dollars

On April 19, 2016, the Company granted options allowing for the purchase of up to, in the aggregate, 250,000 common shares at $0.36 per share until April 19, 2021, to a director of the Company. 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 0.79%, expected life of five years, expected volatility of 96.82% and dividend yield of 0%. The total amount of share-based payments expense is calculated at $52,551 which was recognized during the year ended December 31, 2016.

Pursuant to the vesting of options granted in prior years, the Company recognized $3,140 in share-based payments during the period ended December 31, 2017.

11. WARRANTS

The Company uses the residual method in determining the fair value of warrants issued, which method provides for the allocation of the consideration received to the fair value to the shares issued and allocating any residual amount to the warrants issued.

During the year ended December 31, 2017, the Company, in connection with the March 8, 2017 Offering, issued 1,700,000 warrants, with each warrant entitling the holder to purchase one common share at a price of $0.48 until on March 8, 2020. As the fair value of the shares exceeded the consideration received, no residual amount existed, and the warrants were valued at $Nil.

A summary of the change in the Company's warrants follows:

	Outstanding (#)	Weighted average exercise price ($)	Weighted average remaining life (yrs)
Outstanding December 31, 2015 and 2016	-	-	-
Issued	1,700,000	0.48	-
Exercised	(58,333)	0.48	-
Outstanding December 31, 2017	**1,641,667**	**0.48**	**2.19**

Expressed in Canadian dollars

12. INCOME TAXES

	Year ended December 31, 2017 ($)	Year ended December 31, 2016 ($)
Income taxes		
Loss for the year	19,442,627	30,074,268
Effective statutory tax rate	26%	26%
Expected income tax receovery	(5,055,083)	(7,819,310)
Change in benefit of deferred tax assets not recognized	5,648,393	7,763,973
Non-deductible items	87,125	55,337
Share issue costs	(1,099)	-
Amounts over those provided for in prior year	(12,357)	-
Effect on deferred tax balances due to the change in income tax rate from 26% to 27%	(666,980)	-
Total expense reported	**-**	**-**

Unrecognized deductible temporary differences and unused tax losses	**December 31, 2017 ($)**	**December 31, 2016 ($)**
Net capital loss carry-forwards	1,835,302	1,835,302
Non-capital loss carry-forwards	19,116,664	16,441,135
Non-refundable mining income tax credit	673,959	673,959
Share issue costs	16,900	
Excess of tax values over accounting values of:		
Investments	45,686,570	29,217,039
Equipment	59,500	45,280
	67,388,895	**48,212,715**

At December 31, 2017, the Company has Canadian loss carry forwards of approximately $18,634,327 (2016: $16,441,135) which have not been recognized. The Company also has US loss carry forwards of approximately $482,337 (2016: $Nil) available to reduce future years' income for tax purposes. The Company recognizes the benefit of tax losses only to the extent of anticipated future taxable income in relevant jurisdictions. The Canadian and US tax loss carry forwards expire between 2028 and 2037.

13. 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.

Expressed in Canadian dollars

The following are the related party transactions occurring during the period:

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, 2017 and 2016 follow:

	December 31, 2017 ($)	December 31, 2016 ($)
Accounting	40,938	33,813
Consulting and contract wages	177,667	153,500
Share based payments	324,788	80,870
Directors' fees	90,000	84,375
	633,393	**352,558**

During the year ended December 31, 2017, the Company was charged, by a company with directors in common, $16,000 in respect of rent.

14. FINANCIAL RISK MANAGEMENT

The Company has classified its cash and cash equivalents, restricted cash and contractual obligations as FVTPL; amounts receivable and loan receivable, as loans and receivables; and accounts payable, accrued liabilities and loan from KGHM, as other financial liabilities. The carrying values of cash and cash equivalents, amounts receivable, restricted cash, and accounts payable and accrued liabilities 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) Credit risk

The Company manages credit risk, in respect of its cash and cash equivalents, by purchasing highly liquid, short-term investment-grade securities held at major Canadian financial institutions. Concentration of credit risk exists with respect to the Company's cash and cash equivalents (Note 4) and restricted cash (Note 6), as all amounts are held through 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, 2017		December 31, 2016
Bank accounts	$	105,597	$	81,957
Savings account		375,000		925,000
Restricted cash		26,000		25,948
	$	506,597	$	1,032,905

(b) 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 $58,047 (December 31, 2016: $76,513) are due in the first quarter of 2018. At December 31, 2017, the Company had cash and cash equivalents of $480,597, accounts receivable of $7,040, and subsequent to December 31, 2017 completed a financing for gross proceeds of $828,500, all of which is sufficient to satisfy the expected requirements for the year ending 2018.

(c) 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 susceptible to interest rate risk since the KGHM loan is fixed at 10%.

(ii) *Foreign currency risk*

The Company incurs certain expenses in currencies other than the Canadian dollar. The Company is subject to foreign currency risk as a result of fluctuations in exchange rates. The Company manages this risk by maintaining bank accounts in US dollars to pay these foreign currency expenses as they arise. Receipts in foreign currencies are maintained in those currencies. The Company does not undertake currency hedging activities. The Company also does not attempt to hedge the net investment and equity of integrated foreign operations.

(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.

15. SEGMENTED INFORMATION

All of the Company's operations are in the resource sector. The Company's mineral exploration and development operations are in the United States. The capital assets and total assets identifiable with these geographical areas are as follows:

Expressed in Canadian dollars

	December 31, 2017 ($)	December 31, 2016 ($)
Exploration & Evaluation Assets		
Canada	-	-
United States	91,828	-
	91,828	**-**

	December 31, 2017 ($)	December 31, 2016 ($)
Total Assets		
Canada	6,925,430	23,112,500
United States	91,828	-
	7,017,258	**23,112,500**

16. SUBSEQUENT EVENTS

- On April 3, 2018, the company closed, subject to final regulatory approval (received April 11, 2018), a non-brokered private placement for gross proceeds of $828,500 through the issuance of 4,142,500 units of the Company ("Units") at a price of $0.20 per Unit. Each Unit consists of one common share of the Company and one non-transferable common share purchase warrant, with each warrant exercisable to purchase one common share of the Company at a price of $0.30 per common share for a period of three years from the date of closing of the financing.

- On February 7, 2018, in connection with the Willow Property Option Agreement, the Company issued 41,667 common shares of the Company. The shares were valued at $9,167.

- The Company entered into an Exploration and Option to Purchase Agreement (the “Agreement”) dated effective January 1, 2018, with three individuals (collectively, the “Optionors”), to lease the copper Nev-Lorraine unpatented mining claims located in Douglas County, Nevada, USA (the Property”). The Agreement is a ten year lease agreement allowing the Company to explore the Nev-Lorraine claims by incurring yearly expenditures of US$20,000 on the Property and by making escalating yearly lease payments to the Optionors, starting at US$60,000 and increasing by US$10,000 each year thereafter. At any time during the life of the agreement, the Company can elect to purchase the claim group outright from the Optionors, for sums ranging from US$1,500,000 to US$1,950,000. The Optionors do not retain an NSR, and the yearly expenditures are cumulative, meaning that any excess expenditure can be carried through to subsequent years.

- On April 19, 2018 the Company granted stock options allowing for the acquisition of up to, in the aggregate, 447,500 shares of the Company at $0.22 per share until April 19, 2023.