

Abacus Mining & Exploration Corporation

(an exploration stage company)

Condensed Interim Consolidated Financial Statements
For the Three Months Ended March 31, 2022 and 2021

(Unaudited)

(Expressed in Canadian dollars)

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NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management of Abacus Mining & Exploration Corporation.

Abacus Mining & Exploration Corporation's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)**Condensed interim consolidated statements of financial position**

Unaudited - Expressed in Canadian dollars

	NOTE	March 31, 2022	December 31, 2021
ASSETS		(\$)	(\$)
Current assets:			
Cash and cash equivalents		686,908	57,975
Amounts receivable		13,781	14,697
Prepaid expenses		20,143	29,847
		<u>720,832</u>	<u>102,519</u>
Non-current assets:			
Investment in KGHM Ajax Mining Inc.	4	5,080,840	5,168,878
Exploration and evaluation assets	5	538,293	496,137
		<u>5,619,133</u>	<u>5,665,015</u>
		6,339,965	5,767,534
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current liabilities:			
Accounts payable and accrued liabilities		285,836	244,660
KGHM Ajax project loan	6	22,530,728	21,992,576
		<u>22,816,564</u>	<u>22,237,236</u>
Shareholders' deficit:			
Capital stock	7	91,104,241	90,351,664
Reserves		6,282,708	6,086,166
Deficit		<u>(113,863,548)</u>	<u>(112,907,532)</u>
		<u>(16,476,599)</u>	<u>(16,469,702)</u>
		6,339,965	5,767,534

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

Nature of operations and going concern (Note 1)

Subsequent event (Note 11)

Approved and authorized for issue by the Board of Directors on May 27, 2022

"Michael McInnis"
Chairman"Kerry Spong"
Director

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)**Condensed interim consolidated statements of loss and comprehensive loss**

Unaudited - Expressed in Canadian dollars

	Three months ended March 31	
	2022	2021
	(\$)	(\$)
General and administrative expenses:		
Accounting and audit	15,306	7,038
Exploration and evaluation expenditures	29,912	264,303
Foreign exchange loss	-	2,317
Insurance	9,704	8,465
Legal	-	20,000
Office	2,939	1,110
Rent	-	4,800
Salaries and contract wages	63,244	62,094
Share-based payments	193,461	226,490
Transfer agent and regulatory fees	7,117	6,798
Travel and promotion	8,142	43,357
	<u>329,827</u>	<u>646,772</u>
Other items:		
Interest expense	538,152	470,938
Loss on equity investment in KGHM Ajax Mining Inc.	88,038	48,130
	<u>956,016</u>	<u>1,165,840</u>
Loss and comprehensive loss for the period		
	956,016	1,165,840
Loss per share, basic and diluted	(0.01)	(0.02)
Weighted average number of common shares outstanding	# 90,788,787	# 74,040,869

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

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Condensed interim consolidated statements of changes in shareholders' deficit

Unaudited - Expressed in Canadian dollars

	NOTE	Share capital		Reserve			Total shareholders' deficit	
		Number of shares	Capital stock	Subscriptions received	Stock options	Warrants		Deficit
Balance, December 31, 2020		74,014,943	88,824,083	-	5,638,517	65,571	(107,449,785)	(12,921,614)
Issued for Willow property option		83,333	12,083	-	-	-	-	12,083
Shares allotted but not issued		-	-	869,520	-	-	-	869,520
Share-based payments		-	-	-	226,490	-	-	226,490
Loss for the period		-	-	-	-	-	(1,165,840)	(1,165,840)
Balance, March 31, 2021		74,098,276	88,836,166	869,520	5,865,007	65,571	(108,615,625)	(12,979,361)
Securities issued for cash		13,236,000	1,616,521	(869,520)	-	52,079	-	799,080
Share issuance costs - cash		-	(122,260)	-	-	-	-	(122,260)
Share issuance costs - warrants		-	(9,273)	-	-	9,273	-	-
Exercise of warrants		343,400	30,510	-	-	-	-	30,510
Share-based payments		-	-	-	94,236	-	-	94,236
Loss for the period		-	-	-	-	-	(4,291,907)	(4,291,907)
Balance, December 31, 2021		87,677,676	90,351,665	-	5,959,243	126,922	(112,907,532)	(16,469,702)
Issued for Willow property option	5,7	166,666	10,833	-	-	-	-	10,833
Securities issued for cash	7	12,666,667	760,000	-	-	-	-	760,000
Share issuance costs - cash		-	(15,175)	-	-	-	-	(15,175)
Share issuance costs - warrants		-	(3,082)	-	-	3,082	-	-
Share-based payments		-	-	-	193,461	-	-	193,461
Loss for the period		-	-	-	-	-	(956,016)	(956,016)
Balance, March 31, 2022		100,511,009	91,104,241	-	6,152,704	130,004	(113,863,548)	(16,476,599)

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

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)**Condensed interim consolidated statements of cash flows**

Unaudited - Expressed in Canadian dollars

	March 31, 2022	March 31, 2021
	(\$)	(\$)
Operating activities:		
Loss for the period	(956,016)	(1,165,840)
Adjustments and items not involving cash:		
Share of loss in equity investment	88,038	48,130
Share-based payments	193,461	226,490
Interest expense	538,152	470,938
Changes in working capital related to operating activities:		
Prepaid expenses	9,704	8,464
Amounts receivable	916	21,808
Accounts payable and accrued liabilities	41,176	43,201
Cash used for operating activities	(84,569)	(346,809)
Investing activities:		
Exploration and evaluation assets	(31,323)	(28,310)
Cash used for investing activities	(31,323)	(28,310)
Financing activities:		
Share subscriptions received in advance	-	869,520
Proceeds from private placement	760,000	-
Share issuance costs	(15,175)	-
Cash provided by financing activities	744,825	869,520
Increase (decrease) in cash and cash equivalents during the period	628,933	494,400
Cash and cash equivalents, beginning of the period	57,975	628,465
Cash and cash equivalents, end of period	686,908	1,122,865

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

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2022

Unaudited - Expressed in Canadian dollars

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 and the U.S.A. The address of the Company’s office is Suite 1000 - 1050 West Pender Street, Vancouver, British Columbia, Canada.

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.

GOING CONCERN

These condensed interim 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. As at March 31, 2022 the Company had a working capital deficit (current assets less current liabilities) of \$22,095,732 (December 31, 2021: working capital deficit of \$22,134,717), which working capital deficit includes the KGHM Ajax project loan (the “KGHM Loan”), with a carrying value of \$22,530,728 (December 31, 2021: \$21,992,576) (Note 6). During the three-month period ended March 31, 2022 the Company incurred a loss of \$956,016 (March 31, 2021: \$1,165,840) and used cash for operating activities of \$84,569 (March 31, 2021: \$346,809).

The KGHM Loan is secured by the investment in KGHM Ajax, is non-revolving, bears interest of 10% per annum and, as amended, matures on December 31, 2022 (the “Extended Maturity Date”), and specifies the good faith commitment of the parties to negotiate for an extension of the maturity date, should the commencement of commercial production and the distribution of dividends, in an aggregate amount sufficient for purposes of repayment of the loan, not have occurred by the maturity date. At March 31, 2022 and as at the date of this Report, the Company does not have the funds available to satisfy the loan. 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 required for the Ajax Project to proceed toward commercial production. There can be no assurance that the necessary environmental approvals will be granted prior to the date of maturity of the KGHM Loan, nor is there any assurance that an extension of the maturity date of the KGHM Loan will be negotiated prior to the Extended Maturity Date.

The Company continues to incur operating losses, has limited financial resources, no source of operating cash flow. 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, to renegotiate the maturity date of the KGHM Loan 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.

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2022

Unaudited - Expressed in Canadian dollars

These condensed interim consolidated 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.

COVID 19

The outbreak of the coronavirus (COVID-19) global pandemic has adversely affected workforces, economies, and financial markets globally. Since March 2020, governmental measures have been implemented and amended in Canada and the rest of the world in response to the pandemic. The Company continues to operate its business, and adheres to Canadian Federal and Provincial, and US Federal and State emergency measures as those are developed. COVID-19 and the various government measures, which could include government mandated temporary closures of international borders or restrictions on travel of various personnel, could impact the Company's ability to conduct its exploration programs in a timely manner. The Company continues to adapt to these changing circumstances and to evaluate the best way to move its exploration activities forward during current conditions and when emergency measures are lifted.

2. BASIS OF PREPARATION

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments and financial instruments at fair value, if any held, that have been measured at fair value. These condensed interim consolidated financial statements are presented in Canadian dollars, except where otherwise noted.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. Interim financial statements do not include all the information required for full annual financial statements. These condensed interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2021. These condensed interim consolidated financial statements were reviewed by the Audit Committee, and the Board of Directors approved and authorized them for issuance on May 27, 2022.

(b) Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Abacus Mining & Exploration (NV) Corporation, a company incorporated in the state of Nevada, USA. All significant inter-company transactions, balances, and unrealized foreign exchange translation gains or losses have been eliminated.

(c) Foreign currency translation

The presentation currency of the Company and the functional currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at rates approximating those in effect at the time of the transactions. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Translation gains and losses are reflected in the consolidated statements of loss and comprehensive loss for the period. Unless otherwise indicated, all dollar amounts in these condensed interim consolidated financial statements are in Canadian dollars.

(d) Estimation uncertainty and accounting policy judgments

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make certain judgments in its process of applying the Company's accounting policies and estimates of the impact of future uncertain events on the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered relevant under the circumstances. Revisions to estimates and the resulting impacts on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. There are no material areas of estimation uncertainty as at March 31, 2022.

Accounting policy judgments

- (i) The carrying amount of the Company's exploration and evaluation assets does not necessarily represent present or future values, and these assets have been accounted for under the assumption that the carrying value will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and future profitable production or proceeds from the disposition of the exploration and evaluation assets themselves.

Additionally, there are geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets. Management reviewed exploration and evaluation assets for the period ended March 31, 2022 and did not identify any impairment indicators for the Willow project. During the year, an impairment indicator was identified for the Jersey Valley project and the exploration and evaluation assets related to the project was written off.

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 has not identified any impairment indicators as at March 31, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

The same accounting policies have been used in the preparation of these condensed interim consolidated financial statements as those used in the most recent audited annual financial statements and in the opinion of management reflect all the adjustments considered necessary for the fair presentation in accordance with IFRS of the result of the interim periods presented.

4. 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 March 31, 2022 the Company owned 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.

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)**Notes to the condensed interim consolidated financial statements**

For the three months ended March 31, 2022

Unaudited - Expressed in Canadian dollars

During the period ended March 31, 2022, Abacus contributed \$Nil (December 31, 2021: \$768,240) to KGHM Ajax representing Abacus' 20% share of cash calls of KGHM Ajax made pursuant to a Definitive Joint Venture Shareholders' Agreement (the "JV Agreement"), to finance the continuing operations of KGHM Ajax. The cash calls were funded through additional loans from KGHM (Note 6)

	(\$)
December 31, 2020	5,424,924
Cash contributions to KGHM Ajax equity investment	-
Share of the loss of KGHM Ajax	(48,130)
March 31, 2021	5,376,794
Cash contributions to KGHM Ajax equity investment	768,240
Share of the loss of KGHM Ajax	(976,156)
December 31, 2021	5,168,878
Cash contributions to KGHM Ajax equity investment	-
Share of the loss of KGHM Ajax	(88,038)
March 31, 2022	5,080,840

5. EXPLORATION AND EVALUATION ASSETS

The Company has investigated ownership of its mineral interests as at March 31, 2022, and to the best of the Company's knowledge, ownership of its interests is in good standing.

	Willow Project (\$)	Jersey Valley (\$)	Total (\$)
December 31, 2020	366,102	65,973	432,074
Acquisition Costs	40,393	-	40,393
March 31, 2021	406,495	65,973	472,467
Acquisition Costs	89,643	-	89,643
Write- Off	-	(65,973)	(65,973)
December 31, 2021	496,138	-	496,137
Acquisition Costs	42,156	-	42,156
March 31, 2022	538,294	-	538,293

The following table shows the activity by category of exploration:

	March 31, 2021 (\$)	March 31, 2021 (\$)
Exploration and Evaluation Expenditures		
Consulting and project supervision	16,027	46,903
Other	3,049	11,289
Drilling	10,835	192,343
Claims maintenance	-	13,769
Total	29,912	264,303

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)**Notes to the condensed interim consolidated financial statements**

For the three months ended March 31, 2022

Unaudited - Expressed in Canadian dollars

Willow Project (includes the Willow Property and the Nev-Lorraine Property):

As the Nev-Lorraine Property is contiguous to the Willow Property, the two properties have been aggregated, for geological and exploration reporting purposes only, into the Willow Project. (See Willow Option Agreement and Nev-Lorraine Lease Agreement below.)

Willow Option Agreement:

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

Date	Common shares in the capital of Abacus (#)	Cumulative minimum annual exploration expenditures (US\$)
TSX-V approval (received February 22, 2017)	41,667 (1)	Nil
On or before February 22, 2018	41,667 (1)	100,000
On or before February 22, 2019	41,667 (1)	400,000
On or before February 22, 2020	41,667 (1)	1,000,000
On or before February 22, 2021	83,333 (1)	1,800,000 (2)
On or before February 22, 2022	166,666 (3)	-
On or before December 31, 2022	-	3,000,000
Total	416,667	

(1) Issued to December 31, 2021

(2) Incurred to December 31, 2021

(3) Issued on February 16, 2022

Upon having earned the 60% Option Interest in the Willow Property and until February 22, 2027, 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. Under the terms of the Option Agreement, should either Abacus or Almadex acquire the rights to additional property ("AP") within the Area of Interest ("AOI"), the other party may elect to make the AP part of the Willow Project. Almadex elected to include the Nev-Lorraine claims (see *Nev-Lorraine Lease Agreement* below) to the Willow Project.

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 February 22, 2027. 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 entity is established for the further management, exploration and development of the Willow Property.

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)**Notes to the condensed interim consolidated financial statements**

For the three months ended March 31, 2022

Unaudited - Expressed in Canadian dollars

Nev-Lorraine Lease Agreement:

The Company entered into an Exploration and Option to Purchase Agreement, as amended, (the “NL Agreement”) dated effective January 1, 2018, with three individuals (collectively, the “Optionors”), to lease the Nev-Lorraine unpatented mining claims located in Douglas County, Nevada, USA (the “Nev-Lorraine Property”). The Agreement is a ten-year lease agreement allowing the Company to explore the Nev-Lorraine claims pursuant to the following payments and expenditures:

Date	Minimum Payments (US\$)		Date	Cumulative Minimum Annual Exploration Expenditures (US\$)
Initial minimum payment	3,000	(1)	-	-
On execution of the Agreement	60,000	(1)	On or before December 31, 2018	20,000
On or before January 1, 2019	70,000	(1)	On or before December 31, 2019	40,000
On or before January 1, 2020	20,000	(1)	On or before December 31, 2020	60,000
On or before December 31, 2020	60,000	(1)	-	-
On or before January 1, 2021	22,500	(1)		
On or before April 1, 2021	22,500	(1)		
On or before July 1, 2021	22,500	(1)		
On or before October 1, 2021	22,500	(1)	On or before December 31, 2021	80,000
On or before January 1, 2022	25,000	(1)	On or before December 31, 2022	100,000
On or before April 1, 2022	25,000	(3)		
On or before July 1, 2022	25,000			
On or before October 1, 2022	25,000			
On or before January 1, 2023	110,000		On or before December 31, 2023	120,000
On or before January 1, 2024	120,000		On or before December 31, 2024	140,000
On or before January 1, 2025	130,000		On or before December 31, 2025	160,000
On or before January 1, 2026	140,000		On or before December 31, 2026	180,000
On or before January 1, 2027	150,000		On or before December 31, 2027	200,000
Total	1,053,000			

⁽¹⁾ Paid to December 31, 2021⁽²⁾ Incurred to December 31, 2021⁽³⁾ Paid on March 31, 2022

At any time during the life of the NL Agreement, the Company can elect to purchase the claim group outright from the Optionors, for a sum 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. The Nev-Lorraine Property is in the AOI, and is included in the Willow Project as AP, under the terms of the Willow Option Agreement.

Jersey Valley Property:

During the year ended December 31, 2021, the Company elected not to renew the lease on Jersey Valley; as such, the Company wrote off \$65,973 in acquisition costs related to the Jersey Valley property prior to December 31, 2021.

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)**Notes to the condensed interim consolidated financial statements**

For the three months ended March 31, 2022

Unaudited - Expressed in Canadian dollars

6. 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 as amended, has a maturity date of December 31, 2022. 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 additional debt or dispose of assets, in each case in excess of \$100,000, the funds borrowed or sales proceeds received must be used to make repayments on the KGHM Loan. In connection with a subscription by the Company in the Common Shares of KGHM Ajax, for which KGHM Ajax has agreed to pay the subscription price on behalf of the Company, it was agreed to increase the principal amount of the Loan by \$768,240 during the year ended December 31, 2021.

For the period ended March 31, 2022: \$Nil (2021: \$Nil) was provided by KGHM and the Company accrued interest of \$538,152 for the period (2021: \$470,938).

	(\$)
Total December 31, 2020	19,250,908
Principal	-
Interest	470,938
Total March 31, 2021	19,721,846
Principal	768,240
Interest	1,502,490
Total December 31, 2021	21,992,576
Principal	-
Interest	538,152
Total March 31, 2022	22,530,728

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2022

Unaudited - Expressed in Canadian dollars

7. SHAREHOLDERS' EQUITY

(a) Authorized capital stock

At March 31, 2022, the authorized capital stock of the Company is comprised of an unlimited number of common shares without par value.

(a) Share issuances

Exploration and evaluation assets:

On February 16, 2022, in connection with the Willow Option Agreement, the Company issued 166,666 common shares of the Company valued at \$10,833.

Private Placements:

- a) On March 10, 2022 the Company closed the first tranche of the private placement, pursuant to which it issued 11,666,667 units ("Units") at a price of \$0.06 per Unit, for gross proceeds of \$700,000. Each Unit consists of one common share of the Company ("Share") and one-half of one common share purchase warrant, with each full Warrant exercisable to purchase one Share at a price of \$0.10 per Share until March 10, 2024. In connection with the Offering, the Company paid a total of \$11,088 in cash commissions and issued a total of 92,400 Finders' Warrants, which were valued at \$3,082, using the following assumptions:

Assumptions:

Risk-free rate (%)	1.50
Expected stock price volatility (%)	132
Expected dividend yield (%)	0
Expected life of warrants (years)	2

The unit price of this offering was equal to the trading price of the shares on the date of issuance, therefore, no residual value has been assigned to the warrants.

- b) On March 16, 2022 the Company closed the second tranche of the private placement, pursuant to which it issued 1,000,000 units ("Units") at a price of \$0.06 per Unit, for gross proceeds of \$60,000. Each Unit consists of one common share of the Company ("Share") and one-half of one common share purchase warrant, with each full Warrant exercisable to purchase one Share at a price of \$0.10 per Share until March 16, 2024. There were no finders fees paid in connection with this offering.

The unit price of this offering was equal to the trading price of the shares on the date of issuance, therefore, no residual value has been assigned to the warrants.

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)**Notes to the condensed interim consolidated financial statements**

For the three months ended March 31, 2022

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(c) Stock options

The Company has a stock option plan (the “Plan”) administered by the Board of Directors, which has the discretion to grant options for up to a maximum of 10% of the issued and outstanding share capital amount at the time of grant. Options granted can be exercisable no later than ten years from date of grant or such lesser period as determined by the Company’s Board of Directors, with the exercise price to be set by the Board at the time such option is granted and in accordance with the rules of the TSX-Venture Exchange (the “Exchange”). Options vest at the discretion of the Board, with the exception of options granted to parties providing investor relations services, which will vest in equal quarterly intervals over a term of no less than 12 months from the date of the grant. The Plan further provides that at any such time the Exchange rules differ from specific terms of the Rolling Plan, then the rules of the Exchange shall apply.

As at March 31, 2022, the Company had stock options outstanding to directors, officers and consultants as follows:

Exercise price (\$)	Expiry date	Outstanding (#)	Remaining contractual life (yrs)
0.25	December 20, 2022	150,000	0.72
0.22	April 19, 2023	422,500	1.05
0.05	August 13, 2024	520,000	2.37
0.10	February 10, 2025	1,681,250	2.86
0.24	September 11, 2022	24,000	0.45
0.16	December 8, 2025	100,000	3.69
0.15	February 26, 2026	2,030,000	3.91
0.18	May 11, 2026	250,000	4.12
0.07	March 28, 2027	3,050,000	4.99
		8,227,750	3.79

A summary of the changes in the Company’s stock options follows:

	Outstanding (#)	Weighted average exercise price (\$)
Outstanding December 31, 2020	4,060,253	0.18
Granted	2,030,000	0.15
Outstanding March 31, 2021	6,090,253	0.18
Granted	250,000	0.15
Expired	(250,000)	0.36
Outstanding December 31, 2021	6,090,253	0.18
Granted	3,050,000	0.07
Expired	(912,503)	0.42
Outstanding March 31, 2022	8,227,750	0.11

During the period ended March 31, 2022:

On March 28, 2022 the Company granted options allowing for the purchase of up to, in the aggregate, 3,050,000 common shares in the capital of the Company at \$0.07 per share until March 28, 2027, to employees, consultants, directors and officers of the Company. The options vested immediately and the total amount of share-based payments expense was calculated at \$193,461, which was recognized during the period ended March 31, 2022. The grant date fair value was estimated using the Black-Scholes option pricing model with the following assumptions:

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Assumptions:

Risk-free rate (%)	2.44
Expected stock price volatility (%)	149
Expected dividend yield (%)	0
Expected life of options (years)	5

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

(d) 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.

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

	Outstanding	Weighted average exercise price
Outstanding December 31, 2020	29,433,429	\$0.13
Outstanding March 31, 2021	29,433,429	\$0.13
Issued	6,685,210	\$0.40
Expired	(4,187,790)	\$0.30
Exercised	(343,400)	\$0.09
Outstanding December 31, 2021	31,587,449	\$0.14
Issued	6,425,733	\$0.10
Outstanding March 31, 2022	38,013,182	\$0.13

As at March 31, 2022, the warrants, with a weighted average remaining life of 0.99 years, expire as follows:

Issue date	Expiry date	Number (#)	Exercise price (\$)
November 23, 2018	November 23, 2022	4,872,000	0.20
May 22, 2019	May 22, 2022	3,335,000	0.08
December 20, 2019	December 20, 2022	10,913,500	0.08
August 14, 2020	August 14, 2022	3,056,980	0.15
August 14, 2020	August 14, 2023	2,724,759	0.22
April 14, 2021	April 14, 2023	5,817,210	0.20
December 29, 2021	December 29, 2024	868,000	0.15
March 10, 2022	March 10, 2024	5,925,733	0.10
March 16, 2022	March 16, 2024	500,000	0.10
		38,013,182	

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8. RELATED PARTY TRANSACTIONS

The Company has arrangements pursuant to which parties related to the Company by way of directorship or officership provide certain services, either directly or through companies owned or controlled by the officers and directors. Transactions were in the normal course of operations and all of the costs are recorded at terms agreed upon between the parties. The Company's related party expenses for the periods ended March 31, 2022 and 2021 are as follows:

Management's and director's compensation	March 31, 2022	March 31, 2021
	(\$)	(\$)
Accounting	4,875	2,313
Consulting and contract wages	44,875	48,718
	49,750	51,031

During the period ended March 31, 2022, the Company was charged, by a company with directors in common, \$Nil in respect of rent (2021: \$4,800).

At March 31, 2022, \$159,158 (December 31, 2021: \$158,787) was owed to various key management personnel in respect of consulting and contract wages and expenses incurred on behalf of the Company.

9. FINANCIAL RISK MANAGEMENT

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value on a recurring basis, whether changes in fair value are recognized in loss or other comprehensive loss. The Company has classified its cash and cash equivalents and receivables as financial assets measured at amortized cost; accounts payable and accrued liabilities and KGHM Ajax project loan as financial liabilities measured at amortized cost. The carrying values of cash and cash equivalents, amounts receivable, 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, as all amounts are held through a single major Canadian financial institution. The Company's concentration of credit risk and maximum exposure in respect of its cash and cash equivalents and amounts receivable follows:

Concentration of credit risk and maximum exposure	March 31, 2022	December 31, 2021
	(\$)	(\$)
Cash and cash equivalents and amounts receivable	686,908	57,975

(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 \$285,836 (December 31, 2021: \$244,660) are due in the second quarter of 2022. Additionally, in connection with the Company's interest at the Ajax Project, the Company is party to the KGHM Loan, which at March 31, 2022 had a carrying value of \$22,530,728 (December 31, 2021: \$21,992,576). (See Note 1)

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(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 cash flow interest rate risk on the KGHM loan since the interest rate 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.

10. SEGMENTED INFORMATION

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

	March 31, 2022	December 31, 2021
	(\$)	(\$)
Exploration & Evaluation Assets		
Canada	-	-
United States	538,293	496,137
	538,293	496,137
	March 31, 2022	December 31, 2021
	(\$)	(\$)
Total Assets		
Canada	5,801,672	5,271,397
United States	538,293	496,137
	6,339,965	5,767,534

11. SUBSEQUENT EVENT

On May 22, 2022, warrants allowing for the acquisition of up to, in the aggregate, 3,335,000 common shares of the Company at \$0.08 per share expired.