BUCHANS RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND DECEMBER 31, 2017

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McGovern Hurley LLP
Chartered Professional Accountants

251 Consumers Road, Suite 800
Toronto, Ontario
M2J 4R3
Canada

Tel 416-496-1234
Fax 416-496-0125
Email info@uhymh.com
Web www.uhymh.com

Independent Auditor's Report

To the Shareholders of Buchans Resources Limited

Opinion

We have audited the consolidated financial statements of Buchans Resources Limited and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report is Glen McFarland.

UHY McGovern Hurley LLP

UHY McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 23, 2019

BUCHANS RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018 AND 2017

Expressed in Canadian Dollars	Notes	2018	2017
Assets		**$**	**$**
Current assets			
Cash and cash equivalents	**10**	2,895,188	3,426,194
Marketable securities	**11**	-	3,143,782
Trade and other receivables	**12**	217,084	142,617
Total current assets		3,112,272	6,712,593
Non-current assets			
Exploration and evaluation assets	**8**	17,891,595	14,964,561
Investment in associate	**9**	1,451,625	863,600
Total non-current assets		19,343,220	15,828,161
Total assets		22,455,492	22,540,754
Equity and liabilities			
Current liabilities			
Trade and other payables	**5/13**	342,625	304,584
Prepaid rent received	**13**	9,000	90,000
Total current liabilities		351,625	394,584
Shareholders' Equity			
Share capital	**14**	22,319,716	22,319,716
Warrants	**15**	-	43,420
Retained earnings (deficit)		(215,849)	(216,966)
Total shareholders' equity		22,103,867	22,146,170
Total shareholders' equity and liabilities		22,455,492	22,540,754

COMMITMENTS AND CONTINGENCIES (Notes 1, 2, 9 and 16)

The financial statements were approved by the Board of Directors on April 23, 2019 and signed on its behalf by:

Signed "John F. Kearney" , Director   Signed "Patrick Downey" , Director

See accompanying notes to the consolidated financial statements

BUCHANS RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED

Expressed in Canadian Dollars	Notes	2018	2017
		$	$
General and administrative expenses:			
Professional fees		(313,222)	(256,515)
Salaries		(63,032)	(102,325)
Investor and public relations		(19,200)	(41,197)
Severance payment		(210,000)	-
Office expenses		(271,972)	(299,059)
Loss before other items		(877,426)	(699,096)
Other items:			
Foreign exchange gain/(loss)		96,030	(214,530)
Finance income	**9**	469,133	55,912
Impairment of exploration assets		-	(2,842,933)
Change in fair value of investments	**9/11**	(57,465)	(764,122)
Gain/(loss) on disposal of marketable securities	**11**	344,037	(523,605)
Total other items		851,735	(4,289,278)
Loss before income taxes		(25,691)	(4,988,374)
Income taxes (recovered)	**17**	(16,612)	(22,225)
Total loss and comprehensive loss for the year		(42,303)	(5,010,599)
Earnings/(loss) per share			
Basic and diluted	**6**	(0.001)	(0.100)

See accompanying notes to the consolidated financial statements

BUCHANS RESOURCES LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

Expressed in Canadian Dollars

	Share Capital $	Shares to be issued $	Warrants $	Retained Earnings (Deficit) $	Owner's net Investment $	Total $
Balance as at December 31, 2016	-	-	-	-	20,342,040	20,342,040
Transfers to and from Minco, net	-	-	-	-	4,750,729	4,750,729
Reorganization (Note 2)	20,049,136	-	-	5,043,633	(25,092,769)	-
Shares issued in settlement of debt	160,000	-	-	-	-	160,000
Private placement	2,004,000	-	-	-	-	2,004,000
Shares to be issued	-	250,000	-	(250,000)	-	-
Share issue costs	(143,420)	-	43,420	-	-	(100,000)
Total comprehensive loss for the year	-	-	-	(5,010,599)	-	(5,010,599)
Balance as at December 31, 2017	22,069,716	250,000	43,420	(216,966)	-	22,146,170
Shares issued	250,000	(250,000)	-	-	-	-
Warrants expired	-	-	(43,420)	43,420	-	-
Total comprehensive loss for the year	-	-	-	(42,303)	-	(42,303)
Balance as at December 31, 2018	22,319,716	-	-	(215,849)	-	22,103,867

See accompanying notes to the consolidated financial statements

BUCHANS RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

Expressed in Canadian Dollars	Notes	2018	2017
		$	$
Cash flow from operating activities			
Loss for the year		(42,303)	(5,010,599)
Change in fair value of investments		57,465	764,122
(Gain)/loss on disposal of marketable securities		(344,037)	523,605
Impairment of exploration assets		-	2,842,933
Finance income		(469,133)	(55,912)
		(798,008)	(935,851)
Movements in working capital			
(Decrease)/increase in trade and other receivables		(74,467)	12,614
(Decrease) in prepaid rent received		(81,000)	-
(Increase)/decrease in trade and other payables		(50,453)	199,349
Net cash flows used in operating activities		(1,003,928)	(723,888)
Cash flows from investing activities			
Interest income		394	-
Proceeds on disposal of marketable securities		3,487,819	1,947,000
Investment in associate - note receivable		(94,920)	(125,336)
Investment in exploration and evaluation assets		(2,838,540)	(1,013,209)
Transfers to Minco Plc		-	(292,905)
Payment of fees related to Minco's disposal		-	(1,334,876)
Net cash flows from/(used in) investing activities		554,753	(819,326)
Cash flows from financing activities			
Proceeds from issue of flow-through shares		-	2,004,000
Share issue costs		-	(100,000)
Net cash flows from financing activities		-	1,904,000
Net (decrease)/increase in cash and cash equivalents		(449,175)	360,786
Effect of foreign exchange rate changes on cash		(81,831)	62,763
Cash and cash equivalents at the beginning of the year		3,426,194	3,002,645
Cash and cash equivalent at the end of the year	**10**	2,895,188	3,426,194
Supplemental information:			
Shares issued in settlement of debt		-	160,000
Broker warrants issued		-	43,420
Shares to be issued for services		-	250,000

See accompanying notes to the consolidated financial statemen

1. NATURE OF OPERATIONS AND GOING CONCERN

Buchans Resources Limited (the "Company" or "Buchans") was incorporated on May 8, 2015 under the laws of the Province of Ontario, Canada. The Company was a wholly-owned subsidiary of Minco plc until August 30, 2017, at which time all of the shares in the Company were transferred to Minco shareholders, see Note 2.

The Company is in the process of exploring its exploration and evaluation properties and has not yet determined whether its exploration and evaluation properties contain economically recoverable mineral reserves. The underlying value and the recoverability of the exploration and evaluation properties is entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the exploration and evaluation properties, and the generation of future profitable production or proceeds from the disposition of the exploration and evaluation properties.

Although the Company has taken steps to verify title to properties on which it is conducting exploration and in which it has an interest in accordance with industry standards for the current stage of development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory requirements. The Company's properties may also be subject to increases in taxes and royalties, renegotiating contracts and political uncertainty.

The preparation of financial statements requires an assessment on the validity of the going concern assumption. The validity of the going concern concept is dependent on finance being available for the continuing working capital requirements of the Company and finance for the development of the Company's projects becoming available. Based on the assumptions that such finance will become available, the Directors believe that the going concern basis is appropriate for these accounts. Should the going concern basis not be appropriate, adjustments would have to be made to reduce the value of the assets, in particular the exploration and evaluation assets, to their realisable values. Such adjustments could be material.

For the year ended December 31, 2018, the Company recorded a loss of $42,303, and, at that date, had positive cash balances of $2,895,188. Accordingly, the Directors are satisfied that it is appropriate to prepare the financial statements of the Company on a going concern basis.

2. CORPORATE REORGANISATION

On June 1, 2017, Minco plc and the Company reached agreement with Dalradian Resources Inc. on the terms of the acquisition by Dalradian of Minco's 2% net smelter return royalty on the Curraghinalt gold deposit (the "Royalty Disposal"), in return for the issue of a total of 15,490,666 new Dalradian Shares valued at $20,000,000.

The Royalty Disposal was structured as an offer by Dalradian for the acquisition of the entire issued share capital of Minco (the "Offer"). The Offer was implemented by means of a scheme of arrangement, under Section 450 of the Companies Act 2014 of Ireland (the "Scheme").

As part of the Scheme, Minco undertook a demerger of the Company, its wholly owned subsidiary, by way of a transfer in specie of the shares of the Company to Minco Shareholders (the "Demerger").

Following the Demerger, Minco shareholders were issued 11,618,000 new Dalradian Shares which represented 75% of the total shares issued by Dalradian in connection with the Royalty Disposal. The balance of 3,872,666 new Dalradian Shares, being 25% of the total, were issued directly to the Company, which was wholly owned by former Minco Shareholders at the time of the demerger.

On August 30, 2017, the closing date of the transaction, the market value of the 3,872,666 Dalradian shares was $6,378,509. Pursuant to the terms of the agreement, the Company assumed all liabilities owed by Minco including transaction costs and expenses, which amounted to a total of $1,584,876. The balance, in the amount of $4,793,633, was recorded as a capital contribution to Shareholders' Equity and is included in Retained Earnings.

The Company has also provided certain indemnities to Minco. As the Company is not aware of any material obligations that would be covered by the indemnities, no provision has been made in these consolidated financial statements related to the indemnities.

3. BASIS OF PRESENTATION

These consolidated financial statements of the Company and its subsidiaries have been prepared applying principles in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies set out below were consistently applied to all the periods presented, unless otherwise noted.

Prior to May 8, 2015, the historical accounts of Buchans were prepared on a carve-out basis from Minco plc, and the Statements of Loss and Comprehensive Loss for the year ended December 31, 2017 reflect all expenses and other income directly attributable to the Buchans Net Assets, and Minco's general and administrative expenses incurred in the period to August 30, 2017, as these expenditures were shared by the Buchans Net Assets. In some instances, certain expenses were not allocated as they would have related directly to Minco. All inter-entity balances and transactions have been eliminated.

These consolidated financial statements were approved by the Board of Directors of Buchans on April 23, 2019.

These consolidated financial statements have been prepared based upon the historical cost basis, with the exception of certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except cash flow information.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Relationship with Minco

Prior to August 30, 2017, as Buchans was not a separate legal entity for the entire period presented, Minco's net investment in Buchans was shown as owner's net investment in the Company's financial statements. Changes in owner's net investment included net (loss)/income and net transfers to and from Minco.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to December 31 each year. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

The results of subsidiaries acquired or disposed of are included in the consolidated statement of loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-company transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Company's equity therein. The interests of non-controlling shareholders may be initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive loss is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of the retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive loss in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities are disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the costs on initial recognition of an investment in an associate or jointly controlled entity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Investment in Associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Company's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss. Where a company entity transacts with an associate of the Company, profits and losses are eliminated to the extent of the Company's interest in the relevant associate.

d) Exploration and evaluation assets

Exploration expenditure relates to the search for precious and base metals. Evaluation expenditure arises from a detailed assessment of deposits that have been identified as having economic potential. The costs of exploration properties and leases, which include the cost of acquiring prospective properties and exploration rights and costs incurred in exploration and evaluation activities, are capitalised as part of exploration and evaluation assets.

Exploration costs are capitalised until technical feasibility and commercial viability of extraction of reserves are demonstrable, when the capitalised exploration costs are re-classed to property, plant and equipment. Exploration costs include an allocation of administration and salary costs (including share-based payments) as determined by management, where they relate to specific projects. Prior to reclassification to property, plant and equipment, exploration and evaluation assets are assessed for impairment and any impairment loss recognised immediately in the statement of (loss)/income.

e) Rehabilitation Provisions

The Company will record a liability for the estimated future costs associated with legal and constructive obligations relating to the reclamation and closure of its exploration assets. This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion expense on the discounted liability. An equivalent amount is recorded as an increase to exploration assets and amortized over the useful life of these assets. Management is currently not aware of any existing significant legal or constructive obligations relating to the reclamation of its interest in exploration assets and therefore no such liability has been recorded at December 31, 2018 and 2017.

f) Impairment of non-financial assets

At the end of each reporting period, non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. Any impairment is recognized in loss.

g) Interests in joint arrangements

A joint arrangement involves the use of assets and/or other resources of the Company and other venturers rather than the establishment of a corporation, partnership or other entity. The Company accounts for the assets it controls and the liabilities and expenses it incurs. As at December 31, 2018 and 2017, no joint arrangement existed for accounting purposes.

h) Cash and cash equivalents

Cash and cash equivalents is comprised of cash on hand, deposits in banks and highly liquid investments having original terms to maturity of 90 days or less when acquired.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Financial instruments

Accounting policy under IFRS 9 applicable from January 1, 2018

Financial assets

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either FVPL or FVOCI, and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Accounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statements of operations.

Subsequent measurement – financial assets at Fair Value through Profit and Loss ("FVPL")
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations. The Company measures its marketable securities at FVPL.

Subsequent measurement – financial assets at Fair Value through Other Comprehensive Income ("FVOCI")
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive loss in the consolidated statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of operations when the right to receive payments is established.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company's only financial assets subject to impairment are amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accruals, notes payable and other liability of subsidiary, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (continued)

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of operations.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations.

Accounting policy under IAS 39 applicable prior to January 1, 2018

The accounting policy under IAS 39 for the comparative information presented in respect of financial assets and liabilities, was similar to the accounting policy adopted in 2018. The policy was as follows:

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

(i) Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. Marketable securities are included in this category. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of loss. Gains and losses arising from changes in fair value are presented in the statement of loss in the period in which they arise.

(ii) Available-for-sale investments: Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company does not have any instruments classified in this category. Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income (loss) to the statement of loss and are included in other gains and losses.

(iii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise cash and amounts receivable. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

(iv) Financial liabilities at amortized cost: Financial liabilities at amortized cost include accounts payable and accrued liabilities. Accounts payable and accrued liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, accounts payable and accrued liabilities are measured at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Impairment of financial assets
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be measured reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Functional and presentation currencies
The Company's presentation currency is the Canadian dollar ("$"). The functional currency of the Company and its subsidiaries is the Canadian dollar. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items denominated in foreign currencies are retranslated at the rates prevailing on the transaction dates. Foreign currency translation differences are recognized in the consolidated statement of loss.

(k) Flow-through financing
The Company finances a portion of its project exploration and development through the issuance of flow-through shares.

Under the terms of the flow-through common share issues, the tax attributes of the related expenditures are renounced to investors and deferred income tax expense and income tax liabilities are increased by the estimated income tax benefits renounced by the Company to the investors. On the date of issuance of the flow-through shares, the premium relating to the proceeds received in excess of the closing market price of the Company's common shares is allocated to liabilities. The premium liability is reduced pro-rata based on the percentage of flow-through expenditures renounced in comparison to renunciations required under the terms of the flow-through share agreement. The reduction to the premium liability in the period of renunciation is recognized through profit or loss.

Where the Company has unused tax benefits on loss carry forwards and tax pools in excess of book value available for deduction which have not been previously accounted for as deferred tax assets, the Company records a deferred tax asset to offset the increase in deferred tax liabilities resulting in an offsetting recovery of deferred income taxes being recognized through profit or loss in the reporting period.

(l) Share-based payments
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The Company records compensation cost using the fair value method of accounting for share-based payments. The fair value of stock options is determined using the Black-Scholes option pricing model. The fair value of the options is recognized over the vesting period as share-based payments expense and share-based payment reserve. When options are exercised, the proceeds received, together with any related amount in share-based payment reserve, will be credited to share capital.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. On expiry, any related amount in share-based payment or warrant reserve will be credited to deficit.

(m) Operating loss
Operating loss comprises general administrative costs incurred by the Company, which are not specific to evaluation and exploration projects, and all impairment charges relating to exploration assets and financial assets during the year. Operating loss is stated before change in fair value of investments.

(n) Critical accounting judgements and key sources of estimation uncertainty

Critical accounting judgements
In the process of applying the Company's accounting policies above, management has identified the judgemental areas that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations), which are dealt with below:

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Critical accounting judgements and key sources of estimation uncertainty (continued)

Exploration assets
The assessment of whether general administration costs and salary costs are capitalised or expensed involves judgement. Management considers the nature of each cost incurred and whether it is deemed appropriate to capitalise it within exploration assets. Costs which can be demonstrated as project related are included within exploration assets. Exploration assets relate to prospecting, exploration and related expenditure in Canada. The Company's exploration activities are subject to a number of significant and potential risks including:

- exploration, development and operating risk
- no assurance of production
- factors beyond the Company's control
- failure to obtain additional financing
- insurance and uninsured risks
- environmental risks and hazards
- government regulation and permitting
- delays
- infrastructure
- price volatility of publicly traded securities
- fluctuating mineral prices

The recoverability of these exploration assets is dependent on the discovery and successful development of economic reserves, including the ability to raise financing to develop future projects. Should this prove unsuccessful, the value included in the consolidated statement of financial position would be written off to operations.

Key sources of estimation uncertainty
Preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates. The key sources of estimation uncertainty are discussed below:

Mineral reserve estimates
The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.

Income, value added, withholding and other taxes
The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Impairment of exploration and evaluation assets
The assessment of exploration and evaluation assets for any indications of impairment involves judgement. If an indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that carrying amount exceeds recoverable amount. Recoverable amount is estimated as the higher of fair value less costs to sell and value in use. The assessment requires judgement as to the likely future commerciality of the asset and when such commerciality should be determined; future revenues, capital and operating costs and the discount rate to be applied to such revenues and costs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Critical accounting judgements and key sources of estimation uncertainty (continued)

Estimation of asset retirement obligations and the timing of expenditure
The cost estimates are updated annually during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is estimated based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Investment in associate, note receivable
The recoverability of the note receivable from associate is dependent on successful negotiations with Xtierra and other creditors. Management believes that the amount is recoverable given the security in place, however, there is no assurance the amount will be fully recovered. See Note 9.

Preparation of consolidated financial statements
The preparation of consolidated financial statements requires management to make judgments related to the allocation of assets, liabilities and expenses. The actual results may differ from the results presented had the entity existed in its planned form for the periods presented. See Note 3.

Commitments and contingencies
See Note 16.

(o) Loss per share
Basic loss per share is calculated using the weighted average number of common shares outstanding. Diluted loss per share assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would decrease loss per share. As a result, all outstanding convertible securities of the company during the years ended December 31, 2018 and 2017 have been excluded from diluted loss per share.

(p) Income taxes
Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(q) Changes in Accounting Policies
During the year ended December 31, 2018, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IFRS 2, IFRS 9 and IFRIC 22. These new standards and changes did not have any material impact on the Company's financial statements.

IFRS 9, *Financial Instruments*
The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company's financial instruments:

	Financial instrument classification	
	Under IAS 39	**Under IFRS 9**
Financial assets		
Cash	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Notes receivable	Loans and receivables	Amortized cost
Marketable securities	Held for trading	FVPL
Financial liabilities		
Trade and other payables	Other financial liabilities	Amortized cost

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Changes in Accounting Policies (continued)

The Company adopted IFRS 9 retrospectively without restating comparatives and therefore the comparative information in respect of financial instruments for the year ended December 31, 2017 was accounted for in accordance with the Company's previous accounting policy under IAS 39. Note 4 (i) outlines the current and previous accounting policies pertaining to financial instruments.

(r) New standards and interpretations not yet adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2019. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 3 – Business Combinations ("IFRS 3") was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 3 – Business Combinations ("IFRS 3") and IFRS 11 – Joint Arrangements ("IFRS 11") were amended in December 2017. IFRS 3 was amended to clarify that when a party to a joint arrangement obtains control of a business that is a joint operation, it re-measures previously held interests in that business. IFRS 11 was amended to clarify that when a party that participates in, but does not have joint control of, a joint operation obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019.

Expressed in Canadian dollars, unless noted and per share amounts

5. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

During 2018 and 2017, the Company entered into various funding agreements with Xtierra Inc., an associate of the Company. See Note 9.

The remuneration of Directors, who are the key management personnel of the Company, is set out below in accordance with IAS 24 'Related Party Disclosures'. No fees were paid by the Company to directors for their services as directors of the Company in the years ended December 31, 2018 and 2017.

No salaries were paid by the Company to any Directors of the Company in the year ended December 31, 2018. Warren MacLeod, former President of Buchans Minerals Corp., was paid a severance amount of $210,000 (In 2017, salary of $210,000) and Danesh Varma, Chief Financial Officer of the Company, who was paid an amount of $Nil (2017-$36,000).

During the year ended December 31, 2018, the Company paid or accrued $28,182 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 December 31, 2018 is $7,546 payable to Steenberglaw Professional Corporation for legal services. This amount is unsecured, non-interest bearing and due on demand.

In December 2017, the Company settled a total $160,000 of outstanding liabilities to related parties through the issue of a total of 533,332 shares valued at $0.30 per share. The shares for debt settlements were approved by an independent committee of the Board.

In December 2017, the Board of Directors approved the issue of 833,333 shares valued at $0.30 per share to John Kearney, Chairman and Chief Executive Officer, as compensation for management services, which were issued during 2018. See Note 14.

Effective June 29, 2018, the Company amalgamated Buchans Minerals Corporation, 7980736 Canada Inc. and Centrerock Mining Limited into a new company named Buchans Minerals Corporation.

Zacatecas Exploration Limited, a subsidiary of Minco Mining Limited, was disposed of for no consideration during 2018.

The subsidiaries of the Company at December 31, 2018 were as follows:

Name of Company	Registered office	Effective Holding	Principal Activity
Buchans Minerals Corporation Canadian Manganese Company Inc.	55 University Ave., Suite 1805 Toronto, ON M5J 2H7, Canada	100% 100%	Exploration Exploration
Norsub Limited	Box 25, Regency Court, Glategny St. Peter Port, Guernsey, GY1 3AP	100%	Investment
Minco Ireland Limited Westland Exploration Limited	Ardbraccan, Navan, Co. Meath, Ireland Ardbraccan, Navan, Co. Meath, Ireland	100% 100%	Exploration Exploration
Minco Mining Limited	9 Little Trinity Lane, London EC4V 2AN	100%	Exploration

Expressed in Canadian dollars, unless noted and per share amounts

6. EARNINGS / (LOSS) PER SHARE

Basic loss per share is computed by dividing the loss after taxation for the period available to ordinary shareholders by the sum of the weighted average number of ordinary shares in issue and ranking for dividend during the period. Diluted loss per share is computed by dividing the loss after taxation for the period by the weighted average number of ordinary shares in issue, adjusted for the effect of all potential dilutive ordinary shares that were outstanding during the period. Basic and diluted losses per share are the same as there are no dilutive convertible instruments. The computation for basic and diluted loss per share is as follows:

	2018	2017
	$	$
Numerator		
Loss for the year	(42,303)	(5,010,599)
Denominator	**No. of Shares**	No. of Shares
Weighted average number of shares - basic and diluted	56,169,921	47,883,567
Basic and diluted (loss) per share	(0.001)	(0.105)

7. SEGMENTAL ANALYSIS

Income (loss) by geographical region is as follows:

	2018	2017
	$	$
Canada	26,025	(1,980,075)
Ireland	(43,609)	(158,231)
U.K.	(8,107)	(2,850,068)
Total	(25,691)	(4,988,374)
Income tax expense	(16,612)	(22,225)
Consolidated loss	(42,303)	(5,010,599)

There was no revenue from operations earned during the years ended December 31, 2018 and 2017.

Segment assets and liabilities by geographical segment is as follows:

	Assets		Liabilities	
	2018	2017	2018	2017
	$	$	**$**	$
Canada	18,406,405	15,126,776	(270,043)	(290,561)
Ireland	1,153,899	836,924	(79,846)	(104,023)
U.K.	-	7,078	(1,736)	-
	19,560,304	15,970,778	(351,625)	(394,584)
Cash and cash equivalents	2,895,188	3,426,194		
Marketable securities	-	3,143,782		
Consolidated	22,455,492	22,540,754	(351,625)	(394,584)

	Additions to exploration and evaluation assets	
	2018	2017
	$	$
Canada	2,607,451	819,969
Ireland	319,583	193,240
U.K.	-	-
	2,927,034	1,013,209

Expressed in Canadian dollars, unless noted and per share amounts

8. EXPLORATION AND EVALUATION ASSETS

The following table shows the Company's exploration and evaluation assets:

	December 31 2018	Additions	December 31 2017	Impairment	Additions	December 31 2016
			$	$	$	$
Buchans	12,142,305	2,593,004	9,549,301	-	635,312	8,913,989
Woodstock	4,637,333	14,447	4,622,886	-	184,657	4,438,229
Ireland	1,111,957	319,583	792,374	-	193,240	599,134
UK	-	-	-	(2,842,933)	-	2,842,933
Total	17,891,595	2,927,034	14,964,561	(2,842,933)	1,013,209	16,794,285

All exploration and evaluation assets are carried at cost less any applicable impairment provision. No impairment provision was recognized at December 31, 2018. An impairment review of the exploration and evaluation assets carried out at December 31, 2017 resulted in a provision in the amount of $2,842,933 being recorded against the carrying value of mineral exploration assets in the Northern Pennines in the United Kingdom, in accordance with the Company's accounting policies, due to delayed renegotiation of underlying contracts and agreements, and as no drilling had been carried out since 2015.

Exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believe its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The realisation of the exploration and evaluation assets is dependent on the successful development of economic resources, including the ability to raise finance to develop the projects. Should this prove unsuccessful the value included in the statement of financial position would be written off. By its nature there is inherent uncertainty in such expenditure as to the value of the asset.

Buchans – Canada
The Buchans property is located in central Newfoundland and covers the former producing Buchans Mine and the Company's undeveloped Lundberg deposit. The Buchans base metal project comprises four advanced base metal properties in the Buchans area of central Newfoundland that contain numerous exploration prospects; namely the 100% owned Buchans property (which contains the Lundberg deposit), the 100% owned Tulks North property (which contains the Daniels Pond deposit), the 100% owned Bobbys Pond property (which contains the Bobbys Pond deposit), and a 49% joint venture interest in the Tulks Hill property (which contains the Tulks Hill deposit). Certain of the claims and portions thereof are subject to net smelter royalties ranging from 1% to 3%, certain of which are subject to buy-back agreements.

The Company through its wholly-owned subsidiary, holds two mining leases near the town of Buchans in central Newfoundland, each with a 25-year term from 2013 that require total annual lease payments of $154,500. The leases cover the former producing Buchans Mine and the Company's undeveloped Lundberg deposit.

The Tulks North project is 100% owned by the Company, through its wholly-owned subsidiary Buchans Minerals Corp., and is located in the Victoria Lake Mining district of west-central Newfoundland. The Tulks North project includes the Daniels Pond deposit which is subject to a 1.5% net smelter royalty as well as a 50% back-in option held by Glencore should a single deposit of 15 million tonnes or greater be discovered and deemed economic upon the completion of a feasibility study.

The Bobbys Pond deposit, adjacent to Tulks North, is 100% owned by the Company, through its wholly-owned subsidiary Buchans Minerals Corp. Bobbys Pond is held under a mining lease with a 5-year term from 2014, which requires an annual lease payment of $29,000. The Bobbys Pond property is also subject to a 1% net smelter royalty and a 2% net smelter royalty.

Woodstock – Canada
The Company, through its wholly-owned subsidiary Canadian Manganese Corp., holds a 100% interest in the Woodstock project located northwest of the town of Woodstock, New Brunswick. A portion of the project is subject to a 1% gross sales royalty upon commencement of commercial production, with the Company retaining certain rights to buy back one half of the royalty.

8. EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

Ireland
The Company, through its wholly owned subsidiary Minco Ireland Limited, holds three Prospecting Licenses, 1228, 1229 and 3981, in County Westmeath, Ireland. The Company also holds a 20% interest in Prospecting License 1440R in Tatestown, Navan, Ireland, the subject of a joint venture between Buchans' wholly owned subsidiary Westland Exploration Ltd. and Boliden Tara Mines Limited.

Buchans, through its wholly owned subsidiary Minco Ireland Limited, has entered into a joint venture agreement with Boliden Tara Mines on PL 3373, near Navan, County Meath, contiguous to the west with PL 1440R. Under the terms of this agreement, Buchans can earn a 75% joint venture interest through expenditures of €250,000 (approximately $390,000) in staged programmes, by March 2024. Boliden has the right of off-take to purchase or toll process all ore that may be produced from the license area. As at December 31, 2018, the Company has invested €63,500 ($99,082) on this licence.

Buchans, through its wholly owned subsidiary Minco Ireland Limited, has entered into an agreement with Boliden Tara Mines on six licenses in County Galway. During the year ended December 31, 2018, the Company incurred €108,235 ($153,940) in respect to the licenses and earned the right to a 20% interest in six licenses.

Pennines - UK
The Company, through its wholly owned subsidiary Minco Mining Limited, has entered into various agreements, licences and options with certain owners of mineral rights in the North Pennines Orefield located in the counties of Cumbria, Northumberland and Durham in northern England.

Due to delayed renegotiation of the underlying contracts and agreements, and as no drilling had been carried out since 2015, an impairment charge in the amount of $2,842,933 was recorded at December 31, 2017 in accordance with the Company's accounting policies. The Company expects to continue the renegotiations with the objective of continuing to evaluate these properties at an appropriate time.

9. INVESTMENT IN ASSOCIATE – NOTE RECEIVABLE AND WARRANTS

At December 31, 2018, the Company held 30 million shares of Xtierra Inc. ("Xtierra"), a company listed on the TSX Venture Exchange. In accordance with the Company's accounting policies, the carrying value of the Company's share of net assets of Xtierra Inc. was reduced to $nil as a result of losses in Xtierra in prior periods. The market value of the shares in Xtierra, which represent an approximate 22% shareholding, as at December 31, 2018 based on the market price of Xtierra shares on the TSX Venture Exchange was $1,800,000.

At December 31, 2018, the Company also had total Notes receivable from Xtierra in the amount of US$766,477 ($1,044,713) (2017 - US$688,094 ($863,600)).

On February 14, 2018, in consideration of the issue to Buchans of 13 million, non-transferable warrants, each warrant entitling Buchans to purchase one common share of Xtierra for $0.05 per share for a term of two years, the Company entered into a two-year Support and Standstill Agreement ("Support Agreement") 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 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 debt in full by transferring the Secured Property to Buchans.

During the period from February 14, 2018 to December 31, 2018, further to the Support Agreement above, the Company advanced an additional US$75,000 ($94,920) to Xtierra. Subsequent to December 31, 2018, the remaining amount totalling US$25,000 ($34,075) was advanced.

The value of the warrants received was estimated to be $464,377 at February 14, 2018 based on the Black-Scholes model and the following assumptions: expected dividend yield 0%, expected volatility 125%, life 2 years, and a risk free interest rate 1.82%. The value of the warrants received was included in finance income in net loss.

Expressed in Canadian dollars, unless noted and per share amounts

9. INVESTMENT IN ASSOCIATE – NOTE RECEIVABLE AND WARRANTS (CONTINUED)

At December 31, 2018 the value of the warrants was adjusted to their estimated fair value of $406,912 at that date using the Black-Scholes model and the following assumptions: expected dividend yield 0%, expected volatility 118%, life 1.12 years, and a risk free interest rate 1.85%. The change in value in the amount of $57,465 is included in change in fair value of investments in net loss.

The value of the warrants is included in the investment in associate.

10. CASH AND CASH EQUIVALENTS

	2018	2017
	$	$
Cash	**2,895,188**	3,426,194
Immediately available without restriction	**2,895,188**	3,426,194

The current profile of cash and cash equivalents at the end of the year is as follows:

	$	$
US Dollars	**130,826**	424,035
Canadian Dollars	**2,740,865**	2,989,710
Euro	**18,393**	2,149
Sterling	**5,104**	10,300
	2,895,188	3,426,194

Cash and cash equivalents comprise cash balances held for the purposes of meeting short-term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value, with a maturity of three months or less from the date of investment.

11. MARKETABLE SECURITIES

On August 30, 2017, the Company acquired 3,872,666 Dalradian shares with a quoted market value as at that date of $6,378,509, see Note 2. In the fourth quarter of 2017, the Company sold 1,500,000 Dalradian shares for net proceeds of $1,947,000 and recorded a loss on disposal of $523,605.

On June 21, 2018, Dalradian announced that it had entered into an arrangement agreement with Orion Mine Finance ("Orion") whereby Orion agreed to acquire all the outstanding shares of Dalradian by way of a statutory plan of arrangement under the Business Corporations Act (Ontario) for cash consideration of C$1.47 for each Dalradian Share. Pursuant to the arrangement, Buchans' remaining 2,372,666 shares of Dalradian were acquired by Orion for proceeds of $3,487,819 and a gain on disposal of $344,037 was recorded.

	December 31, 2018	Gain on disposals	Disposals	December 31, 2017	Change in fair value	Loss on disposals	Disposals	August 30, 2017
	$	$	$	$	$	$	$	$
Dalradian Resources Inc.	-	344,037	(3,487,819)	3,143,782	(764,122)	(523,605)	(1,947,000)	6,378,509
	-	344,037	(3,487,819)	3,143,782	(764,122)	(523,605)	(1,947,000)	6,378,509

12. TRADE AND OTHER RECEIVABLES

	2018	2017
	$	$
Trade receivables and prepayments	**106,667**	111,644
Sales taxes receivable	**110,417**	30,973
	217,084	142,617

Expressed in Canadian dollars, unless noted and per share amounts

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
	$	$
Trade creditors and accruals	**335,079**	228,744
Amounts due to related parties (Note 5)	**7,546**	75,840
Prepaid rent received	**9,000**	90,000
	351,625	394,584

In December 2017, the Company settled and discharged a total $160,000 of outstanding liabilities through the issue of a total of 533,332 shares valued at $0.30 per share, based on the value of shares subscribed for in a recent financing.

14. CAPITAL STOCK

Authorized
Unlimited number of common shares

Issued	Shares	Amount $
Balance at December 31, 2016	47,814,050	20,049,136
Private placement	6,680,000	2,004,000
Share issue costs	-	(143,420)
Shares issued in settlement of debt	533,333	160,000
Balance at December 31, 2017	55,027,383	22,069,716
Shares issued as compensation	833,333	250,000
Shares issued further to Investor Rights	1,336,000	-
Balance at December 31, 2018	57,196,716	22,319,716

In December 2017, the Company issued 6,680,000 common shares in a non-brokered, arms-length, private placement financing of flow-through shares for gross proceeds of $2,004,000. The Company has paid an advisory fee of $100,000 to Desjardins Securities Inc. ("the Funds") and issued to Desjardins broker warrants entitling the holder to purchase 334,000 common shares at an exercise price of $0.30 per share for a period of one year. See Note 15.

During 2017, the Company also settled a total $160,000 of outstanding liabilities to related parties through the issue of a total of 533,332 shares valued at $0.30 per share, based on the value of shares subscribed for in a recent financing. The shares for debt settlements were approved by an independent committee of the Board.

In December 2017, the Board of Directors approved the issue of 833,333 shares valued at $0.30 per share, based on the value of shares subscribed for in a recent financing, to John Kearney, Chairman and Chief Executive Officer, as compensation for management services, which were recorded as to be issued at December 31, 2017, and were issued during 2018.

As at December 31, 2018, a total of 1,336,000 shares were issued to the Funds pursuant to the Investor Rights Agreement. See Note 16. As the Company's shares have not been listed on a recognized stock exchange as at December 31, 2018, a further 668,000 shares have been reserved for issuance. These shares were subsequently issued. See Note 20.

15. WARRANTS

In connection with the private placement of $2,004,000 issued in December 2017, the Company issued to Desjardins Securities Inc. broker warrants entitling the holder to purchase 334,000 common shares, at an exercise price of $0.30 per share, for a period of one year, expiring December 29, 2018. These warrants expired unexercised.

16. COMMITMENTS AND CONTINGENCIES

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Subsequent to December 31, 2018, the Company has entered into a lease for its office premises, which expires on January 31, 2022. The yearly rental payments amount to approximately $286,000. The Company has since sublet approximately half of the space to other corporations.

Expressed in Canadian dollars, unless noted and per share amounts

16. COMMITMENTS AND CONTINGENCIES (CONTINUED)

In connection with the private placement completed in December 2017, Buchans has entered into an investor rights agreement ("Investor Rights Agreement") to provide certain liquidity and anti-dilution rights to the Funds which acquired the 6,680,000 common shares ("the Placement Shares"). If the Company's shares have not been listed on a recognized stock exchange by June 30, 2018, the Funds shall be issued an additional 0.10 of a share for each share at no additional cost. Similarly, at the end of each successive quarterly interim period after June 30, 2018 that the Company's shares have not been listed on a recognized stock exchange, 0.10 of a share for each Placement Share shall be issued to the Funds within 10 days of the quarter end. As at December 31, 2018, a total of 1,336,000 shares were issued to the Funds pursuant to this agreement, and a further 668,000 shares were issued in January and April 2019, respectively. See Notes 14 and 20.

17. INCOME TAXES

a) **Provision for Income Taxes**

Major items causing the Company's effective income tax rate to differ from the Canadian statutory rate were as follows:

	2018	2017
	$	$
Canadian statutory rate	26.50%	26.50%
Loss before income taxes	(25,691)	(4,988,374)
Expected income tax recovery based on statutory rate	(7,000)	(1,322,000)
Adjustments to expected income tax benefit:		
Non-deductible items and other	(38,000)	171,000
Change in benefit of tax assets not recognized	61,612	1,173,225
Income tax expense	16,612	22,225

b) **Deferred Income Taxes**

Recognized deferred tax assets and liabilities:

	2018	2017
	$	$
Non-capital loss carry-forwards - Canada	2,460,000	1,930,000
Exploration and evaluation assets - Canada	(2,460,000)	(1,930,000)
Deferred income tax liability	-	-

Deferred tax assets have not been recognized in respect of following deductible temporary differences as their recoverability is not considered probably:

	2018	2017
	$	$
Non-capital loss carry-forwards - UK and Ireland	8,541,000	8,541,000
Non-capital loss carry-forwards - Canada	1,204,000	3,440,000

No deferred tax asset has been recognized on the temporary differences related to the Company's investment in its associate to the extent that the Company controls the timing of the reversal of the temporary differences and it is probable that these differences will not reverse in the foreseeable future.

The losses in Canada generally expire within 20 years, from 2025 to 2038. The losses in the UK and Ireland do not generally expire.

18. FINANCIAL INSTRUMENTS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures.

Fair value
The Company has designated its short-term investments as fair value through profit or loss ("FVPL"), which are measured at fair value. Cash and receivables and other assets are measured at amortized cost. Trade and other payables and due to related parties are classified for accounting purposes as other financial liabilities, which are measured at amortized cost.

As at December 31, 2018, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair Value Hierarchy
The fair value hierarchy has the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). At December 31, 2018, the Company's financial instruments that are carried at fair value, consisting of marketable securities, have been classified as Level 1 within the fair value hierarchy.

Interest rate risk
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 with a credit rating of at least BBB-. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Credit risk
Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed or owing by the Company. Management's assessment of the Company's risk is low as it is primarily attributable to funds held in banks. The note receivable from Xtierra is subject to higher credit risk, however, management believes that it remains recoverable and has entered into a further agreement with Xtierra in 2018. See Note 9.

Commodity price risk
The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals, particularly gold.

Liquidity Risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At December 31, 2018, the Company had cash of $2,895,188 (2017 - $3,426,194) to settle accounts payable and accrued liabilities of $351,625 (2017 - $394,584). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk
Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk with respect to its marketable securities and unfavourable market conditions could result in dispositions of marketable securities at less than favorable prices.

Capital Risk
The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain and explore its exploration assets. The capital structure of the Company consists of shareholders' equity.

Foreign currency risk
Although the Company is incorporated in Canada, the Company has significant operations in Ireland, UK and Mexico, none of which presently generate cash from operations, and holds cash investments in Canadian and US Dollars, Euros or Sterling. The functional currency of the Company's operations is the Canadian Dollar. However, expenditures are not considered to be a monetary asset, and have been translated to the functional currency at the rates of exchange ruling at the dates of the original transactions. The Company also has transactional currency exposures. Such exposures arise from expenses incurred by the Company in currencies other than the functional currency.

18. FINANCIAL INSTRUMENTS (CONTINUED)

The impact of foreign currencies has been determined based on the balances of financial assets and liabilities at December 31, 2018. The sensitivity analysis includes outstanding foreign currency denominated monetary items and largely results from payables and receivables, and adjusts their translation at the period end for a 5% change in foreign currency rates. A five percent change in the US Dollar exchange rate could result in a foreign exchange impact to the net income of approximately $6,500 based on monetary assets and liability balances existing at December 31, 2018.

19. CAPITAL MANAGEMENT

The capital of the Company consists primarily of its shareholders' equity.

The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition, development and exploration of mineral properties and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. All equity financings require the approval of the Board of Directors.

The Company invests all capital that is surplus to its immediate operational needs in short term, highly-liquid financial instruments, such as short term guaranteed investment certificates, held with a major Canadian financial institution.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no significant changes to the Company's approach to capital management during the years ended December 31, 2018 and 2017. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

20. SUBSEQUENT EVENTS

On January 30, 2019, the Company issued the 668,000 shares reserved for issuance at December 31, 2018 pursuant to the Investor Right Agreement. See Note 14 and 16.

On April 23, 2019, the Company issued the 668,000 shares reserved for issuance at March 31, 2019 pursuant to the Investor Right Agreement. See Note 16.