

**BUCHANS RESOURCES LIMITED**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**For the three-month period ended March 31, 2018**

Dated May 25, 2018

(Form 51-102F1)

**BUCHANS RESOURCES LIMITED**  
**Management Discussion and Analysis**  
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*Date: May 25, 2018*

**GENERAL**

The following management discussion and analysis (“MD&A”) of financial condition and results of operations of Buchans Resources Limited (“Buchans” or the “Company”), should be read in conjunction with the condensed interim consolidated financial statements and the notes thereto for the three-month period ended March 31, 2018, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All dollar amounts are stated in Canadian dollars, unless otherwise noted.

**COMPANY OVERVIEW**

Buchans Resources Limited (the “Company” or “Buchans”) was incorporated on May 8, 2015 under the laws of the Province of Ontario, Canada. The Company’s head office is located at 55 University Ave, Suite 1805, Toronto, Ontario, M5J 2H7.

Buchans has interests in zinc, lead, silver properties located in Canada, Ireland and the United Kingdom, gold and manganese properties in Canada and, indirectly, in base metal and silver projects in Mexico. Substantially all the Company’s efforts are devoted to financing and developing these properties. At March 31, 2018 Buchans also held 2.37 million shares of Dalradian Resources Inc, which is developing the Curraghinalt gold deposit in Ireland.

Buchans holds an extensive mineral land package in the Buchans district of central Newfoundland with four undeveloped deposits including the large, lower grade, Lundberg stockwork sulphide deposit, as well three smaller, higher grade, massive sulphide VMS “satellite” deposits, each with excellent exploration potential.

The planned 2018 exploration program includes about 5,000 metres of drilling in approximately twenty holes which will be the largest drilling program undertaken at Buchans in the past five years. Further optimization and scoping studies will be undertaken in 2018 to assess the potential development of Lundberg as an open pit mine and it is expected that these studies will provide a path forward for completion of a Preliminary Feasibility Study (PEA) on Lundberg.

Buchans exploration strategy in Newfoundland is to continue to build on its existing resource base with the aim of developing either a stand-alone mine, centered on the Lundberg open pit, or a number of smaller deposits that could be developed simultaneously and processed in a central milling facility, similar to the past-producing mines at Buchans or Duck Pond.

In Ireland, Buchans has also recently entered into a new joint venture agreement with Boliden Tara Mines on Licence 3373, contiguous to the west with Licence 1440R which lies immediately adjacent to Boliden’s large 130 million tonne Tara zinc lead mine at Navan. Under terms of this agreement Buchans can earn a 75% joint venture interest through expenditure of €250,000, in staged programmes, by August 31st, 2024.

The affairs of Xtierra Inc have been restructured with Buchans now Xtierra’s largest shareholder and holding the contingent option of acquiring the Bilbao base metal property in Mexico in settlement of outstanding debt.

**CENTRAL NEWFOUNDLAND BASE METAL PROJECTS**

Buchans Minerals controls mineral rights covering 115 km<sup>2</sup> (11,582 hectares) considered prospective for volcanogenic massive sulphide (“VMS”) Zn-Pb-Cu-Ag-Au base metal deposits within the Buchans district of central Newfoundland.

Various mines operated in the Buchans area continuously from 1928 until 1984 and are reported to have produced, in total, 16.2 million tonnes of ore from five orebodies, with reported total average grades of 14.51% Zn, 7.65% Pb, 1.33% Cu, 126 g/t Ag, and 1.37g/t Au.

Buchans Minerals’ current properties host four undeveloped deposits with National Instrument 43-101 compliant resource estimates. The Company’s deposits include the large, lower grade, Lundberg stockwork sulphide deposit in the town of Buchans, as well three smaller, higher grade, massive sulphide VMS “satellite” deposits located less than 20 km south of Buchans, on the opposite side of Red Indian Lake, namely the Daniels, Bobbys and Tulks Hill deposits.

Lundberg is the largest and most advanced deposit with respect to metal inventory, resource definition, mine planning, metallurgical testing and economic studies, and was evaluated by a National Instrument 43-101 compliant positive Preliminary Economic Assessment in 2011 as a stand-alone open pit mine and processing project.

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**2018 EXPLORATION DRILLING IN NEWFOUNDLAND**

The planned 2018 exploration programs in central Newfoundland includes 2,200 metres of drilling at Buchans, plus 2,800 metres of drilling at Tulks North (Daniels & Bobbys deposits), for a combined total of about 5,000 metres in approximately twenty holes. This will be the largest drilling program undertaken at Buchans in the past five years.

*Lundberg (~1,000 m drilling in 9 to 11 holes & resource update)*

The planned Lundberg program includes drilling recommended by Mercator Geological Services, based on pit models designed in 2014, to upgrade select portions of the current resource from the Inferred to Indicated category. In total, approximately 1,000 metres of drilling is planned in approximately 10 holes.

This program will include preparation of a revised resource estimate incorporating results from the 2018 drilling as well as drilling results obtained since the last resource estimate completed in 2013; including results from holes drilled south of Lundberg in 2014 and 2015 that extended mineralization within the Lucky Strike and Engine House zones.

*Other Buchans Targets (1,330 m in 7 holes)*

Exploration drilling is planned to test several targets near Lundberg that may identify additional resources less than three kilometres from the deposit that could be exploited by Lundberg's mining infrastructure as additional pits and/or underground development sites. Targets include the West Orebodies area (southeast of Lundberg); Two-Level deposit area (north of Lundberg); as well as the Oriental East and the Sandfill prospects, both located less than 2.5 kilometres east of Lundberg.

At the West Orebodies, a single 350 m hole is planned to test the northern limits of this previously mined high-grade copper-rich massive sulphide deposit (<100,000 tonnes). This deposit is located 350 metres southwest of Lundberg and was originally discovered in 1939, mined in the 1940s, and has not been drilled since 1953. Buchans intends to apply modern borehole electromagnetic geophysical surveys as a means of enhancing its explorations efforts to discover additional resources in this area.

At Two-Level, a single 350 m hole is proposed to test the northern, down dip potential of the former Two-Level transported ore deposit lying immediately north of Lundberg. The hole will be an initial test of the area's potential to host additional deposits of Two-Level style mineralization (historic production totaling ~300,000 tonnes of 13.1% combined base metals) at depths of less than 400 metres. Historic drilling in this area has left sufficient space to accommodate additional resources that could potentially contribute to Lundberg's development.

At Oriental East, four shallow holes (total 180 metres) are proposed to test the eastern limits of low to moderate grade mineralization beneath overburden, east of the former Oriental orebody. At this location, historic drilling undertaken at the end of the Oriental Mine's operation intersected mineralization averaging ~5% combined base metals over thicknesses up to ~16 m. Four holes are proposed as an initial test of this mineralization; and if warranted, the program could be expanded to ~1,000 m in 18 holes to yield an initial resource estimate at this location.

At Sandfill, a single 450 metre hole is proposed to test the centre of the historic Sandfill transported ore prospect (historic, non-43-101 compliant resource of 68,000 tonnes averaging 1.5% Cu, 4.7% Pb, 10.0% Zn, 85.7 g/t Ag & 0.34 g/t Au). This hole, with anticipated better core recovery, should allow more complete assaying of the mineralization and better establish the mineralization's location, as historic drilling was likely prone to hole deviation (narrow diameter holes not surveyed by downhole orientation surveys). Re-logging by Buchans suggests Sandfill's mineralization is more widespread than originally thought and further suggests historic assaying may have been too limited to assess the potential of this target.

*Tulks North Targets (Daniels and Bobbys deposits)*

Exploration drilling is planned to test both the Daniels and Bobbys deposits at depth. Five holes are proposed as an initial test to determine if these deposits extend and improve at depth. Drilling is proposed to test areas where previous drilling results indicate the deposits may be plunging at depth, where potential remains for discovery of additional, larger accumulations of ore-grade massive sulphides.

*Daniels Deposit (1,800 m in 3 holes)*

Drilling will be undertaken to test this deposit at depth, in areas where previous drilling identified thickening within a sheet of essentially barren pyrite (Massive Pyrite Lobe) that remains open in several directions where the sheet may grade into additional accumulations of ore-grade massive sulphides. Three holes are proposed for a total of 1,800 metres of drilling.

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*Bobbys Deposit (1,050 m in 2 holes)*

Drilling will be undertaken to test this deposit at depth, in areas where previous drilling results define possible plunge directions where the deposit may continue and improve at depth. Two holes are proposed for a total of 1,050 metres of drilling.

**LUNDBERG OPEN PIT MINE - OPTIMIZATION STUDIES**

Utilizing results of the 2017 RDC metallurgical research study, further evaluations will be undertaken in 2018 to assess the potential development of Lundberg as an open pit mine.

The Lundberg resource will be updated and remodeled after the drilling planned for 2018 (~1,000 metres) to upgrade and expand resources beneath and east of the current resource has been completed. This program will also evaluate potential to upgrade and add near-surface resources at Lundberg, incorporating results from drilling programs undertaken in 2014 and 2015 immediately south of the current resource.

Revised mine plans and pit schedules will be compiled incorporating revised NSR calculations and updated parameters as determined by the RDC study including: (i) revised metallurgical parameters (sequential flowsheet predicts better performance); (ii) application of dense media separation (DMS), as previous mining schedules and pit shells did not consider the potential benefits of applying DMS; and (iii) revised forecasted metal prices.

Optimization studies are also planned to examine mining lower tonnages at higher grades to evaluate the potential to yield higher IRRs at lower capital costs.

It is expected that these internal optimization and scoping studies to be carried out in 2018 will provide a path forward for completion of a Preliminary Feasibility Study (PEA) on Lundberg.

**LAKE DOUGLAS GOLD, NEWFOUNDLAND**

Buchans Minerals owns 100% interest in the 2,075-hectare Lake Douglas gold project. in central Newfoundland. This property is located 40 kilometres south/southeast of Buchans and 20 kilometres southeast of the Company's Daniels and Bobbys deposits.

Since staking the property in 2016, Buchans has conducted preliminary reconnaissance work including a compilation of previous work from historic assessment files. This work confirms the presence of unexplored favourable hosts rocks on the Lake Douglas property akin to those hosting gold mineralization on adjacent properties held by Antler Gold.

Results from limited prospecting include one anomalous gold assay from quartz float assaying 913 ppb Au (0.9 g/t Au).

Buchans Lake Douglas property is located approximately 15 kilometres northeast along strike of Marathon Gold Corporation's (MOZ.TSX) Valentine Lake project, where on May 1, 2018, Marathon announced revised resource estimates from multiple deposits containing a total of 2.14 million ounces in Measured and Indicated resources averaging 1.99 g/t Au; plus 1.1 million ounces Inferred resources averaging 1.99 g/t Au. (Marathon Gold- May 1, 2018 news release). On May 17, 2018, Marathon announced results from a positive Preliminary Economic Assessment of an open pit mine development that would produce 185,000 ounces of gold per year at an average Life of Mine cash cost of US\$595 per ounce of gold over an 11-year mine life.

**ZINC EXPLORATION – NAVAN, COUNTY MEATH, IRELAND – JOINT VENTURE WITH BOLIDEN**

Buchans, through its wholly owned subsidiary, Westland Exploration Ltd, holds a 20% interest in Prospecting Licence 1440R (Tatestown), which is being explored under a Joint Venture agreement with Boliden Tara Mines Limited (80%), and which hosts part of the Tatestown–Scallanstown zinc lead mineral deposit, which lies immediately adjacent to Boliden's large 130 million tonne Tara zinc-lead mine at Navan.

The Tatestown-Scallanstown deposit lies within a well-defined, two-kilometre wide, north-south trending, zone of mineralisation, which is a peripheral extension of the large Navan mineralised system. Traced by drilling, this extends north for four or five kilometres from the cross-cutting Randalstown Fault, which separates it from the main body of the Navan mineralisation.

During 2017, Boliden Tara, Operator of the JV, continued an infill drilling programme, completing a further four drill holes between and peripheral to existing resource blocks on PL 1440R. Potentially economic grades and widths were intersected in one of these. The drilling confirms the continuity of the resource and the widespread nature of mineralisation in this area, and the potential for extension. A continuation of the infill-step out drilling is proposed by Boliden Tara for 2018.

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**NEW JOINT VENTURE WITH BOLIDEN ADJACENT TO TARA MINE**

Buchans, through its wholly owned subsidiary Minco Ireland Limited, has entered into a new joint venture agreement with Boliden Tara Mines on PL 3373, contiguous to the west with PL1440R. Under terms of this agreement, Buchans can earn a 75% joint venture interest through expenditure of €250,000 in staged programmes, by August 31st, 2024. Boliden has the right of off-take to purchase or toll process all ore that may be produced from the Licence area.

Seismic surveying undertaken in 2011 and 2012 by Boliden Tara identified a major east-west fault extending across PL 3373 and the western part of PL 1440R. Five structurally defined drill targets with potential for late-epigenetic mineralization have been identified on PL 3373, located along a line which runs from eight to fifteen kilometres west of the Tara Mine, lying parallel and to the south of this major east-west fault and offset by a series of north east striking faults.

In the first quarter of 2018 Buchans completed two drill holes for a total of 636 metres to define the location of the boundary fault and assist in structural interpretation.

At the adjacent Tara Mine, which is one of the larger zinc mines in the world, Boliden reported in 2017 that successful exploration resulted in the discovery of new mineralisation, the Tara Deep deposit, lying approximately two kilometres east of the main orebody, with an inferred mineral resource totaling 10 million tonnes with a zinc grade of 8.5% and a lead grade of 1.8%.

**QUALIFIED PERSON**

*Paul Moore, P. Geo. is Buchans' Non-Independent Qualified Person for the purposes of National Instrument 43-101, Standards of Disclosure for Mineral Projects and has approved the technical disclosures in this MD&A. Historic mine production figures are derived from historic archived documents of the former operator, ASARCO, and have not been independently verified. Information on base metal properties in Ireland is derived from the Company's communication with Boliden Tara Mines Limited, Operator of the Tatetown-Scallanstown (Prospecting Licence 1440R) and Kells (Prospecting Licence 3373) joint ventures.*

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**EXPLORATION AND EVALUATION ASSETS**

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	March 31 2018 \$	Additions \$	December 31 2017 \$	Impairment \$	Additions \$	December 31 2016 \$
Buchans	8,878,233	116,317	8,765,017	-	594,665	8,158,234
Bobbys Pond	784,284	-	784,284	-	40,647	743,637
Woodstock	4,625,243	2,357	4,622,886	-	184,657	4,438,229
Ireland	959,420	167,046	792,374	-	193,240	599,134
UK	-	-	-	(2,842,933)	-	2,842,933
Total	15,247,180	285,720	14,964,561	(2,842,933)	1,013,209	16,782,167

**XTIERRA INC.**

Buchans holds 30 million shares in Xtierra Inc. (“Xtierra”), a company listed on the TSX Venture Exchange under the symbol “XAG”, now representing an approximate 22% interest.

Xtierra holds mineral properties located in the State of Zacatecas in the Central Mineral Belt of Mexico. The Bilbao Project is a polymetallic sulphide and oxide replacement silver-lead-zinc-copper deposit located approximately 500km northwest of Mexico City in the southeastern part of the State of Zacatecas.

At March 31, 2018, the Company held secured Notes receivable from Xtierra in the amount of US\$741,477 (\$955,935).

On February 14, 2018, as part of a restructuring of Xtierra’s debt, the Company entered into a two-year Support and Standstill Agreement (“Support Agreement”) with Xtierra to defer repayment of principal and accrued interest of the Notes, and also to provide additional financial support of up to US\$100,000, on the following terms:

- The Notes, including the additional advances, remain secured by a pledge to Buchans alone of the shares of Orca Minerals Limited, which indirectly holds Xtierra’s mineral properties in Mexico (the “Secured Property”);
- Accrual of interest is suspended during the term of the Support Agreement;
- Buchans has the option at any time, upon 60 days written notice, to require the transfer of the Secured Property to Buchans in full satisfaction of the Notes, including accrued interest, unless during that 60-day period the debt is repaid in full, in cash;
- Xtierra has the right to repay the Notes, including accrued interest, in cash at any time;
- Upon expiry of the term of the Support Agreement, Xtierra may discharge the Notes, including accrued interest, in full by transferring the Secured Property to Buchans.

The payment by Xtierra required to repay the Notes, including accrued interest, as contemplated in the Support Agreement, and discharge the debt is approximately \$1,000,000, based on an exchange rate of CDN\$1.25 to US\$1.00.

As consideration for entering the Support Agreement, Xtierra issued 13 million non-transferable warrants to Buchans, each warrant entitling Buchans to purchase one common share of Xtierra for \$0.05 per share for a term of two years.

At the same time in February 2018 Xtierra settled its debt due to Pacific Road by the issue to Pacific Road of 18,442,721 common shares of Xtierra, and Xtierra arranged the placing of 50 million shares of Xtierra owned by Pacific Road Funds.

The settlement of the outstanding debt owed to Pacific Road, Xtierra’s former major shareholder, coupled with the distribution of most of Pacific Road’s control block of shares, was a major step for Xtierra, enhancing both the financability of the company and its ability to formulate a new strategy and pursue new opportunities, projects and royalties.

The Support Agreement with Xtierra strengthens Buchans’ position as the largest shareholder in Xtierra, now holding approximately 22% of the outstanding shares and 13 million warrants (representing approximately a further 10% of Xtierra), sole holder of Xtierra’s secured debt and with a contingent option to acquire Xtierra’s Mexican assets, including the Bilbao property, if considered appropriate to do so.

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The market value of Buchans shares in Xtierra, as at May 25, 2018, based on the market price of Xtierra shares on the TSX Venture Exchange was \$1,350,000.

**RESULTS OF OPERATIONS**

The Company recorded no revenue in the periods ended March 31, 2018 or March 31, 2017.

For the three-month period ended March 31, 2018, the Company recorded a loss of \$1,162,649, compared to a loss of \$217,212 for the same period ended March 31, 2017. The loss for the three-month period ended March 31, 2018 included a loss in market value of marketable securities of \$866,023. Administrative expenses, excluding foreign exchange, for the three-month period ended March 31, 2018 amounted to \$353,852 compared to \$198,723 for the same period ended March 31, 2017.

During the three-month period ended March 31, 2018, Buchans invested \$285,720 (2017- \$159,309) on exploration of its mineral properties, of which the largest amounts were expended on the Buchans zinc lead project in central Newfoundland.

**SUMMARY OF QUARTERLY RESULTS**

Expressed in \$'000's, Except for per share amounts	March 31 2018 \$	Dec. 31 2017 \$	Sept. 30 2017 \$	June 30 2017 \$	March 31 2017 \$	Dec. 31 2016 \$	Sept. 30 2016 \$	June 30 2016 \$
Net (loss) gain	(1,163)	(3,036)	(1,462)	(296)	(217)	(315)	(342)	41
Net (loss) gain per share - basic and diluted	(0.023)	(0.065)	(0.031)	(0.006)	(0.005)	(0.006)	(0.007)	0.000
Total assets	21,506	22,444	24,992	20,212	20,507	20,697	21,337	21,473
Working capital	4,780	6,205	4,705	1,703	2,413	2,796	3,277	4,036

- The gain for the quarter ended June 30, 2016 included a foreign exchange gain of \$159,620.
- The loss for the quarter ended September 30, 2016 included a prior year income tax adjustment of \$95,000 and a foreign exchange loss of \$35,000.
- The loss for the quarter ended December 31, 2016 included a foreign exchange gain of \$144,000
- The loss for the quarter ended June 30, 2017 included a foreign exchange loss of \$83,741
- The loss for the quarter ended September 30, 2017 included a loss in market value of marketable securities of \$1,189,136 and foreign exchange loss of \$85,438
- The loss for the quarter ended December 31, 2017 included an impairment provision against exploration assets in the amount of \$2,842,933.
- The loss for the quarter ended March 31, 2018 included a loss in market value of marketable securities of \$866,023.

**LIQUIDITY AND CAPITAL RESOURCES**

At March 31, 2018, Buchans held \$2,902,422 (December 31, 2017- \$3,426,194) in cash and cash equivalents and marketable securities of \$2,277,759 and had a working capital surplus of \$4,951,400, compared to a working capital surplus of \$6,205,009 at December 31, 2017.

At March 31, 2018, Buchans held 2.4 million shares of Dalradian Resources Inc, which is developing the Curraghinalt gold deposit in Ireland, valued at \$2.3 million.

At March 31, 2018, Buchans held mineral properties with a combined book value of \$15,247,180. The balance sheet values for these assets may not represent that which could be obtained if the assets were to be offered for sale.

**RELATED PARTY TRANSACTIONS**

No fees were paid by the Company to directors for their services as directors of the Company in the periods ended March 31, 2018 or 2017.

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During the three-month period ended March 31, 2018, the Company paid \$11,592 to Steenberglaw Professional Corporation, a corporation controlled by Neil Steenberg, secretary of the Company, for legal services

Included in accounts payable and accrued liabilities at March 31, 2018 is \$6,720 payable to Steenberglaw Professional Corporation for legal services.

The Company's subsidiary Buchans Minerals Corporation has entered into a lease for its office premises, which expires on January 31, 2019, with yearly rental payments of \$160,000. At March 31, 2018 prepaid rent of \$82,500 had been paid by Labrador Iron Mines, a company with some common directors, which shares part of the office premises.

**COMMITMENTS**

In connection with the private placement completed in December 2017, Buchans has entered into an Investor Rights Agreement to provide certain liquidity and anti-dilution rights to the Funds which acquired the placement shares. If the Company's shares have not been listed on a recognized stock exchange by June 30, 2018, (subject to extension to September 30, 2018 in certain circumstances) the Funds shall be issued an additional 0.10 of a share for each Placement share at no additional cost and similarly at the end of each successive quarterly interim period after June 30, 2018.

**CRITICAL ACCOUNTING ESTIMATES**

The Company's financial statements are prepared in accordance with IFRS and require management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed, and affect estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuation of tax accounts. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

**Adoption of New Accounting Standards**

The standards and interpretations within IFRS are subject to change. For further details, please refer to Note 4 of the December 31, 2017 audited consolidated financial statements.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The realization of mineral exploration assets is dependent on the development of economic ore reserves and is subject to a number of significant potential risks including:

**Exploration, Development and Operating Risk**

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by Buchans may be affected by numerous factors that are beyond the control of Buchans and that 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 minerals and environmental protection, the combination of which factors may result in Buchans not receiving an adequate return of investment capital. Many of the properties in which Buchans holds an interest are in the exploration stage only and are without a known body of commercial ore. Development of the subject mineral properties would follow only if favourable exploration results are obtained and a positive feasibility study is completed.

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. There is no assurance that Buchans' mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of Buchans' operations will in part be directly related to the costs and success of its exploration and development programmes, which may be affected by a number of factors.

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Substantial expenditures are required to establish reserves through drilling and 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 mineralized 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 and at an acceptable cost.

In addition to the above, there can be no assurance that current exploration programmes will result in profitable mining operations. The recoverability of the carrying value of interests in mineral properties and Buchans' continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of Buchans to raise additional financing, if necessary, or alternatively upon Buchans' ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

**No Assurance of Production**

Buchans has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that Buchans will have available to it the necessary expertise when and if Buchans places its resource properties into production and whether it will produce revenue, operate profitably or provide a return on investment in the future.

**Fluctuating Mineral Prices**

Metal prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of Buchans. The principal factors include: diminished demand which may arise if economic growth in North America, Europe and/or China are not sustained; supply interruptions due to changes in government policies in base and precious metals, war, or international trade embargos; increases in supply resulting from the alleviation of professional and skilled labour shortages experienced by the world's largest producers; and, increases in supply resulting from the discovery and the development of new sources of base and precious metals. The effect of these factors on Buchans' operations cannot be predicted.

**Factors beyond Buchans' Control**

The exploration and development of mineral properties and the marketability of any minerals contained in such properties will be affected by numerous factors beyond the control of Buchans. These factors include government regulation, high levels of volatility in market prices, availability of markets, availability of adequate transportation and refining facilities and the imposition of new or amendments to existing taxes and royalties. The effect of these factors cannot be accurately predicted.

**Failure to Obtain Additional Financing**

While Buchans has sufficient financial resources necessary to undertake its currently planned activities, there can be no assurance that Buchans will be successful in obtaining any additional required funding necessary to conduct additional exploration or evaluation, if warranted, on Buchans' current exploration properties or any properties that may be acquired or to develop mineral resources on such properties, if commercially mineable quantities of such resources are located thereon. Failure to obtain additional financing on a timely basis could cause Buchans to forfeit its interest in such properties. If additional financing is raised through the issuance of equity or convertible debt securities of Buchans, the interests of shareholders in the net assets of Buchans may be diluted.

**Environmental Risks and Hazards**

Buchans' operations may be subject to environmental regulations in the various jurisdictions in which it operates. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. Buchans intends to comply fully with all applicable environmental regulations.

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**Competition**

The mining industry is intensely competitive in all its phases, and Buchans competes with other mining companies in connection with the acquisition of properties producing or capable of producing, precious and base metals. Many of these companies have greater financial resources, operational experience and technical facilities than Buchans. Competition could adversely affect Buchans' ability to acquire suitable properties or prospects in the future. Consequently, Buchans' operations and financial condition could be materially adversely affected.

**Management**

The success of Buchans is currently largely dependent on the performance of its directors and officers. There is no assurance Buchans can maintain the services of its directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on Buchans and its prospects. Some of the directors and officers also serve as directors and/or officers of other companies which are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other companies, and situations may arise where these directors and officers will be in direct competition with Buchans. Conflicts, if any, will be dealt with in accordance with the relevant provisions of applicable corporate and securities laws.

Recruiting and retaining qualified personnel is critical to Buchans' success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As Buchans' business activity grows, additional key financial, administrative and mining personnel as well as additional operations staff will be required. Although Buchans believes it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If Buchans is not successful in attracting, training and retaining qualified personnel, the efficiency of operations could be affected.

**FINANCIAL RISK MANAGEMENT**

**Fair value**

The carrying amounts for cash and cash equivalents, marketable securities amounts receivable and accounts payable and accrued liabilities on the consolidated statements of financial position approximate fair value because of the limited term of these instruments. The marketable securities are stated at the quoted market value.

**Interest rate risk**

Buchans finances its operations through the issue of equity shares and has no fixed interest rate agreements. Buchans had \$2,902,422 in cash and cash equivalents at March 31, 2018. A one percent change in interest rates will result in a corresponding change in interest income of approximately \$29,024 based on cash equivalent balances existing at March 31, 2018.

**Liquidity risk**

Buchans' liquidity exposure is confined to meeting obligations under short term trade creditor agreements. This exposure is financed from a combination of cash, additional issues of ordinary equity shares and other financing arrangements.

**Credit risk**

With respect to credit risk arising from financial assets of Buchans, which comprise of cash and cash equivalents, cash deposits give risk to credit risks on the amounts due from counter-parties. The Company controls and monitors the distribution of this exposure by ensuring that all financial instruments are held with reputable and financially secure institutions and that exposure to credit risk is distributed across a number of institutions. At March 31, 2018 all cash and short-term deposits had a maturity date of 30 days or less. Credit risk is actively managed across the portfolio of institutions by ensuring that material surplus funds are placed with counter-parties that have a credit rating of at least BBB-.

**Foreign currency risk**

Buchans has exposure to currency exchange fluctuations and restrictions as Buchans' currencies are spread over Canadian Dollars (Cdn\$), US Dollars (US\$), Sterling Pounds (£), and Euro (€). Buchans seeks to minimize its exposure to currency risk by closely monitoring exchange rates. Buchans does not presently utilize swaps or forward contracts to manage its currency exposures, although such facilities may be used where appropriate in the future.

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Further details of Buchans' financial risk management policies are set out in Note 18 and 19 of the December 31, 2017 audited financial statements.

**OFF-BALANCE SHEET ARRANGEMENTS**

There are no off-balance sheet arrangements.

**FINANCIAL INSTRUMENTS**

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by major banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Fair value estimates of financial assets and liabilities are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates involve uncertainties and are subjective in nature. Other financial instruments included in current assets are classified as loans and receivables, which are measured at amortized costs. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. As at March 31, 2018, the carrying and fair value amounts of the Company's financial instruments were the same.

**OUTSTANDING SHARE CAPITAL**

The Company has authorized an unlimited number of common shares.

At March 31, 2018 and May 25, 2018, 55,860,716 common shares were issued and outstanding.

At March 31, 2018 and May 25, 2018, 334,000 broker warrants, expiring December 29, 2018, entitling the holder to purchase 334,000 common shares, at an exercise price of \$0.30 per share, were outstanding.

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**ADDITIONAL INFORMATION**

Additional information about the Company is available on the Company's website at [www.BuchansResources.com](http://www.BuchansResources.com).

**FORWARD-LOOKING STATEMENTS**

*This management's discussion and analysis contains certain forward-looking statements relating to, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, delays in the development of projects changes in exchange rates, fluctuations in commodity prices, inflation and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.*

Date: May 25, 2018