

ABACUS MINING & EXPLORATION CORPORATION

ANNUAL INFORMATION FORM

for the Financial Year ended December 31, 2010

Dated : February 3, 2012

ABACUS MINING & EXPLORATION CORPORATION

ANNUAL INFORMATION FORM

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1. PRELIMINARY NOTES

1.1 Effective Date of Information

In this Annual Information Form (“**AIF**”), Abacus Mining & Exploration Corporation is referred to as “Abacus” or the “Company”. All information contained herein is as at December 31, 2010, unless otherwise stated.

1.2 Financial Statements and Management Discussion and Analysis

This AIF should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2010, and the accompanying management’s discussion and analysis for that year. The financial statements and management’s discussion and analysis are available at www.amemining.com and on the SEDAR website at www.sedar.com under the Company’s profile.

1.3 Documents Incorporated by Reference

Incorporated by reference into this AIF are the following documents, copies of which may be obtained online on the SEDAR website at www.sedar.com.

- (a) Audited Financial Statements of the Company for the year ended December 31, 2010;
- (b) Management Discussion and Analysis of the Company for the year ended December 31, 2010; and
- (c) Technical Report dated January 6, 2012 entitled “Ajax Copper/Gold Project - Kamloops, British Columbia, Feasibility Study Technical Report”, prepared by: Hassan Ghaffari, P.Eng., Andre De Ruijter, P.Eng., Kenneth Lee, P.Eng., Amir Karami, P.Eng., Ali Farah, P.Eng., Ting Lu, P.Eng., Timothy O. Kuhl, R.M. SME, Ramon Mendoza Reyes, P.Eng., Warren Newcomen, P.Eng., Ken Brouwer, P.Eng., Chris Lee, P.Eng., and Irwin Wislesky, P.Eng.

1.4 Currency

All amounts are in Canadian Dollars, unless otherwise indicated.

1.5 Glossary of Terms

Certain terms used herein are defined as follows:

“°” means degree;

“**AIF**” means this Annual Information Form;

“**Au**” means gold;

“**Company**” or “**Abacus**” means Abacus Mining & Exploration Corporation;

“**Cu**” means copper;

“**g/t**” means grams per tonne;

“**Ha**” means hectare;

“**kg**” means kilogram;

“**km**” means kilometre;

“**lb**” means pound;

“**m**” means metre;

“**M**” means million;

“**m³**” means cubic metre;

“**Mt**” means million tonnes;

“**NI 43-101**” means National instrument 43-101, *Standards of Disclosure for Mineral Projects*, of the Canadian Securities Administrators;

“**NI 51-102**” means National Instrument 51-102, *Continuous Disclosure Obligations*, of the Canadian Securities Administrators;

“**NI 52-110**” means National Instrument 52-110, *Audit Committees*, of the Canadian Securities Administrators;

“**oz**” means ounce;

“**Qualified Person**” has the meaning defined in NI 43-101;

“**ROM**” means run-of-mine;

“**t**” means tonne (1,000 kg);

“**ta**” means tonnes per year;

“**t/d**” means tonnes per day;

“**Technical Report**” means the technical report dated January 6, 2012 entitled “Ajax Copper/Gold Project - Kamloops, British Columbia, Feasibility Study Technical Report”, prepared by: Hassan Ghaffari, P.Eng., Andre De Ruijter, P.Eng., Kenneth Lee, P.Eng., Amir Karami, P.Eng., Ali Farah, P.Eng., Ting Lu, P.Eng., Timothy O. Kuhl, R.M. SME, Ramon Mendoza Reyes, P.Eng., Warren Newcomen, P.Eng., Ken Brouwer, P.Eng., Chris Lee, P.Eng., and Irwin Wislesky, P.Eng.; and

“**TSX Venture**” means the TSX Venture Exchange.

2. STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in this AIF about anticipated future events or results are forward-looking statements. Forward-looking statements often, but not always, are identified by the use of words such as “seek”, “anticipate”, “believe”, “plan”, “estimate”, “expect”, “target” and “intend” and statements that an event or result “may”, “will”, “should”, “could”, or “might” occur or be achieved and other similar expressions. Forward-looking statements in this AIF include statements that the Company will not be affected by termination or renegotiation of contracts or sub-contracts, and that the Company will continue to be able to hire and retain employees and consultants. The forward-looking statements that are contained in this AIF involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Some of these risks and uncertainties are identified under the heading “Description of the Business - Risk Factors” in this AIF. Additional information regarding these factors and other important factors that could cause results to differ materially may be referred to as part of particular forward-looking statements. The forward-looking statements are qualified in their entirety by reference to the important factors discussed under the heading “Description of the Business - Risk Factors” and to those that may be discussed as part of particular forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause the actual results to differ include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of the Company to obtain financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. Forward-looking statements contained herein are made as of the date of this AIF and, except as required by applicable securities laws, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

3. CORPORATE STRUCTURE

3.1 Name and Incorporation

The Company was incorporated under the former *Company Act* (British Columbia) on October 17, 1983, under the name Hector Resources Inc., with an authorized capital of 10,000,000 common shares without par value. The Company changed its name to Abacus Minerals Corporation on March 12, 1993, at which time the share capital of the Company was consolidated on the basis of one new common share without par value for each four shares previously outstanding, and the authorized capital of the Company was increased to 50,000,000 shares. Effective July 18, 1996, the authorized share capital of the Company was increased to 100,000,000 common shares without par value. On April 23, 2001, the Company then changed its name to Abacus Mining & Exploration Corporation, at which time the share capital of the Company was consolidated on the basis of one new common share without par value for each ten shares previously outstanding (resulting in a reduction of the authorized capital of the Company to 10,000,000 shares), and the authorized capital of the Company was increased to 100,000,000 shares. The Company transitioned on January 17, 2005 under the *Business Corporations Act* (British Columbia). The shareholders of the Company also passed special resolutions to remove the pre-existing company provisions, to alter the Company's authorized share structure to an unlimited number of common shares and to adopt new Articles on January 17, 2005.

The Company is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. The Company's head office address is Suite 615, 800 West Pender Street, Vancouver, British Columbia, V6C 2V6. The registered and records office of the Company is located at the office of Davis LLP, Barristers & Solicitors, Suite 2800 - 666 Burrard St., Vancouver British Columbia, V6C 2Z7.

3.2 Inter-Corporate Relationships

As at the date hereof, the Company holds 49% of the voting common shares of KGHM Ajax Mining Inc. (“**KGHM-Ajax**”). KGHM-Ajax was incorporated under the *Business Corporations Act* (British Columbia) on June 28, 2010, and its authorized share structure consists of an unlimited number of common shares without par value, with each common share carrying the right to one vote. KGHM-Ajax has no other classes of voting securities. See “Three Year History - Joint Venture with KGHM Polska Miedź S.A.” below for more details.

4. GENERAL DEVELOPMENT OF THE BUSINESS

4.1 Three Year History

The following three-year history is based on the Company's three most recently completed fiscal years for which audited financial statements are currently available, being the fiscal years ended December 31, 2010, 2009, and 2008. The following describes how the Company has developed over the period and includes only events, such as acquisitions or dispositions, or conditions that have influenced the general development of the business.

Ajax Property, Kamloops, B.C.

The Company's exploration and development focus is the Ajax property which is located in south central British Columbia and is situated south and near the city of Kamloops, British Columbia (“**Ajax Property**”). The Ajax Property encompasses approximately 8,454 Ha on 50 contiguous mineral claims and Crown Grant claims.

Exploration in the Ajax area began in the 1880s and continued intermittently until the 1980s. In the 1980s, Afton Operating Company (Afton OC) defined a mineral resource. Mining operations began in 1989 and were suspended in 1991 due to low metal prices. A second period of production began in 1994 and was again suspended in 1997. During the periods of production, it is estimated that 17 Mt were mined and 13 Mt were milled.

Abacus acquired holdings in the Ajax area in 2002 from Teck. Abacus has explored the Ajax property with diamond drillhole (DDH) methods from 2005 to 2010. In 2009, a NI 43-101 compliant resource estimate was completed which provided a positive preliminary economical assessment for the Ajax area (Ghaffari et al, 2009). Abacus drill campaigns comprise over 86% of the drill data in the 2011 resource model database included in the Technical Report. Details of this drilling are provided in Section 10.0 the Technical Report.

On June 28, 2010, the Company incorporated the wholly-owned subsidiary, KGHM-Ajax, pursuant to the investment agreement dated May 4, 2010 (“**KGHM Investment Agreement**”) between the Company and KGHM Polska Miedź S.A. (“**KGHM**”) to advance the Company’s Ajax copper-gold project on the Ajax Property (“**Ajax Project**”) through a bankable feasibility study (“**BFS**”) and into production. On June 29, 2010 the Company transferred 100% of its mineral interests to KGHM-Ajax for 4,900 common shares of KGHM-Ajax. On October 12, 2010, the Company entered into the definitive agreement (“**Definitive Agreement**”) with KGHM which resulted in the Company reducing its interest in KGHM-Ajax to 49% in conjunction with a cash contribution by KGHM for a 51% interest in KGHM-Ajax. The terms of the KGHM Investment Agreement were incorporated into the Definitive Agreement. See “Joint Venture with KGHM Polska Miedź S.A.” below for more details.

On January 6, 2012, the Company published the NI 43-101 compliant resource Technical Report for the Ajax-Project.

The Company currently holds a 49% interest in KGHM-Ajax. KGHM-Ajax holds a 100% interest in 41 mineral claims and 31 Crown grants in the vicinity of the past producing Afton mine. The properties were purchased from Afton Operating Corporation and Teck Resources Limited, and from Discovery-Corp. Enterprises Inc. on the Rainbow portion of the claims. KGHM currently owns 15,000,000 shares of the Company, currently representing 7.6% of the total shares issued and outstanding.

Joint Venture with KGHM Polska Miedź S.A.

In May 2010, the Company announced the signing of a significant strategic KGHM Investment Agreement with KGHM to form a joint venture to advance the Ajax Project through BFS and into production. KGHM is one of the world’s largest copper and silver producers with annual production of over 500,000 tonnes of copper and 1,100 tonnes of silver.

The KGHM Investment Agreement included the following investment highlights:

- KGHM and the Company completed a \$4.5-million private placement involving the purchase of 15 million common shares (approximately 8.75 per cent of the shares issued and outstanding following the private placement) of Abacus at a price of \$0.30 per share.
- Abacus incorporated a wholly-owned subsidiary, KGHM-Ajax, and transferred all of its mineral property interests fair valued at US\$35,549,020 to KGHM-Ajax in exchange for 4,900 common shares of KGHM-Ajax.
- KGHM acquired a 51% interest in KGHM-Ajax by investing US\$37,000,000 in cash in exchange for 5,100 common shares of KGHM-Ajax at the closing of the transaction on October 12, 2010. These funds are to be allocated to: (a) completion of the BFS and certain other obligations; and (b) acquisition of additional land areas and exploration of other targets of the Ajax Property, in accordance with a jointly approved budget.
- Abacus is the operator of the Ajax Project. KGHM has the option to become the operator of the Ajax Project, as described below.

Development option:

- Within 90 days of completion of the BFS, KGHM will have the option to acquire an additional 29% interest, for a total 80% direct interest in KGHM-Ajax, for cash consideration of US\$0.025 per pound for the corresponding 29% of proven and probable copper equivalent reserves (as defined in the BFS) up to a maximum of US\$35,000,000. This payment will be applied directly toward Abacus’ proportionate share of the Ajax Project’s capital costs.
- KGHM will arrange the financing for its proportionate share of 80% of the Ajax Project’s capital costs and will offer to arrange the financing for the balance of Abacus’s proportionate share of 20% of the Ajax Project’s capital costs on commercially reasonable terms.

A joint venture shareholders’ agreement formally creating KGHM-Ajax, a joint venture company, among Abacus, KGHM and KGHM-Ajax, was finalized and closed on October 12, 2010 (“**KGHM Joint Venture Shareholders’ Agreement**”). Under the terms of the KGHM Joint Venture Shareholders’ Agreement, the Company and KGHM

entered into an incorporated joint venture to conduct exploration over the 8,000 hectare property, acquire additional properties within a 5km area of interest, and engage in development, mining and operation activities in other prospective global mining regions.

Currently, Abacus is the operator of the Ajax Project. KGHM-Ajax will have the option of being the operator upon KGHM increasing its interest in KGHM-Ajax to 80%, pursuant to the terms of the KGHM Investment Agreement as described previously.

Asset Acquisition from Teck Resources Ltd.

The Company entered into an asset purchase agreement dated November 25, 2005, as amended by a first amendment dated June 4, 2009, a second amendment dated May 18, 2010, and a third amendment dated July 31, 2010 (collectively, the “**Asset Purchase Agreement**”), among the Company, Teck Resources Limited (“**Teck**”, formerly Teck Cominco Limited) and Afton Operating Corporation, a wholly-owned subsidiary of Teck (“**Afton**”) to acquire the mill buildings, shop facilities, tailings dam, associated land, permits and back-in rights at the past producing Afton mine. On June 29, 2010, the Company assigned its rights to the Asset Purchase Agreement to KGHM-Ajax. The Asset Purchase Agreement provided for the sale by Teck to Abacus of the Iron Mask and Rainbow back-in rights that Teck held to certain mineral claims, as well as the tailings pond, mill, workshop and office buildings of the former Afton mine and the land upon which such buildings are situated.

In April 2011, the Company completed the acquisitions contemplated under the Asset Purchase Agreement, pursuant to which certain assets of Teck’s former Afton mine, and most notably the Iron Mask and Rainbow back-in rights, were acquired and transferred to KGHM-Ajax on June 29, 2010.

Such assets were valued at \$29,250,000, which was payable by cash payments totalling \$10,750,000 (previously paid) and the issuance of 18,500,000 common shares (previously issued). A remaining \$5,000,000 payment is due to Teck in October 2012 which is payable by KGHM-Ajax if KGHM increases its share in KGHM-Ajax to 80%.

The closing of this transaction provided for the issuance to Teck of an additional 20,751,176 common shares in Abacus to satisfy the last of the share payments owing under the Asset Purchase Agreement.

As a result of this transaction, at the date here of, Teck now owns 39,251,176 shares of the Company, representing 19.9% of the issued and outstanding shares of Abacus.

Pursuant to the Asset Purchase Agreement, Teck has retained a 1.5-per-cent net smelter return royalty with respect to each of the Rainbow and Iron Mask properties that were purchased by Abacus from Teck and which comprise part of the Ajax Property. Each of the royalties can be purchased by Abacus for \$3-million per royalty within 2 years from the date of commencement of commercial production on the respective properties.

The Asset Purchase Agreement also provides Teck with a right (but not the obligation) to participate in any future financings of the Company to maintain Teck’s proportionate shareholdings in the Company.

In connection with the Asset Purchase Agreement and the acquisition by New Gold Inc. (“**New Gold**”) of certain other assets from Teck in the area of the former Afton mine, Abacus, Teck, Afton, Sugarloaf Ranches Limited (“**Sugarloaf**”), a wholly-owned subsidiary of Teck, and New Gold entered into an agreement dated March 19, 2008, which sets forth certain agreements among the parties relating to the shared use of certain assets of the former Afton mine site, including the use of and access to roads, rights of way, and use of the former Afton mine water system.

On December 13, 2011, KGHM-Ajax, Teck and Afton entered into an agreement providing for the acquisition by KGHM-Ajax from Teck of all of the issued and outstanding shares in the capital of Sugarloaf and certain lands held by Teck and the acquisition from Afton of certain lands held by Afton. In connection with executing this purchase agreement, KGHM-Ajax created and issued a non-interest bearing promissory note in the amount of \$2,565,797.50 to Teck, representing a portion of the purchase price under this purchase agreement.

Exercised Option from New Gold Inc.

Pursuant to a letter of intent dated October 19, 2007, the Company entered into an option agreement with New Gold to acquire up to a 100% interest in additional claims surrounding the area of the Company’s Ajax Property. Under

the terms of the option, from the date an exploration permit is obtained, the Company must incur \$2,500,000 (incurred) in mineral exploration expenditures within 24 months and obtain an independent preliminary economic assessment within 30 months. Upon exercise of the option, New Gold has the option to form a joint venture on the property or revert to a 10% net profits interest royalty. The Company has earned a 100% interest in these claims and New Gold has elected to retain a 10% net profits interest royalty and not form a joint venture.

On June 29, 2010, the Company assigned its rights to this New Gold option to KGHM-Ajax.

On September 21, 2011, KGHM-Ajax completed the transactions pursuant to an Asset Exchange Agreement entered into between KGHM-Ajax and New Gold dated August 31, 2011, providing for the acquisition by KGHM-Ajax from New Gold of certain assets and property claims in the former Ajax mining area and New Gold's 10% net profits interest royalty ("NPI"). The 10% NPI covers certain mineral claims within the Ajax pit area.

New Gold acquired from KGHM-Ajax the Afton mill building, office and maintenance shop the Company previously had acquired pursuant to the Asset Purchase Agreement. In exchange, KGHM-Ajax acquired from New Gold the NPI royalty (for subsequent cancellation) and mining claims which extended KGHM-Ajax's claim block to the north of the Ajax mining area.

Options from Teck Resources Ltd.

On July 3, 2009, the Company signed option to purchase agreements ("**Option Agreements**") with Teck's subsidiaries, Afton and Sugarloaf, to acquire approximately 6,000 acres of land around the Ajax Property (the "**Lands**"). Under the terms of the Option Agreements, the Company paid an aggregate of \$100,000 to Teck for the option to acquire the Lands from Afton and Sugarloaf for \$2,500 per acre (less all amounts paid to acquire the options, such amount being referred to herein as the "**Purchase Price**") at any time on or before July 31, 2011 (the "**Option Expiry Date**"). On June 29, 2010, the Company assigned its rights to the Option Agreements to KGHM-Ajax. In July 2011, KGHM-Ajax extended the Option Expiry Date for an additional year as allowed under the Option Agreements, by making an additional payment in the aggregate amount of \$100,000 to Teck. If the options are not exercised on or before the Option Expiry Date, then the options will terminate and the option payments made by Abacus to Teck will be retained by Teck.

It is a condition to the exercise of each option under the respective Option Agreements that both options be exercised contemporaneously, and that Abacus be in possession of a mine permit under the *Mines Act* (British Columbia) for the operation of a mine with respect to the Ajax Property and associated mineral properties at the time of such exercises. If the options are exercised and Abacus decides to sell any part of the Lands before a mine is brought into operation on the Lands or the area that abuts the Lands, then Teck has the option of buying back all of the Lands for the Purchase Price.

Financing Activities

During the fiscal year ended December 31, 2008

In September 2008, the Company raised net proceeds of \$3,220,212 by the issuance of 11,500,666 flow-through units in a private placement and a further \$122,360 by issuance of 1,145,000 shares for the exercise of incentive stock options. With respect to the private placement, 11,512,666 flow-through units were issued at a price of \$0.30 per flow-through unit. Each flow-through unit consisted of one flow-through common share and one-half of one non-transferable common share purchase warrant. Each whole warrant will entitle the holder to purchase one non-flow-through common share at a price of \$0.50 per share for a period of eighteen months until March 10, 2010.

During the fiscal year ended December 31, 2009

On April 1, 2009, a \$2,500,000 loan was arranged with Maxtech Ventures Inc. ("**Maxtech**"). Proceeds from the loan allowed the Company to complete the ongoing preliminary economic assessment and subsequent prefeasibility study on the Company's Ajax Property. The term of the loan agreement was for a period of one year bearing an interest rate of 12% per annum. The Company also issued to Maxtech 1,250,000 shares at a deemed price of \$0.10 per share. The loan was repaid in full in February 2010.

In December 2009, the Company raised net proceeds of \$6,046,057 through the issuance of 19,502,000 units and 12,500,000 flow-through common shares by way of a short-form prospectus. Each unit was issued at a price of \$0.20 per unit and consisted of one common share and one transferable common share purchase warrant, with each whole warrant entitling the holder to purchase one common share at a price of \$0.30 per common share for a period of 36 months until December 29, 2012. The flow-through common shares issued under the short-form prospectus were issued at a price of \$0.25 per share.

During the fiscal year, the Company raised net proceeds of \$181,600 by the issuance of 1,135,000 shares from the exercise of incentive stock options. During the fiscal year, the Company issued 1,135,000 shares in exchange for \$40,000 of services received.

During the fiscal year ended December 31, 2010

In May 2010, The Company completed a private placement with KGHM for net proceeds of \$3,745,760. KGHM purchased 15,000,000 common shares of the Company at a price of \$0.30 per share. See also “Three Year History - Joint Venture with KGHM Polska Miedz S.A.” above.

During the fiscal year, the Company raised net proceeds of \$32,512 by the issuance of 170,058 shares from the exercise of incentive stock options. During the fiscal year, the Company raised net proceeds of \$4,875 from the exercise of warrants.

During the fiscal year ended December 31, 2011

In April 2011, the company issued 20,751,176 shares to Teck as contemplated under the Asset Purchase Agreement.

4.2 Significant Acquisitions

The Company did not make any significant acquisitions during the financial year ended December 31, 2010 that would require the Company to file a Form 51-102F4 Business Acquisition Report under Part 8 of NI 51-102.

5. DESCRIPTION OF THE BUSINESS

5.1 General

The Company is a mineral exploration and development company engaged in the acquisition, exploration and development of mineral resource properties. The Company is a Tier One issuer that trades on the TSX Venture under the symbol “AME”. As at the date hereof, the Company holds a 49% interest in KGHM-Ajax. KGHM-Ajax holds a 100% interest in five mineral resource properties. KGHM-Ajax holds the right to acquire a 100% interest in mining infrastructure and related permits in the area of the Ajax Property pursuant to the Asset Purchase Agreement.

Activity of the Company is generally dependent on the sources of capital and access to funding in the capital markets. While the Company has maintained an aggressive approach to the exploration program for the Ajax Property, events in the financial and commodity markets since the middle of 2008 have had an impact on the activity of the Company and its ability to fund its activities.

Specialized Skill and Knowledge

All aspects of the Company’s business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, drilling, logistical planning and implementation of exploration programs, treasury and accounting. To date, the Company has been successful in locating and retaining employees and consultants with such skills and knowledge and believes it will continue to be able to do so.

Competitive Conditions

As a mineral exploration company, the Company may compete with other entities in the mineral exploration business in various aspects of the business including: (a) seeking out and acquiring mineral exploration properties; (b) obtaining the resources necessary to identify and evaluate mineral properties and to conduct

exploration and development activities on such properties; and (c) raising the capital necessary to fund its operations.

The mining industry is intensely competitive in all its phases, and the Company may compete with other companies that have greater financial resources and technical facilities. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future or to raise the capital necessary to continue with operations.

Business Cycles

The mineral exploration business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles.

Economic Dependence

The Company's business is not substantially dependent on any contract, such as a contract to sell the major part of its future production to one or more specific purchasers.

Changes to Contracts

It is not expected that the Company's business will be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts.

Environmental Protection

As the operator of the Ajax Project, the Company currently conducts exploration and development activities. Such activities are subject to various laws, rules and regulations governing the protection of the environment. Management believes all of the Company's activities are in compliance in all material respects with applicable environmental legislation.

Employees

As of the date of this AIF, the Company has ten full-time employees. The Company also relies on consultants to carry on many of its activities and, in particular, to supervise work programs on its mineral properties and to provide certain administrative services to the Company. See "Interest of Management and Others in Material Transactions, Management and Administrative Services Agreement".

Foreign Operations

The Company is not dependent to any material extent on foreign operations.

Bankruptcy, Receivership or Similar Proceedings

There has been no bankruptcy, receivership, or similar proceedings against the Company, or any voluntary bankruptcy, receivership or similar proceedings by the Company within the three most recently completed financial years and or during or proposed for the current financial year.

Social or Environmental Policies

The Company has not adopted formal social policies relating to the Company's relationship with the communities around the Ajax Property or with respect to human rights.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation.

The Company conducts exploration and development activities on its Ajax Property in British Columbia. These activities are subject to various federal and provincial laws, rules and regulations governing the protection of the environment. The Company has adopted an environmental policy designed to ensure that it continues to comply with or exceeds all environmental regulations currently applicable to it. All of the Company's activities are in compliance in all material respects with applicable environmental legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

5.2 Risk Factors

The Company's securities should be considered a highly speculative investment and investors should carefully consider the following information about these risks, together with other information contained herein. If any of the following risks actually occur, the Company's business, results of operations and financial condition could suffer significantly.

Exploration and Mining Risks

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, the Company's properties have no known body of commercial ore. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Company has relied on and may continue to rely upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineral deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing gold, copper and other mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The Company has no producing mines at this time. All of the properties in which the Company may earn an interest are at the exploration stage only. Most exploration projects do not result in the discovery of commercially mineable deposits of ore.

Development Risks

The marketability of any minerals which may be acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and some of which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection.

Loss of Interest in and Value of Properties

The Company's ability to maintain its interests in its mineral properties and to fund ongoing exploration costs will be entirely dependent on its ability to raise additional funds by equity financings. If the Company is unable to raise such funds it may suffer dilution or loss of its interest in its mineral properties. The amounts attributed to the Company's interests in mineral properties in its financial statements represent acquisition and exploration costs, and should not be taken to reflect realizable value.

Financing Risks

The Company has no history of earnings and no source of operating cash flow and, due to the nature of its business, there can be no assurance that the Company will be profitable. The Company has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is through the sale of its equity shares. Even if the results of

exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of its property, there is no assurance that any such funds will be available. If available, future equity financings may result in substantial dilution to existing shareholders of the Company. At present it is impossible to determine what amounts of additional funds may be required.

Metal Prices

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of ore are discovered, a profitable market may exist for the sale of minerals produced by the Company. Factors beyond the control of the Company may affect the marketability of any substances discovered. Mineral prices, in particular gold prices, have fluctuated widely in recent years. The marketability of minerals is also affected by numerous other factors beyond the control of the Company. These other factors include government regulations relating to price, royalties, allowable production and importing and exporting of minerals.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Environmental and Other Regulatory Requirements

Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted and which may well be beyond the capacity of the Company to fund. The Company's right to exploit the mining properties is subject to various reporting requirements and to obtaining certain government approvals and there is no assurance that such approvals, including environmental approvals, will be obtained without inordinate delay or at all.

No Assurance of Titles, Boundaries or Surface Rights

The Company has investigated rights of ownership of all of the mineral properties and, while to the best of the Company's knowledge title to all properties in which it has the right to acquire an interest is in good standing, this should not be construed as a guarantee of title. Other parties may dispute title to the mining properties in which the Company has the right to acquire an interest. The properties may be subject to prior unregistered liens, agreements, transfers or claims, or native land claims and title may be affected by, among other things, undetected defects.

Permits and Licenses

The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that will be required to carry out exploration, development and mining operations on its Ajax Property.

Inability to Meet Cost Contribution Requirements

The Company may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party and the Company may as a result, be subject to loss of its rights to acquire interests in the properties subject to such agreements.

Conflicts of Interest

Certain directors and officers of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the director will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Reliance on Key Personnel

The nature of the business of the Company, the ability of the Company to continue its exploration and development activities and to thereby develop a competitive edge in the marketplace depends, in a large part, on the ability of the Company to attract and maintain qualified key management personnel. Competition for such personnel is intense, and there can be no assurance that the Company will be able to attract and retain such personnel. The development of the Company now and in the future, will depend on the efforts of key management figures, the loss of whom could have a material adverse effect on the Company. The Company does not currently maintain key-man life insurance on any of the key management employees.

5.3 Companies with Mineral Projects

The following description of the Ajax Property is a reproduction of the summary contained in the Technical Report listed in Section 1.3, Information Incorporated by Reference herein, which can be reviewed in its entirety by accessing the SEDAR database at www.sedar.com and which qualifies the following disclosure.

“1.1 INTRODUCTION

The Ajax Project, located south of downtown Kamloops, British Columbia (BC), will be a 60,000 t/d open pit operation. Ore will be processed in a conventional milling plant, and copper/gold (Cu/Au) concentrate will be transported to the Port of Vancouver for shipment to offshore smelters. The proposed Ajax Copper/Gold Project is currently 100% owned by [KGHM-Ajax], which is a joint venture (JV) company owned 51% by [KGHM Polska Miedz S.A. (KGHM)] and 49% by Abacus Mining & Exploration Corp. (Abacus).

In May 2010, Abacus commissioned a team of engineering consultants to complete a feasibility study in accordance with National Instrument 43-101 (NI 43-101). All mines acts regulations with respect to health, safety and environmental considerations have been taken into account and incorporated into the feasibility designs and relevant cost estimates. In addition, the designs take into account the geological location of the Project. The following consultants were commissioned to complete the component reports for the purposes of the feasibility study:

- Wardrop, a Tetra Tech Company (Wardrop) – overall management, mineral processing, infrastructure, and financial analysis
- AMEC Americas Ltd. (AMEC) – geology, Mineral Resource estimate, mine design, and Mineral Reserve estimate
- Golder Associates Ltd. (Golder) – tailings handling, thickening and tailings area water management
- Knight Piésold Ltd. (Knight Piésold) – environmental studies, permitting, and social or community impact
- BGC Engineering Inc. (BGC) – pit slope designs, pit dewatering evaluations and site geotechnical evaluations excluding the tailings storage facility (TSF).

In addition, G&T Metallurgical Services Ltd. (G&T) conducted the metallurgical test work, and Krupp Polysius performed High Pressure Grinding Rolls (HPGR) pilot test work for the process design.

For the purposes of this study, all currencies are expressed in US dollars, unless otherwise specified.

1.2 PROJECT HISTORY

Exploration in the Ajax area began in the 1880s and continued intermittently until the 1980s. In the 1980s, Afton Operating Company (Afton OC) defined a mineral resource. Mining operations began in 1989 and were suspended in 1991 due to low metal prices. A second period of production began in 1994 and was again suspended in 1997. During the periods of production, it is estimated that 17 Mt were mined and 13 Mt were milled.

Abacus acquired holdings in the Ajax area in 2002 from Teck. Abacus has explored the Ajax property with diamond drillhole (DDH) methods from 2005 to 2010. In 2009 Wardrop completed a NI 43-101 compliant resource estimate and a positive preliminary economical assessment (PEA) for the Ajax area (Ghaffari et al, 2009). Abacus drill campaigns comprise over 86% of the drill data in the 2011 resource model database. Details of this drilling are provided in Section 10.0 in this report.

1.3 DEPOSIT GEOLOGY

Abacus prepared the regional and property geology information as shown in Section 7.0. In general three main rock units are combined from the identified 22 rock types in the Ajax area. These are composed of Iron Mask Hybrid, Sugarloaf Diorite, and Nicola Volcanics. Sugarloaf Diorite is characteristically a fine to coarse-grained, light to medium gray porphyritic diorite containing euhedral hornblende phenocrysts. The Iron Mask Hybrid is considered to be an assimilation of the Nicola Group into the intruding Pothook Diorite. The Iron Mask is coarse-grained and dioritic to gabbroic in composition. The Nicola Group consists of picrite and various fine-grained and pyroxene porphyritic mafic volcanic rocks.

The mineralization in the Ajax area is associated with structural corridors of highly fractured sections of Sugarloaf and Sugarloaf Hybrid phases of the Iron Mask Batholith. Chalcopyrite is the dominant copper mineral and occurs as veins, veinlets, fracture fillings, disseminations, and isolated blebs in the host rock. Concentrations of chalcopyrite rarely exceed 5%. Accessory sulphide minerals include pyrite, magnetite, molybdenite, and occasionally bornite.

1.4 GEOLOGY AND MINING

The results of the Mineral Resource estimate and Mineral Reserve estimate represent forward-looking information that are subject to a number of known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from those presented here.

Forward-looking information includes commodity prices and exchange rates, the proposed mine production plan, projected recovery rates, uncertainties and risks regarding the estimated capital and operating costs, uncertainties and risks regarding the cost estimates and completion schedule for the proposed Project infrastructure, in particular the need to obtain permits and governmental approvals.

1.4.1 DATA VERIFICATION

AMEC audited the Abacus drill database in 2008-2009, 2010, and 2011. Although minor errors were noted with the data, AMEC's conclusion was that the data was sufficient to support Mineral Resource and Mineral Reserve estimation. A block confidence restriction was placed on the use of legacy data in estimation of Measured and Indicated blocks.

1.4.2 MINERAL RESOURCE ESTIMATE

The Ajax West, Ajax East and Ajax East Extension areas were modelled. Assay data were composited to 12 m lengths.

Abacus provided AMEC with a 0.1% copper grade shell model for the West, East and East Extension areas. AMEC used the copper mineralization shell as an exploration data analysis (EDA) boundary and also the boundary for the copper and gold estimation. AMEC applied a probability-assisted constrained kriging (PACK) methodology to further define the high-grade copper and gold domains within the mineralized shell provided by Abacus. This controls the smearing of high-grade mineralization into low-grade areas.

The geological model was coded from the geological solids.

The Ajax density database contains 855 specific gravity (SG) determinations. The SG data were coded with the rock code (RCODE) from the MineSight[®] composite file.

The estimation methodology for the 2011 resource model update was inverse distance weighting to the fourth power (IDW⁴). All estimations were completed by rock type. All rock boundaries were considered hard for estimation purposes. An outlier restriction was implemented on uncapped 12 m composites to address metal-at-risk. The model estimate was completed in three passes with expanding searches for each pass.

A classification of the Ajax model was developed based on the copper mineralization shell, grade continuity observed in cross-section and plan-section, and confidence limit calculations using a 60,000 t/d production schedule. To aid in the classification, the percentage of influence legacy drillholes had on the copper grade estimate was determined. The influence for the J-series drillholes (percussion drilling) was determined independently from other legacy drillholes: 87, 88, 89, and 90 series drillholes (core drilling). Where J series percussion holes contribute more than 60% of the weight used to make a copper grade estimate, the block is downgraded to Inferred. Blocks where legacy core holes contribute more than 50% of the weight used to make a copper grade estimate, Measured blocks are downgraded to Indicated.

The nominal drill spacing for Measured is 40 to 50 m for the Ajax West and East areas. Confidence limit calculations for the West and East areas suggest drill density for Measured Resource Classification of 35 to 50 m. The confidence limit calculation for the Indicated Resource Classification in the West and East areas suggest a drill density of approximately 50 to 75 m. Using a 0.100% Cu cut-off, 38% of the blocks are classified as Measured, 41% are classified as Indicated, and 21% are classified as Inferred.

A net smelter return (NSR) was calculated for each block using a NSR script in Gemcom software. To determine the reasonable expectations for economic extraction, a Lerchs-Grossmann (LG) pit optimization was completed using blocks classified as Measured, Indicated and Inferred. The LG parameters were based on a copper price of US\$2.88/lb and a gold price of US\$1,200/oz. The LG optimization was completed by Abacus personnel using Gemcom Whittle[™] 4D (Version 4.1.3). Based on preliminary economic analyses, the net value of the resource shell exceeds capital cost estimates.

A copper equivalency (CuEq) grade for reporting of Mineral Resources was calculated using the following formula:

$$CuEq = \frac{[(\%Cu) (CuRec) (22.0462) (\$lbCu) + (g/t/Au) (AuRec) (1/31.1035) (\$ozAu)]}{(CuRec) (22.0462) (\$lbCu)}$$

Mineral Resources take into account geological, mining, processing and economic constraints, and have been confined within appropriate Lerchs-Grossmann (LG) pitshells, and therefore are classified in accordance with the 2010 Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves.

The Qualified Person for the Mineral Resource estimate is Timothy O. Kuhl, SME Registered Member, an employee of AMEC.

Mineral Resources are reported using a copper price of US\$2.88/lb and a gold price of US\$1,200/oz, and have an effective date of May 26, 2011. Mineral Resources are summarized in Table 1.1 and reported at a Base Case CuEq grade of 0.20%.

**Table 1.1 Ajax Mineral Resource Estimate, Effective Date May 26, 2011;
Timothy O. Kuhl, R.M. SME**

	Cut-off CuEq (%)	Tonnes (Mt)	CuEq (%)	Cu (%)	Au (g/t)	NSR (US\$/t)	Contained Metal		
							CuEq (Mlb)	Cu (Mlb)	Au (Koz)
Measured	0.20	255.8	0.42	0.31	0.19	15.71	2,389	1,734	1,555
Indicated	0.20	256.2	0.42	0.30	0.20	19.98	2,399	1,712	1,637
Measured + Indicated	0.20	512.0	0.42	0.31	0.19	17.85	4,788	3,446	3,193
Inferred	0.20	73.7	0.38	0.27	0.17	17.46	613	439	406

Note 1. Mineral Resources are contained within a conceptual Measured, Indicated and Inferred optimized pitshell using the following assumptions: maximum copper recovery of 91.17% and maximum gold recovery of 86.49% based on the following equations: $CuRec = (-74.812 \times (Cu\% ^2)) + (85.727 \times Cu\%) + 66.668$ and $AuRec = 92.586 \times Au(g/t)^{0.064}$; assumed throughput rate of 60,000 t/d; Whittle constraining shell slopes between pit slope angles ranging from 38° to 49°, waste and processed material mining costs of US\$1.08/t, fill waste mining costs of US\$0.89/t, total processing costs including reclamation of US\$3.23/t, general and administrative costs of US\$0.52/t, gold price of US\$1,200/oz, and copper price of US\$2.88/lb.

Note 2. Copper equivalency was calculated using the formula $CuEq = ((\%Cu) \times (CuRec) \times (22.0462) \times (\$lbCu) + (g/t/Au) \times (AuRec) \times (1/31.1035) \times (\$ozAu)) \div ((CuRec) \times (22.0462) \times (\$lbCu))$.

Note 3. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.

Note 4. Tonnage and grade measurements are in metric units. Contained gold and silver ounces are reported as troy ounces, contained copper pounds as imperial pounds.

Factors which may affect the geological models or the conceptual pitshells used to constrain the mineral resources, and therefore the Mineral Resource estimates include: the commodity price assumptions; the NSR value used to constrain the Mineral Resources is based on technical and economic parameters supplied by Abacus, should these assumptions change, then the pit constraining the Mineral Resources will also change; metallurgical recovery assumptions; pit slope angles used to constrain the estimates; and the SG values assumed for the rock types.

1.4.3 MINERAL RESERVES

Mineral Reserves were optimized for all Measured and Indicated blocks assuming a gold price of US\$1,085/oz gold and a copper price of US\$2.50/lb.

Pit optimization was performed on the mining block model using Gemcom Whittle™ software. AMEC obtained pit optimisation parameters from various sources: copper and gold prices were determined by Abacus and agreed by AMEC, the overall pit slopes were recommended by BGC, metal recoveries and processing costs were derived from work developed by Wardrop, while mining costs were derived from the 2009 PEA mining cost model.

The total NSR was calculated by adding the NSR attributable to copper to the NSR attributable to gold and then subtracting the freight costs, which include land freight, port charges, ocean freight and miscellaneous costs. The ore considered for processing in the optimization was based on a marginal cut-off value of US\$4.53/t NSR.

Pitshell generation was based on a Base Case assumption that the Trans Mountain Pipeline, an oil pipeline operated by Kinder Morgan, which runs along the western limit of the proposed Ajax pit could be relocated away from the pit during the first years of operation. However, the pit optimization process and

the operational designs was set-up in such a way that no excavation has been designed or scheduled on the ground below the pipeline location and its right of way.

The pit is unconstrained by considerations for infrastructure to the north, east and south. All the major infrastructure facilities planned for the Project: mineral processing facilities, stockpiles, waste dumps, offices, maintenance shops, fuel storage, tailings pond, water storage ponds, will be external to the current ultimate pit design and its area of influence.

Dilution was incorporated into the model using the following formula:

$$Diluted\ Grade = (In-situ\ Grade * 75\%) + \sum (Dilution\ Factor * Grade\ of\ Neighbour\ Block)$$

Geotechnical domains, design sectors, slope angles, and associated assumptions were provided by BGC, and modified for mining purposes by AMEC. Mine design has incorporated geotechnical and hydrogeological considerations.

The weighted average mining cost used was US\$1.32/t and ranged from US\$0.92/t to US\$2.50/t for the different mining benches. The processing cost was US\$3.38/t, and included an allowance of US\$0.05/t of ore processed for closure costs, and a general and administrative (G&A) cost of US\$0.51/t.

Mineral Reserves were modified from Mineral Resources by taking into account geologic, mining, processing, and economic parameters and therefore are classified in accordance with the 2010 CIM Definition Standards for Mineral Resources and Mineral Reserves. The Qualified Person for the Mineral Reserve estimate is Ramon Mendoza Reyes, P.Eng., an AMEC employee. The estimate has an effective date of October 31, 2011 and is summarized in Table 1.2.

Table 1.2 Mineral Reserve Statement, Effective Date October 31, 2011, R. Mendoza Reyes, P.Eng.

Confidence	Cut-off	ROM	Average ROM Grades		Copper Equivalent	Contained Metal	
			Cu (%)	Au (g/t)		Copper (Mlb)	Gold (Koz)
Category	Grade (US\$/t)	Tonnes (Mt)			CuEq (%)		
Proven Mineral Reserve	4.53	279.5	0.27	0.17	0.38	1,680	1,520
Probable Mineral Reserve	4.53	223.5	0.26	0.17	0.37	1,280	1,230
Total Proven & Probable Mineral Reserves	4.53	503.0	0.27	0.17	0.37	2,960	2,750

Note 1. Mineral Reserves are estimated using a cut-off grade of US\$4.53/t NSR, a copper price of US\$2.50/lb, and a gold price of US\$1,085/oz. The NSR is calculated by adding the NSR attributable to copper to the NSR attributable to gold and then subtracting the freight costs, which include land freight, port charges, ocean freight and miscellaneous costs. The attributable copper is calculated using the metallurgical recovery obtained by the formula: $CuRec (\%) = -74.812 * Cu(\%)^2 + 85.727 * Cu(\%) + 66.668$ with a maximum copper recovery of 91.17%. The attributable gold is calculated using metallurgical recovery obtained by the formula: $AuRec (\%) = 92.586 * Au(g/t)^{0.0649}$ with a maximum gold recovery of 86.49%.

Note 2. Mineral Reserves are constrained within a pitshell, optimised using assumptions of a weighted average mining cost of US\$1.32/t (ranging from US\$0.92/t to US\$2.50/t for the different mining benches); a processing cost of US\$3.38/t (including US\$0.51/t general and

administrative costs, and US\$0.05/t allocation for closure costs); and pit slope angles that vary from 40° to 49°.

- Note 3. A 0.5% mining loss factor was applied to account for dilution; diluted grades are estimated at 1.7% lower than the in-situ grades.
- Note 4. The life-of-mine (LOM), waste to ore strip ratio is 2.42. The assumed LOM throughput rate is 60 kt/d.
- Note 5. Copper equivalency was calculated using the formula $CuEq = ((\%Cu) \times (CuRec) \times (22.0462) \times (\$lbCu) + (g/t/Au) \times (AuRec) \times (1/31.1035) \times (\$ozAu)) \div ((CuRec) \times (22.0462) \times (\$lbCu))$.
- Note 6. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.
- Note 7. Tonnage and grade measurements are in metric units. Contained gold ounces are reported as troy ounces; contained copper pounds are Imperial pounds.

Factors which may affect the Mineral Reserve estimate include gold and copper price assumptions, effectiveness of surface and groundwater management, the assumption that granting of appropriate environmental and construction permits would be forthcoming from the relevant authorities, unrecognized structural complications in areas with relatively low drill hole density, changes to the proposed methodology for waste material, and changes to the pitshell shape if the material currently under the oil pipeline can be incorporated in pit design.

1.4.4 *PROPOSED MINE PLAN*

The proposed mine plan envisages a conventional open pit operation producing 60,000 t/d. The pit has been developed to have seven phases. The longest span of the pit will be approximately 2.6 km in an east-west direction and approximately 1.4 km in a north-south direction.

The mine plan is based on the extraction of 503 Mt of ore for processing during 23 years of operation at an overall stripping ratio of 2.4:1 waste to ore. Total material movement from the pit during the life of the mine is estimated at 1,701 Mt. The average head grade of process feed for the LOM is 0.267% Cu and 0.170 g/t Au equivalent to an NSR of 14.68 expressed in dollars per tonne.

An elevated cut-off strategy will be employed. This will result in four stockpiles, three of which are planned to be treated. The fourth stockpile represents potential Project upside and may be sent to process in times of higher commodity prices.

A conventional truck and shovel fleet will be used, in conjunction, from Year 7, with an in-pit crush and convey system. Mining will proceed on 12 m benches. Drill-and-blast will be required. Horizontal drains are proposed as the primary means to depressurize potential bench scale wedge and planar failures. In-pit water will be removed by way of ditches, pipes, sumps, pumps, and booster pumps.

Two waste rock storage facilities are planned. One will be constructed at the north side of the pit and the second will be located at the east side of the pit. A preliminary program to investigate the potential for acid drainage of the waste rocks is underway.

1.5 MINERAL PROCESSING AND RECOVERY METHODS

The process plant design for this project was developed from information provided by Wardrop and other consultants in the July 2009 report titled “NI 43-101 Preliminary Assessment Technical Report on the Ajax Copper/Gold Project” and supplementary metallurgical test work conducted by G&T from 2008 to 2011. The information available from the earlier work (1970 to 2002) was also reviewed and reinforced by supplementary data developed from 2002 to 2008. G&T conducted metallurgical test work to develop comminution and flotation studies to be used as the basis for mill process design. Samples from the diamond drill cores from exploration work have been used for analysis and extensive metallurgical tests. Section 13.0 presents the historical and the most recently completed test work review for the Ajax mineralization.

The Ajax concentrator has been designed to process a nominal 21,900,000 t/a, or 60,000 t/d, of copper-gold porphyry ore from an open pit operation. The concentrator has been designed to produce a marketable copper concentrate of 25% Cu containing approximately 18 g/t Au. The treatment plant will consist of stage-wise crushing and grinding, followed by a flotation process to recover and upgrade copper from the feed material. A gravity circuit will be included within the flotation circuit to enhance gold recovery. The flotation concentrate will be thickened and filtered and sent to the concentrate stockpile for subsequent shipping to smelters.

1.6 TAILINGS STORAGE FACILITY AND OTHER INFRASTRUCTURE

Golder Paste Technology Ltd., in collaboration with Golder Associates Ltd. completed the tailings storage facility (TSF). Section 18.4 shows the detailed information. A thickened, non-segregating tailings slurry discharge into a TSF was recommended by Golder for Ajax. Golder performed laboratory test work to provide information on the dewatering and rheological properties of the tailings. This information, combined with processing facility throughput and TSF location and footprint, completed the design basis of the Thickened Tailings Plant (TTP). The total required TSF volume is 389.6 Mm³.

Based on the overall site geotechnical investigation report provided by BGC, Wardrop developed the site infrastructure, including access roads, site layout and structure, communication, auxiliary facilities and presented in Section 18.1, 18.5 and 18.7. In addition, Wardrop developed the water supply and power supply for the Ajax Project.

1.7 ENVIRONMENTAL AND PERMITTING

Knight Piésold initiated the environmental studies for the Ajax project in 2006, including ground and surface water quality and quantity, climatology, fish and fish habitat, wildlife, and vegetation studies. Discussions have been initiated with government regulatory agencies in order to develop appropriate avoidance and mitigation techniques. None of the environmental parameters identified to date are considered to have a material impact on the ability to extract the mineral resources or reserves. Section 20 outlines the environmental studies, and permitting application status.

Abacus submitted a Project Description to the BC Environmental Assessment Office (EAO) and the federal Canadian Environmental Assessment Agency (CEAA) in early 2011. The project description was accepted by EAO on February 25, 2011 and on March 16, 2011 by CEAA.

The Ajax Project received a Section 10 order from the EAO on February 25, 2011, stipulating that the Project must undergo an Environmental Assessment (EA). The scope and requirements for public consultation were outlined in a preliminary Section 11 in June 2011. An additional Section 11 order is expected in 2012, providing further direction regarding the scope, procedures, and methods for conducting the EA.

The CEAA commenced a comprehensive study on May 25, 2011 and posted a Notice of Commencement on the CEAA Registry on May 31, 2011. A project agreement was signed on August 17, 2011.

The Project Application Information Requirements (AIR) was provided to the EAO and CEAA on August 12, 2011 for distribution to the Technical Working Group. The Proponent Application/Environmental Impact Statement (EIS) is expected to be submitted in 2012.

1.8 CAPITAL COST AND OPERATING COST

The capital cost and operation cost estimates were provided by AMEC (mining section), Wardrop (processing and overall site infrastructure section) and Golder (tailings management facility section) in Section 21.0. The overall estimated capital cost is approximately US\$795 million. The operating cost estimate will be US\$1.32/t mined for mining and in-pit crushing and conveying, US\$3.46/t milled for processing and tailings management facility and US\$0.53/t G&A cost.

1.9 ECONOMIC ANALYSIS

A pre-tax economic model has been developed by Wardrop from the estimated costs and the open pit production schedule. The base case has an internal rate of return (IRR) of 14.5% and a net present value (NPV) of US\$416 million at an 8% discount rate for the 23-year LOM. The payback of the initial capital is within 7.8 years.

Wardrop conducted a logistics study to determine the options available and associated costs for transporting copper concentrates from the project site to a port facility for export and the results were used to the financial model preparation.

1.10 INTERPRETATION AND CONCLUSIONS

Abacus understands the requirements for infrastructure, workforce, and power, water and communication facilities to support future mining operations and is sufficient to support Mineral Resource and Mineral Reserve declaration.

Knowledge of the deposit settings, lithologies, and structural and alteration controls on mineralization is sufficient to support Mineral Resource and Mineral Reserve estimation. The exploration programs completed to date are appropriate to the style of the deposits and prospects within the Project. Additional exploration potential remains in the Project area.

Estimations of Mineral Resources and Mineral Reserves for the Project conform to industry best practices, and meet the requirements of CIM Definition Standards (2010).

Factors which may affect the Mineral Reserve estimate include gold and copper price assumptions, currency exchange rate, the assumption that granting of appropriate environmental and construction permits would be forthcoming from the relevant authorities, unrecognized geological structures in areas with relatively low drillhole density that could impact pit slope assumptions, changes to the assumptions regarding environmental characteristics of waste rock, and changes to the pitshell shape if the material currently under the oil pipeline can be incorporated in the pit design.

The Ajax concentrator has been designed with the objective to produce a saleable copper concentrate. The complete processing circuit design is based on various metallurgical test work programs conducted over the years and utilizing proven process equipment.

The feasibility level tailings management was designed from the pre-feasibility study incorporating new test work results on the dewatering and rheological properties of the tailings, and extensive experience on paste and thickened tailings plants and tailings storage facilities.

The initial capital cost for the Ajax Project is estimated to be approximately US\$795 million. The base case of the pre-tax economic model has an internal rate of return (IRR) of 14.5% and a net present value (NPV) of US\$416 million at an 8% discount rate for the 23-year LOM. The payback of the initial capital is within 7.8 years.

1.11 RECOMMENDATIONS

Based on the work carried out in this Feasibility study and the resulting economic evaluation, it is recommended that the Ajax Project proceed to the Detailed Engineering Design stage. Please refer to Section 26.0 Recommendations for more information. The proposed project execution plan is located in Section 24.0.”

6. DIVIDENDS

6.1 Dividends

The board of directors of the Company has not declared dividends at any time during the three most recently

completed financial years. The Company currently pays no dividends or distributions and does not anticipate doing so in the near future. There are no restrictions on the Company's ability to pay dividends.

7. DESCRIPTION OF CAPITAL STRUCTURE

7.1 General Description of Capital Structure

The Company is authorized to issue an unlimited number of common shares and 25,000,000 Reorganization Shares. As of December 31, 2010, the Company had 176,490,917 common shares issued and outstanding and no Reorganization Shares issued and outstanding.

The holders of the Common Shares are entitled to:

- a) vote at all meetings of shareholders of the Company, except meetings at which only holders of a specified class of shares are entitled to vote;
- b) receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company, any dividends declared by the Company; and
- c) receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company, the remaining property of Company upon the liquidation, dissolution or winding-up of Company, whether voluntary or involuntary.

As at December 31, 2010, the Company also had the following share purchase warrants and incentive stock options available for exercise:

Warrants

Outstanding as at December 31, 2009	Exercise Price	Expiry Date	Issued	Exercised	Expired	Outstanding as at December 31, 2010
5,756,332	\$0.50	March 10, 2010	0	0	(5,756,332)	0
760,246	\$0.30	March 10, 2010	0	0	(760,246)	0
19,502,000	\$0.30	December 29, 2012	140,058	(16,250)	0	19,625,808

Options

Options Outstanding			Options Exercisable	
Number of Options	Exercise Price	Expiry Date	Number of Options	Exercise Price
1,225,000 ⁽¹⁾	\$0.90	April 7, 2011	1,225,000	\$0.90
400,000	\$0.65	March 15, 2012	400,000	\$0.65
335,000	\$0.45	January 11, 2013	335,000	\$0.45
880,000 ⁽²⁾	\$0.45	February 1, 2013	880,000	\$0.45
1,000,000	\$0.14	May 5, 2013	1,000,000	\$0.14
1,650,000	\$0.26	August 29, 2013	1,650,000	\$0.26
800,000 ⁽³⁾	\$0.15	February 20, 2014	800,000	\$0.15
300,000	\$0.10	March 3, 2014	300,000	\$0.10
1,990,000 ⁽⁴⁾	\$0.20	June 29, 2014	1,990,000	\$0.20
100,000	\$0.25	September 17, 2014	75,000	\$0.25
1,000,000	\$0.18	July 21, 2015	250,000	\$0.18
1,720,000 ⁽⁵⁾	\$0.19	August 27, 2015	430,000	\$0.19
150,000	\$0.19	September 7, 2013	37,500	\$0.19
600,000	\$0.24	December 17, 2015	150,000	\$0.24

Notes:

- (1) 100,000 stock options were forfeited in 2011, and the remaining 1,125,000 options expired on April 7, 2011.
- (2) An aggregate of 80,000 stock options originally granted to various individuals were forfeited during 2011.
- (3) An aggregate of 240,000 stock options originally granted to various individuals were forfeited during 2011.
- (4) An aggregate of 260,000 stock options originally granted to various individuals were forfeited during 2011.
- (5) An aggregate of 60,000 stock options originally granted to various individuals were forfeited during 2011.

7.2 Constraints

There are no constraints imposed on the ownership of securities of the Company to ensure a certain level of Canadian ownership of the Company.

7.3 Ratings

No ratings have been received from any rating organizations in respect of any of the Company's securities.

8. MARKET FOR SECURITIES

8.1 Trading Price and Volume

The Company's common shares are listed for trading on the TSX Venture, and trade under the symbol "AME". The Company is classified as a Tier 1 Issuer on the TSX Venture.

The following table details the price range and volume traded for the Company's securities on the TSX Venture on a monthly basis for the financial year ended December 31, 2011:

Month	High (\$)	Low (\$)	Trading Volume
December 2011	0.175	0.14	3,422,115
November 2011	0.17	0.145	3,509,387
October 2011	0.355	0.195	11,544,191
September 2011	0.185	0.14	3,709,422
August 2011	0.19	0.15	3,854,721
July 2011	0.20	0.17	1,194,412
June 2011	0.20	0.16	3,834,637
May 2011	0.225	0.155	4,806,813
April 2011	0.19	0.23	5,422,665
March 2011	0.19	0.25	6,829,810
February 2011	0.22	0.26	11,178,409
January 2011	0.24	0.255	250,700

8.2 Prior Sales

The following table details share purchase warrants issued during the financial year ended December 31, 2010:

Date of Securities Issued	Type of Securities	No. of Securities Issued	Price of Securities Issued	Exercise Price	Expiry Date
April 22, 2010	Common Share Purchase Warrants	16,250	\$0.0001*	\$0.30	December 29, 2012
November 16, 2010	Common Share Purchase Warrants	123,808	\$0.0001*	\$0.30	December 29, 2012

* A total of 140,058 warrants were issued to finders in 2010 pursuant to the exercise of agents' options, granted in December 2009, to purchase the Company's units at a price of \$0.20 per unit. Each unit entitles the agent to purchase one common share and one common share purchase warrant, with each warrant entitling the agent to acquire one common shares of the Company at a price of \$0.30. \$0.0001 was fixed as the consideration for the issuance of each warrant.

There were no prior sales for the 2011 financial year.

9. ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

9.1 Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

There are no securities of the Company currently held in escrow or subject to a pooling agreement or subject to any other contractual restriction on transfer.

10. DIRECTORS AND OFFICERS

10.1 Name, Occupation and Security Holding

The name, province and country of residence, position with the Company and principal occupation of each of the directors and executive officers of the Company as at the date of this AIF are as follows:

Name, Province and Country of Residence and Position	Principal Occupations for Past Five Years	Director Since
Thomas A. McKeever⁽¹⁾ Director, Executive Chairman of the Board <i>New York, U.S.A.</i>	Director of Houston Exploration Company from 2005 to June 2007; Chairman of Sempra Metals Group from 2002 to 2006.	March 15, 2007
Michael D. McInnis⁽²⁾ Director <i>British Columbia, Canada</i>	President and CEO, Gateway Gold Corp. from May 2002 to December 2008; President and CEO, Riverstone Resources Inc. from October 1996 to present; Professional Engineer from 1975 to present.	June 27, 2002
Louis G. Montpellier⁽³⁾ Director, <i>British Columbia, Canada</i>	Vice President Corporate Development, Corporate Secretary and Legal Counsel, Exeter Resource Corporation from February 2010 and Extorre Gold Mines Limited from March 2010; Barrister and Solicitor since 1981.	July 2, 2008
Victor Lazarovici⁽⁴⁾ Director <i>South Carolina, U.S.A.</i>	Director of Minera Andes Inc. from August 2008 to January 2012; Director of Jaguar Financial Corporation from June 2010 to present; Managing Director – senior base metals and minerals, BMO Capital Markets from 1998 to 2008.	July 10, 2008
James D. Excell Director, President and Chief Executive Officer <i>British Columbia, Canada</i>	Metallurgical engineer; President & CEO, Abacus Mining and Exploration Corporation, July 2010 to present; President, Narego Solutions Inc., October 2008 to June 2010; President and CEO, North American Palladium Inc., December 2005 to September 2008.	May 17, 2010
Andrew Pooler Executive Vice President and Chief Operating Officer <i>British Columbia, Canada</i>	Formally the Senior Vice-President, Mine Operations, for Pan American Silver Corp, which has six producing properties and two under development. Prior to Pan American Silver, Andrew held executive positions with several mining companies, including Vice-President of operations at Amax Gold. Andrew holds a Bachelor of Science degree in mining engineering from the University of Idaho.	N/A

Name, Province and Country of Residence and Position	Principal Occupations for Past Five Years	Director Since
Ian M. MacNeily Executive Vice President and Chief Financial Officer and Secretary <i>Ontario, Canada</i>	Chartered Accountant; an independent consultant from 2009 to 2011; the Chief Financial Officer and director of Strategic Resources Acquisition Corporation from 2007 to 2009; the Chief Financial Officer of North American Palladium Limited from 2005 to 2007; from 1996 to 2005, the Chief Financial Officer of Pangea Goldfields Inc. and Vaaldiam Mining Inc. (formerly, Tiomin Resources Inc).	N/A

Notes:

- (1) Thomas A. McKeever is a member of the Audit Committee of the Company.
- (2) Michael D. McInnis is a member of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee of the Company.
- (3) Louis G. Montpellier is a member of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee of the Company.
- (4) Victor Lazarovici is currently a member of the Compensation Committee and Nominating and Corporate Governance Committee of the Company.

Directors of the Company are elected to hold office for one year until the next Annual General Meeting of shareholders of the Company is held.

As of the date of this AIF, the directors and executive officers of the Company beneficially owned, directly or indirectly 905,000 Common Shares representing 0.46% of the issued and outstanding Common Shares.

10.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed herein, to the knowledge of the Company, none of the directors or executive officers of the Company is, or has been within the ten years before the date of this AIF, a director or executive officer of any other company (including the Company) that:

- (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or
- (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,

where “order” refers to a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Ian MacNeily was a director and the Chief Financial Officer of Strategic Resource Acquisition Corporation (“SRA”) from January 2007 to April 30, 2009. SRA filed for protection under Chapter 11 of the *Bankruptcy Code* in the United States in the Bankruptcy Court of the Middle District of Tennessee and Section 18.6 of the *Companies’ Creditors Arrangement Act* (“CCAA”) in the Ontario Superior Court of Justice (“Ontario Court”) on January 15, 2009. On May 12, 2009, SRA subsequently filed to obtain protection under Section 11 of the CCAA and the Ontario Court approved SRA’s plan of compromise and arrangement on June 26, 2009.

Except as disclosed herein, to the knowledge of the Company, none of the directors or executive officers of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of this AIF, or has been within the 10 years before the date of the AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted

any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or

- (b) has, within the 10 years before the date of the AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

To the knowledge of the Company, none of the directors or executive officers of the Company or shareholders holding a sufficient number of shares to affect materially the control of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

10.3 Conflicts of Interest

Conflicts of interest may arise as a result of the directors or officers of the Company or a subsidiary of the Company also holding positions as directors and/or officers of other companies. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation of mineral properties, with a view to potential acquisition of mineral property interests on their own behalf and on behalf of other companies, and situations may arise where the directors and officers will be in direct competition with the Company or a subsidiary of the Company, as the case may be. During 2010, a former officer and director of the Company also had an interest in a company that provides management and exploration services to the Company. See “Interest of Management and Others in Material Transactions”.

Conflicts, if any, will be subject to the procedures and remedies under the *Business Corporations Act* (British Columbia) with respect to directors and officers of the Company, and the governing legislation of the subsidiaries of the Company in respect of directors and officers of such subsidiaries.

11. AUDIT COMMITTEE

NI 52-110 requires the Company to disclose annually in its Annual Information Form certain information concerning the constitution of its Audit Committee and its relationship with its independent auditors, as set forth below.

11.1 Audit Committee Charter

The Company’s Audit Committee is governed by the Audit Committee Charter, the text of which appears in Schedule A attached to this AIF.

11.2 Composition of the Audit Committee

The Company’s Audit Committee is comprised of three directors, Thomas A. McKeever (Chair), Louis G. Montpellier and Michael D. McInnis. As defined in NI 52-110, Louis G. Montpellier and Michael McInnis, are “independent”. All of the Audit Committee members are “financially literate”, as such term is defined in NI 52-110.

11.3 Relevant Education and Experience

Each Audit Committee member possesses education or experience that is relevant to the performance of their responsibilities as Audit Committee members of the Company. Thomas A. McKeever has over 40 years of business experience in the global metals and mining industry. Louis G. Montpellier has been a lawyer since 1981 and has worked exclusively in the capital markets as counsel to emerging issuers and listed public companies engaged in mineral exploration and mining. Michael D. McInnis is a Professional Geologist with over 30 years experience. Mr. McInnis is and has been a director, President and Chief Executive Officer of other public companies.

11.4 Reliance on Certain Exemptions

Since the effective date of NI 52-110, the Company has not relied on the exemptions contained in sections 2.4, 3.2, 3.4, 3.5 or Part 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the external auditors to the company or its subsidiary entities, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the external auditors in the fiscal year in which the non-audit services were provided, where the company or its subsidiary entity did not recognize the services as non-audit services at the time of the engagement, and where the services were promptly brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee. Sections 3.2 and 3.4 provide exemptions to the requirement that every audit committee member be independent, where the company has filed a prospectus in respect of its initial public offering or where the audit committee member ceases to be independent for reasons outside the member's reasonable control, respectively. Section 3.5 provides an exemption from the requirements that all audit committee members be independent and financially literate, where a death, disability or resignation of a member resulted in a vacancy on the audit committee that the board of directors was required to fill. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

11.5 Reliance on the Exemption in Subsection 3.3(2) or Section 3.6

Since the effective date of NI 52-110, the Company has not relied on the exemptions contained in sections 3.3(2) or 3.6 of NI 52-110. Section 3.3(2) provides an exemption from the requirement that every audit committee member be independent, where the member would be independent of the company but for the member being an affiliated entity of the company or any of its subsidiaries or the member being a subsidiary entity or parent entity of the company. Section 3.6 provides an exemption from the requirement that every audit committee member be independent of the company, where (i) such member is not considered independent because such member accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the company or any of its subsidiaries or because such member is an affiliate of the company or any of the company's subsidiary entities; (ii) such member is not an employee or officer of the company or an immediate family member of such employee or officer; (iii) the board of directors of the company has determined that the audit committee member is able to exercise impartial judgment necessary for the member to fulfill his or her responsibilities as an audit committee member and the appointment of the member is in the best interests of the company and its shareholders; (iv) the member does not act as the chair of the audit committee; and (v) the member does not rely upon this exemption for a period of more than two years.

11.6 Reliance on Section 3.8

Since the effective date of NI 52-110, the Company has not relied on the exemption permitted by section 3.8 of NI 52-110. Section 3.8 provides an exemption from the financial literacy requirements of audit committee members, where the member becomes financially literate within a reasonable period of time following his or her appointment and the board of directors of the company has determined that the reliance on this exemption will not materially adversely affect the ability of the audit committee to act independently and to satisfy the other requirements of NI 52-110.

11.7 Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Company's Board of Directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

11.8 Pre-Approval Policies and Procedures

The Audit Committee must pre-approve any engagement of the external auditors for any non-audit services to the Company in accordance with applicable law and policies and procedures which have been approved by the Board of Directors. The engagement of non-audit services will be pre-approved by the Audit Committee, where applicable, and considered by the Company's Board of Directors, on a case-by-case basis.

11.9 External Auditor Service Fees (By Category)

In the following table, “audit fees” are fees billed by the Company’s external auditors for services provided in auditing the Company’s annual financial statements for the subject year. “Audit-related fees” are fees not included in audit fees that are billed by the auditors for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements. “Tax fees” are fees billed by the auditors for professional services rendered for tax compliance, tax advice and tax planning. “All other fees” are fees billed by the auditors for products and services not included in the foregoing categories.

The fees paid by the Company to its auditors in each of the last two fiscal years, by category, are as follows:

<u>Financial Year Ending</u>	<u>Audit Fees</u>	<u>Audit Related Fees</u>	<u>Tax Fees*</u>	<u>All Other Fees</u>
	\$	\$	\$	\$
December 31, 2010	40,000	10,000	3,000	NIL
December 31, 2009	41,000	NIL	2,600	49,700

* Fees related to the preparation of the Company’s T2 corporate income tax return and General Index of Financial Information required by CRA.

12. PROMOTERS

12.1 Promoters

There is no person or company that has been, within the three most recently completed financial years or during the current financial year, a “promoter” of the Company or a subsidiary of the Company, as such term is defined in the *Securities Act* (British Columbia).

A “Promoter” is defined in the *Securities Act* (British Columbia) as “a person who (a) acting alone or in concert with one or more other persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, or (b) in connection with the founding, organization or substantial reorganization of the business of the issuer, directly or indirectly receives, in consideration of services or property or both, 10% or more of a class of the issuer’s own securities or 10% or more of the proceeds from the sale of a class of the issuer’s own securities of a particular issue; but does not include a person who (c) receives securities or proceeds referred to in paragraph (b) solely (i) as underwriting commissions, or (ii) in consideration for property, and (d) does not otherwise take part in founding, organizing or substantially reorganizing the business.”

13. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

13.1 Legal Proceedings

The Company is not aware of any material or significant current or contemplated legal proceedings to which it is a party or of which any of its property is the subject.

13.2 Regulatory Actions

The Company is not aware of:

- (a) any penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the financial year ended December 31, 2010;
- (b) any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; and
- (c) any settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority during the financial year ended December 31, 2010.

14. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

14.1 Interest of Management and Others in Material Transactions

Other than as set forth below or elsewhere in this AIF, none of the following persons has any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect the Company:

- (a) a director or executive officer of the Company;
- (b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of the Company's outstanding voting securities; and
- (c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

Management and Administrative Services Agreement

The Company entered into an agreement, dated January 1, 2008, with Pamicon Developments Ltd. ("**Pamicon**") of 615 - 800 West Pender Street, Vancouver, British Columbia, V6C 2V6 ("**Management Services Agreement**"), in which Pamicon agreed to provide general office services, including office personnel, payroll services and office space. During the financial year ended December 31, 2010, the Company paid Pamicon for such services \$1,658,050 (2009: \$938,363, 2008: 953,474) that includes \$30,799 (2009: \$9,999, 2008: \$46,104) of equipment purchased and contract wages of \$1,200,187 (2009: \$508,846, 2008: \$662,182).

Douglas A. Fulcher, the former President and Director of the Company retired in July 2010, is a resident of British Columbia and owns 25% of Pamicon.

Exploration Services Agreement

The Company conducts the majority of its exploration activities through Pamicon pursuant to an agreement dated effective January 1, 2008 ("**Exploration Services Agreement**"). Under the Exploration Services Agreement, Pamicon assists Abacus in creating exploration programs, and Pamicon conducts exploration work under such programs on behalf of the Company. The Company paid \$6,605,895 (2009: \$2,760,640, 2008: \$9,003,548) to Pamicon during the financial year ended December 31, 2010 for exploration services which included \$590,956 (2009: \$589,099, 2008: \$1,531,847) of contract wages.

Douglas A. Fulcher, the former President and Director of the Company retired in July 2010, is a resident of British Columbia and owns 25% of Pamicon.

15. TRANSFER AGENTS AND REGISTRARS

15.1 Transfer Agents and Registrars

Transfers of the Company's shares may be effected at the offices of Computershare Investor Services Inc., the Company's Registrar and Transfer Agent, at its offices in Vancouver and Toronto. Registration facilities are maintained by Computershare Investor Services Inc. at its offices in Vancouver, British Columbia.

16. MATERIAL CONTRACTS

16.1 Material Contracts

The following are the contracts, other than contracts entered into in the ordinary course of business, that are material to the Company and were entered into within the most recently completed financial year, or before the most recently completed financial year but which are still in effect.

- Asset Purchase Agreement with Teck, dated effective November 25, 2005. See "General Development of Business - Three Year History - Asset Acquisition from Teck Resources Ltd."

- Amendment to Asset Purchase Agreement with Teck, dated effective June 4, 2009. See “General Development of Business - Three Year History - Asset Acquisition from Teck Resources Ltd.”.
- Second Amendment to Asset Purchase Agreement with Teck, dated effective May 18, 2010. See “General Development of Business - Three Year History - Asset Acquisition from Teck Resources Ltd.”.
- Third Amendment to Asset Purchase Agreement with Teck, dated effective July 31, 2010. See “General Development of Business - Three Year History - Asset Acquisition from Teck Resources Ltd.”.
- Extension letter agreements dated February 29, 2008, May 26, 2008, July 8, 2008, December 22, 2008, July 27, 2009 and October 30, 2009, extending the Transfer Date of the Asset Purchase Agreement to July 31, 2010. See “General Development of Business - Three Year History - Asset Acquisition from Teck Resources Ltd.”.
- Option to Purchase dated effective July 3, 2009 between the Company and Afton. See “General Development of Business - Three Year History - Options from Teck Resources Ltd.”.
- Option to Purchase dated effective July 3, 2009 between the Company and Sugarloaf. See “General Development of Business - Three Year History - Options from Teck Resources Ltd.”.
- KGHM Investment Agreement dated effective May 4, 2010 between the Company and KGHM as amended on September 29, 2010. See “General Development of Business - Three Year History - Joint Venture with KGHM”.
- KGHM Joint Venture Shareholders’ Agreement dated effective October 12, 2010 among KGHM-Ajax, KGHM, and the Company. See “General Development of Business - Three Year History - Joint Venture with KGHM”.

17. INTERESTS OF EXPERTS

17.1 Names of Experts

The Independent Auditors’ Report which accompanies the audited annual financial statements of the Company for the financial year ended December 31, 2010 incorporated by reference herein has been prepared by Smythe Ratcliffe LLP Chartered Accountants, 700 - 355 Burrard Street, Vancouver, British Columbia, Canada. Smythe Ratcliffe LLP are independent in accordance with the rules of professional conduct of the Institute of Chartered Accountants of British Columbia.

The Technical Report dated January 3, 2012 entitled Ajax Copper/Gold Project - Kamloops, British Columbia, Feasibility Study Technical Report. Prepared by: Hassan Ghaffari, P.Eng., Andre De Ruijter, P.Eng., Kenneth Lee, P.Eng., Amir Karami, P.Eng., Ali Farah, P.Eng., Ting Lu, P.Eng., Timothy O. Kuhl, R.M. SME, Ramon Mendoza Reyes, P.Eng., Warren Newcomen, P.Eng., Ken Brouwer, P.Eng., Chris Lee, P.Eng., and Irwin Wislesky, P.Eng.

17.2 Interests of Experts

To the Company’s knowledge, the experts named in the foregoing section did not hold, at the time they prepared or certified such statement, report or valuation, receive after such time nor will they receive, any registered or beneficial interest, directly or indirectly, in any securities or other property of the Company or of any associate or affiliate of the Company, and no director, officer or employee of such expert is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

18. ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Additional information, including particulars of directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Company’s Information Circular dated May 9, 2011 prepared in respect of the Annual General Meeting of the Shareholders of the Company held on June 15, 2011.

Additional financial information is provided in the Company's comparative annual financial statements and Management Discussion & Analysis for the year ended December 31, 2010.

For copies of this Annual Information Form and the materials listed in the preceding paragraphs please contact:

Abacus Mining & Exploration Corporation
Suite 615 - 800 West Pender Street,
Vancouver, B.C., V6C 2V6
ATN: President
Telephone: (604) 682-0301
Facsimile: (604) 682-0307

Schedule A

ABACUS MINING & EXPLORATION CORPORATION

("Company")

AUDIT COMMITTEE CHARTER

PURPOSE OF THE COMMITTEE

The purpose of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of the Company is to provide an open avenue of communication between management, the Company's independent auditor and the Board and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of the Company's financial reporting and disclosure practices;
- the Company's compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of the Company's independent auditor.

The Committee shall also perform any other activities consistent with this Charter, the Company's articles and governing laws as the Committee or Board deems necessary or appropriate.

The Committee shall consist of at least three directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Committee shall elect a Chairman from among their number. A majority of the members of the Committee must not be officers or employees of the Company or of an affiliate of the Company. The quorum for a meeting of the Committee is a majority of the members who are not officers or employees of the Company or of an affiliate of the Company. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures.

The Committee's role is one of oversight. Management is responsible for preparing the Company's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with generally accepted accounting principles ("**GAAP**"). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor's responsibility is to audit the Company's financial statements and provide its opinion, based on its audit conducted in accordance with generally auditing standards, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with GAAP.

The Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing the Company's financial statements, preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, and for reviewing and recommending the compensation of the independent auditor. The Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditor. The independent auditor shall report directly to the Committee.

AUTHORITY AND RESPONSIBILITIES

In addition to the foregoing, in performing its oversight responsibilities the Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.
2. Review the appointments of the Company's Chief Financial Officer and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditor the adequacy and effectiveness of the Company's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.

4. Review with management and the independent auditor the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.
5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
6. Review the Company's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the independent auditor's judgment about the quality and appropriateness of the Company's accounting policies. This review may include discussions with the independent auditor without the presence of management.
8. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.
9. Pre-approve all non-audit services to be provided to the Company by the independent auditor.
10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and the Company and all non-audit work performed for the Company by the independent auditor.
11. Establish and review the Company's procedures for the:
 - receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
 - confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
12. Conduct or authorize investigations into any matters that the Committee believes is within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Company.
13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of National Instrument 52-110 of the Canadian Securities Administrators, the *Business Corporations Act* (British Columbia) and the articles of the Company.