

# **Abacus Mining & Exploration Corporation**

(an exploration stage company)

Condensed Interim Consolidated Financial Statements  
**For the Three Months Ended March 31, 2023 and 2022**

(Unaudited)

(Expressed in Canadian dollars)

<u>Index</u>	<u>Page</u>
Notice to reader	2
Financial statements:	
Condensed interim consolidated statements of financial position	3
Condensed interim consolidated statements of comprehensive loss	4
Condensed interim consolidated statements of changes in shareholders' deficiency	5
Condensed interim consolidated statements of cash flows	6
Notes to the condensed interim consolidated financial statements	7

#### **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, 2023	December 31, 2022
<b>ASSETS</b>		<b>(\$)</b>	<b>(\$)</b>
<b>Current assets:</b>			
Cash and cash equivalents	1	39,202	76,717
Amounts receivable		1,054	6,233
Prepaid expenses		22,705	33,614
		<u>62,961</u>	<u>116,564</u>
<b>Non-current assets:</b>			
Investment in KGHM Ajax Mining Inc.	4	4,780,153	4,861,058
Exploration and evaluation assets	5	722,336	642,336
		<u>5,502,489</u>	<u>5,503,394</u>
		<b><u>5,565,450</u></b>	<b><u>5,619,958</u></b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities		245,742	221,511
KGHM Ajax project loan	6	24,840,410	24,247,250
		<u>25,086,152</u>	<u>24,468,761</u>
<b>Shareholders' deficiency:</b>			
Capital stock	7	91,145,830	91,065,829
Reserves		6,321,673	6,282,709
Deficit		(116,988,205)	(116,197,341)
		<u>(19,520,702)</u>	<u>(18,848,803)</u>
		<b><u>5,565,450</u></b>	<b><u>5,619,958</u></b>

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

Nature of operations and going concern (Note 1)

Subsequent events (Note 11)

Approved and authorized for issue by the Board of Directors on May 29, 2023

"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

		<b>Three months ended March 31,</b>	
	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<b>(\$)</b>	<b>(\$)</b>
<b>General and administrative expenses:</b>			
Accounting and audit		15,968	15,306
Exploration and evaluation expenditures	<b>5</b>	600	29,912
Insurance		10,909	9,704
Legal		10,000	-
Office		1,251	2,939
Rent		5,400	-
Salaries and contract wages		19,037	63,244
Share-based payments	<b>7</b>	38,965	193,461
Transfer agent and regulatory fees		9,636	7,117
Travel and promotion		5,033	8,142
		<u>116,799</u>	<u>329,827</u>
Other items:			
Interest expense	<b>6</b>	593,160	538,152
Loss on equity investment in KGHM Ajax Mining Inc.	<b>4</b>	80,905	88,038
		<u>790,864</u>	<u>956,016</u>
<b>Loss and comprehensive loss for the period</b>			
		790,864	956,016
Loss per share, basic and diluted		0.01	0.01
Weighted average number of common shares outstanding	<b>#</b>	101,799,898	<b>#</b> 90,788,787

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' deficiency**

Unaudited - Expressed in Canadian dollars

	NOTE	Share capital		Reserve		Total shareholders' deficiency	
		Number of shares	Capital stock	Stock options	Warrants		Deficit
<b>Balance, December 31, 2021</b>		<b>87,677,676</b>	<b>90,351,665</b>	<b>5,959,243</b>	<b>126,922</b>	<b>(112,907,532)</b>	<b>(16,469,702)</b>
Issued for Willow property option		166,666	10,833	-	-	-	10,833
Securities issued for cash		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)
<b>Balance, March 31, 2022</b>		<b>100,511,009</b>	<b>91,104,241</b>	<b>6,152,704</b>	<b>130,004</b>	<b>(113,863,548)</b>	<b>(16,476,599)</b>
Share issuance costs - cash		-	(38,411)	-	-	-	(38,411)
Loss for the period		-	-	-	-	(2,333,793)	(2,333,793)
<b>Balance, December 31, 2022</b>		<b>100,511,009</b>	<b>91,065,830</b>	<b>6,152,704</b>	<b>130,004</b>	<b>(116,197,341)</b>	<b>(18,848,803)</b>
Issued for Willow property option	5,7	2,000,000	80,000	-	-	-	80,000
Share-based payments		-	-	38,965	-	-	38,965
Loss for the period		-	-	-	-	(790,864)	(790,864)
<b>Balance, March 31, 2023</b>		<b>102,511,009</b>	<b>91,145,830</b>	<b>6,191,669</b>	<b>130,004</b>	<b>(116,988,205)</b>	<b>(19,520,702)</b>

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, 2023	March 31, 2022
	(\$)	(\$)
<b>Operating activities:</b>		
Loss for the period	(790,864)	(956,016)
Adjustments and items not involving cash:		
Share of loss in equity investment	80,905	88,038
Share-based payments	38,965	193,461
Interest expense	593,160	538,152
Changes in working capital related to operating activities:		
Prepaid expenses	10,909	9,704
Amounts receivable	5,178	916
Accounts payable and accrued liabilities	24,231	41,176
<b>Cash used for operating activities</b>	<b>(37,515)</b>	<b>(84,569)</b>
<b>Investing activities:</b>		
Exploration and evaluation assets	-	(31,323)
<b>Cash used for investing activities</b>	<b>-</b>	<b>(31,323)</b>
<b>Financing activities:</b>		
Proceeds from private placement	-	760,000
Share issuance costs	-	(15,175)
<b>Cash provided by financing activities</b>	<b>-</b>	<b>744,825</b>
Increase (decrease) in cash and cash equivalents during the period	(37,515)	628,933
Cash and cash equivalents, beginning of the period	76,717	57,975
<b>Cash and cash equivalents, end of period</b>	<b>39,202</b>	<b>686,908</b>

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, 2023

Unaudited - Expressed in Canadian dollars

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**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, 2023 the Company had a working capital deficiency (current assets less current liabilities) of \$25,023,191 (December 31, 2022: working capital deficiency of \$24,352,197), which working capital deficiency includes the KGHM Ajax project loan (the “KGHM Loan”), with a carrying value of \$24,840,410 (December 31, 2022: \$24,247,250) (Note 6). During the three-month period ended March 31, 2023 the Company incurred a loss of \$790,864 (March 31, 2022: \$956,016) and used cash for operating activities of \$37,515 (March 31, 2022: \$84,569).

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, 2023 (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, 2023 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, 2023

Unaudited - Expressed in Canadian dollars

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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.

**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, 2022. 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 29, 2023.

**(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, 2023.

*Accounting policy judgments*

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.

The assessment for impairment of exploration and evaluation assets requires judgement to determine whether indicators of impairment exist, including factors such as whether: the period for which the Company has the right to explore has expired or will expire in the future, and is not expected to be renewed; substantive expenditures on exploration activities and evaluation of mineral resources in the specific area is neither budgeted or planned; exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources; or sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale. Management reviewed exploration and evaluation assets for the period ended March 31, 2023 and did not identify any impairment indicators for the Willow project.

*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. Management applies judgement in when assessing whether there is objective evidence that would require an impairment test to be performed over the investment in KGHM Ajax, including (i) consideration of KGHM Ajax's solvency, business and financial risk exposure (ii) any impairments reported by KGHM Ajax and, (iii) changes in the political or legal environment impacting the ability to develop put the Ajax project in production. The Company performed an assessment and has not identified objective evidence of impairment as at March 31, 2023 that would require the completion of an impairment test.

**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, 2023 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, 2023

Unaudited - Expressed in Canadian dollars

During the period ended March 31, 2023, Abacus contributed \$Nil (December 31, 2022: \$Nil) 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)

	(\$)
<b>December 31, 2021</b>	<b>5,168,878</b>
Share of the loss of KGHM Ajax	(88,038)
<b>March 31, 2022</b>	<b>5,080,840</b>
Share of the loss of KGHM Ajax	(219,782)
<b>December 31, 2022</b>	<b>4,861,058</b>
Share of the loss of KGHM Ajax	(80,905)
<b>March 31, 2023</b>	<b>4,780,153</b>

**5. EXPLORATION AND EVALUATION ASSETS**

The Company has investigated ownership of its mineral interests as at March 31, 2023, and to the best of the Company's knowledge, ownership of its interests is in good standing.

	Willow Project (\$)
<b>December 31, 2021</b>	<b>496,137</b>
Acquisition Costs	42,156
<b>March 31, 2022</b>	<b>538,293</b>
Acquisition Costs	104,043
<b>December 31, 2022</b>	<b>642,336</b>
Acquisition Costs	80,000
<b>March 31, 2023</b>	<b>722,336</b>

The following table shows the activity by category of exploration:

	March 31, 2023 (\$)	March 31, 2022 (\$)
<b>Exploration and Evaluation Expenditures</b>		
Consulting and project supervision	600	16,028
Other	-	3,049
Drilling	-	10,835
<b>Total</b>	<b>600</b>	<b>29,912</b>

**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,

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

For the three months ended March 31, 2023

Unaudited - Expressed in Canadian dollars

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, 2025		5,000,000
On or before December 31, 2022	2,000,000 (4)	-
<b>Total</b>	<b>2,416,667</b>	

(1) Issued to December 31, 2021

(2) Incurred to December 31, 2021

(3) Issued on February 16, 2022

(4) Issued on February 2, 2023

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.

*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:

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

For the three months ended March 31, 2023

Unaudited - Expressed in Canadian dollars

<b>Date</b>	<b>Minimum Payments (US\$)</b>	<b>Date</b>	<b>Cumulative Minimum Annual Exploration Expenditures (US\$)</b>
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 (2)
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 (4)		
On or before October 1, 2022	25,000 (5)		
On or before January 1, 2023	27,500 (6)		
On or before December 31, 2023	82,500	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 (7)
<b>Total</b>	<b>1,053,000</b>		

<sup>(1)</sup> Paid to December 31, 2021<sup>(2)</sup> Incurred to December 31, 2021<sup>(3)</sup> Paid on March 31, 2022<sup>(4)</sup> Paid on June 27, 2022<sup>(5)</sup> Paid on September 29, 2022<sup>(6)</sup> Paid on December 21, 2022<sup>(7)</sup> Incurred

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.

**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, 2023. 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,

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

For the three months ended March 31, 2023

Unaudited - Expressed in Canadian dollars

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, 2023: \$Nil (2022: \$Nil) was provided by KGHM and the Company accrued interest of \$593,160 for the period (2022: \$538,152).

	(\$)
<b>Total December 31, 2021</b>	<b>21,992,576</b>
Interest	538,152
<b>Total March 31, 2022</b>	<b>22,530,728</b>
Interest	1,716,522
<b>Total December 31, 2022</b>	<b>24,247,250</b>
Interest	593,160
<b>Total March 31, 2023</b>	<b>24,840,410</b>

**7. SHAREHOLDERS' EQUITY****(a) Authorized capital stock**

At March 31, 2023, the authorized capital stock of the Company is comprised of an unlimited number of common shares without par value.

**(b) Share issuances**Exploration and evaluation assets:

On February 2, 2023, in connection with the Willow Option Agreement, the Company issued 2,000,000 common shares of the Company valued at \$80,000.

**(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.

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

For the three months ended March 31, 2023

Unaudited - Expressed in Canadian dollars

As at March 31, 2023, the Company had stock options outstanding to directors, officers and consultants as follows:

Exercise price (\$)	Expiry date	Outstanding and exercisable (#)	Remaining contractual life (yrs)
0.22	April 19,2023	422,500	0.05
0.05	August 13,2024	520,000	1.37
0.10	February 10,2025	1,681,250	1.86
0.16	December 8,2025	100,000	2.69
0.15	February 26,2026	2,030,000	2.91
0.18	May 11,2026	250,000	3.12
0.07	March 28,2027	3,050,000	3.99
0.05	March 2,2028	1,080,000	4.93
		<b>9,133,750</b>	<b>3.10</b>

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

	Outstanding (#)	Weighted average exercise price (\$)
<b>Outstanding December 31, 2021</b>	<b>6,090,253</b>	<b>0.18</b>
Granted	3,050,000	0.07
Expired	(912,503)	0.42
<b>Outstanding March 31, 2022</b>	<b>8,227,750</b>	<b>0.11</b>
Expired	(174,000)	0.39
<b>Outstanding December 31, 2022</b>	<b>8,053,750</b>	<b>0.11</b>
Granted	1,080,000	0.05
<b>Outstanding March 31, 2023</b>	<b>9,133,750</b>	<b>0.10</b>

During the period ended March 31, 2023:

On March 2, 2023 the Company granted options allowing for the purchase of up to, in the aggregate, 1,080,000 common shares in the capital of the Company at \$0.05 per share until March 2, 2028, 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 \$38,965, which was recognized during the period ended March 31, 2023. The grant date fair value was estimated using the Black-Scholes option pricing model with the following assumptions:

Assumptions:

Risk-free rate (%)	3.70
Expected stock price volatility (%)	148.84
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.

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

For the three months ended March 31, 2023

Unaudited - Expressed in Canadian dollars

**(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
<b>Outstanding December 31, 2021</b>	<b>31,587,453</b>	<b>\$0.14</b>
Issued	6,425,733	\$0.10
<b>Outstanding March 31, 2022</b>	<b>38,013,186</b>	<b>\$0.13</b>
Expired	(11,407,480)	\$0.15
<b>Outstanding December 31, 2022</b>	<b>26,605,706</b>	<b>\$0.13</b>
<b>Outstanding March 31, 2023</b>	<b>26,605,706</b>	<b>\$0.13</b>

As at March 31, 2023, the warrants, with a weighted average remaining life of 0.83 years, expire as follows:

Issue date	Expiry date	Number (#)	Exercise price (\$)
December 20, 2019	June 20, 2024	10,770,000	0.08
August 14, 2020	August 14, 2023	2,724,759	0.22
April 14, 2021	April 14, 2023	5,817,214	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
		<b>26,605,706</b>	

**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, 2023 and 2022 are as follows:

Management's and director's compensation	March 31, 2023	March 31, 2022
	(\$)	(\$)
Accounting	5,313	4,875
Consulting and contract wages	6,563	44,875
	<b>11,875</b>	<b>49,750</b>

During the period ended March 31, 2023, the Company was charged, by a company with directors in common, \$5,400 in respect of rent (2022: \$Nil).

At March 31, 2023, \$180,352 (December 31, 2022: \$168,477) was owed to various key management personnel in respect of consulting, contract wages and expenses incurred on behalf of the Company.

**9. FINANCIAL RISK MANAGEMENT**

Management of Capital Risk

The Company manages its capital structure and makes adjustments to it to effectively support the acquisition, exploration and development of mineral properties. In the definition of capital, the Company includes, as disclosed on its statement of financial position: share capital, deficiency, equity reserves.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will be using its existing working capital and will need to raise additional amounts. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended March 31, 2023.

Financial Instruments and 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, accounts payable and accrued liabilities and the KGHM Ajax project loan 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:

<b>Concentration of credit risk and maximum exposure</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>(\$)</b>	<b>(\$)</b>
Bank accounts	39,202	76,717

**(b) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty meeting obligations associated with financial liabilities. The Company has a budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company aims to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

**(c) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due

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

For the three months ended March 31, 2023

Unaudited - Expressed in Canadian dollars

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:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	(\$)	(\$)
<b>Exploration &amp; Evaluation Assets</b>		
Canada	-	-
United States	722,336	642,336
	<b>722,336</b>	<b>642,336</b>
	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	(\$)	(\$)
<b>Total Assets</b>		
Canada	4,843,114	4,977,622
United States	722,336	642,336
	<b>5,565,450</b>	<b>5,619,958</b>

**11. SUBSEQUENT EVENTS**

- On April 14, 2023, warrants allowing for the acquisition of up to, in the aggregate, 5,817,214 shares in the capital of the Company at \$0.20 per share expired.
- On April 19, 2023, stock options allowing for the acquisition of up to, in the aggregate, 422,500 shares in the capital of the Company at \$0.22 per share expired.

**ABACUS MINING & EXPLORATION CORPORATION** (an exploration stage company)

**Notes to the condensed interim consolidated financial statements**

For the three months ended March 31, 2023

Unaudited - Expressed in Canadian dollars

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- On May 16, 2023 the Company closed a private placement, pursuant to which it issued 18,333,333 units (“Units”) at a price of \$0.03 per Unit, for gross proceeds of \$550,000. 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 \$0.05 per Share until May 16, 2026. In connection with the private placement, the Company paid finders fees of \$8,700 and issued warrants allowing for the purchase of up to, in the aggregate, 35,000 Shares at \$0.05 per Share until May 16, 2026.