Fundamental Research Corp.

Investment Analysis for Intelligent Investors

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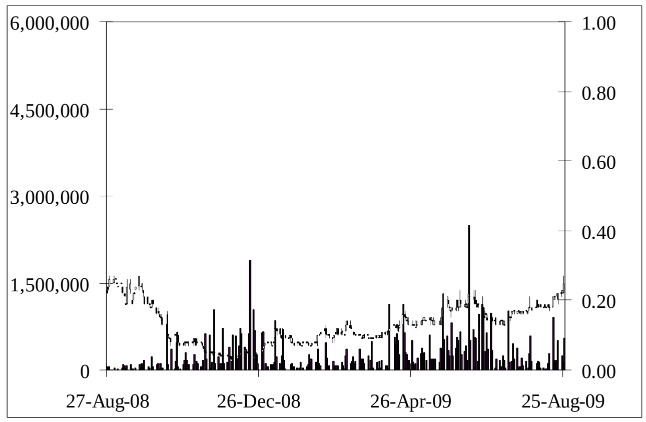
Abacus Mining and Exploration Corp. (TSX-V: AME) – New Gold Financing a Positive Sign for Abacus

Sector/Industry: Junior Mining **www.amemining.com**

Market Data (as of August 27, 2009)

Current Price	**C$0.24**
Fair Value	**C$1.00**
Rating*	**BUY**
Risk*	**5 (Highly Spec)**
52 Week Range	C$0.03 –C$0.27
Shares O/S	123.17 mm
Market Cap	C$29.56 million
Current Yield	N/A
P/E	N/A
P/B	0.58
YoY Return	4.3%
YoY TSX-V	-39.4%



*see back of report for rating and risk definitions

New Gold Inc. announces $100 million financing: We believe the recently announced $100 million share offering by New Gold Inc. ("New Gold"; TSX: NGD) will have a positive impact on the future of Abacus Mining's Afton-Ajax project. New Gold's New Afton project, an underground copper-gold mine, is located just outside of Abacus Mining's property boundary and approximately four kilometers from the Ajax deposit.

AME is currently in a joint venture with New Gold allowing them to explore the ground surrounding, and in between the historic Ajax East and West pits with the goal of combining the two pits into a single large open pit. The Ajax deposit contains mineralization similar to the New Afton mine, likely with similar metallurgical characteristics.

As of June 30, 2009, New Gold (market capitalization - $1.32 billion) had cash and cash equivalents of US$141 million (working capital was US$180 million; long-term debt on its balance sheet was US$230 million, however most of it is not due until 2017). The New Afton project is slated to begin yearly production of 0.085 million ounces of gold, and 75 million lbs of copper in the latter half of 2012.

We believe AME is a good acquisition target considering: 1) New Gold's strong cash position, 2) the market conditions which are conducive for cash-rich producers to acquire smaller companies holding advanced stage projects, 3) the proximity of AME's Afton-Ajax project to New Gold's New Afton project,

4) the Ajax deposit contains mineralization similar to the New Afton mine, and, most importantly, 5) AME's current market valuation is significantly below our fair value estimate.

Rating: AME share price is up 85% since our previous report dated June 29, 2009. We continue to maintain a BUY rating, and a fair value estimate of $1.00 per share on AME (Risk 5: Highly Speculative).

Fundamental Research Corp. Equity Rating Scale:
Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk
Hold – Annual expected rate of return is between 5% and 12%
Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk
Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:
1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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