Buchans Resources

BUCHANS FILES TECHNICAL REPORT ON
MINERAL RESOURCE ESTIMATE FOR LUNDBERG BASE METAL DEPOSIT,
BUCHANS AREA, NEWFOUNDLAND AND LABRADOR

Toronto, April 15, 2019 – Buchans Resources Limited (the “Company” or “Buchans”), a Canadian base metal mineral exploration and development company, has filed a National Instrument 43-101 Technical Report regarding the updated pit-constrained Mineral Resource Estimate for its Lundberg base metal deposit, located at the former Lucky Strike mine site, within its 100% owned Buchans project in central Newfoundland, the results of which were announced on March 1, 2019.

There are no material differences in the mineral resources reported between the Technical Report and the results announced on March 1, 2019.

The Technical Report is available under the Company’s profile on SEDAR at www.sedar.com or on the Company’s website at www.buchansresources.com.

TECHNICAL REPORT


The information in the following sections of this news release has been extracted from the Technical Report. For readers to understand the technical information in this news release they should read the Technical Report in its entirety, including all qualifications, assumptions and exclusions therein.

Purpose and Conclusions

The purpose of the Technical Report is to provide scientific and technical information related to the Lundberg Project. The Report covers the results of a new and updated pit-constrained Mineral Resource Estimate prepared by Mercator for Buchans’ Lundberg base metal deposit located at the former Lucky Strike mine site, adjacent to the town of Buchans, in Central Newfoundland, Newfoundland and Labrador, Canada.

The current Mineral Resource Estimate, effective February 28, 2019, includes In-pit Indicated Mineral Resources of 16,790,000 tonnes grading 1.53% Zn, 0.64% Pb, 0.42% Cu, 5.69 g/t Ag and 0.07 g/t Au (3.38% ZnEq) and In-pit Inferred Mineral Resources of 380,000 tonnes grading 2.03% Zn, 1.01% Pb, 0.36% Cu, 22.35 g/t Ag and 0.31 g/t Au (4.46% ZnEq), reported at a cut-off grade of $20 US/t NSR within
an optimized pit shell, and is considered to reflect reasonable prospects for economic extraction in the foreseeable future using conventional open-pit mining methods.

The current Mineral Resource Estimate was prepared by incorporating 21,203 metres of drilling by Buchans in 144 surface drill holes, including 91 holes totaling 13,145 metres drilled since the historic 2011 PEA, and including 17 holes totaling 2,205 metres drilled in 2018. In addition, the current Mineral Resource Estimate incorporated information collected through systematic relogging of approximately 28,000 metres or core from 280 archived surface and underground drill holes from the former Lucky Strike mine. In total, the Lundberg deposit is defined by 7,972 core samples from 263 diamond drill holes within the limits of the current Mineral Resource Estimate.

Based on the results of the Mineral Resource Estimate summarized in the Technical Report, Mercator has concluded that the current Mineral Resource Estimate represents a substantial upgrade in deposit definition confidence that is exemplified by its large inventory of Indicated category Mineral Resources. Through completion of a large amount of additional infill core drilling, extensive relogging of archived drill core, database upgrading and detailed deposit model studies in the intervening years, the current Mineral Resource Estimate reflects a ~97.8% conversion of 2011 PEA Ultimate Pit Design Inferred Mineral Resources to Indicated Mineral Resources at comparable grades and a slightly lower strip ratio.

The current Mineral Resource Estimate upgraded the Lundberg deposit to a more robust, pit-constrained Mineral Resource, with 98.7% of the Mineral Resources in the Indicated category. The current Mineral Resource Estimate demonstrates that Lundberg's in-pit Mineral Resources contain more than 1.25 billion pounds zinc equivalent in the Indicated category. It is considered a potential open pit mine development project that is optimally situated on a brownfields site, with excellent infrastructure and a low strip ratio.

The Mineral Resource Estimate sensitivity assessment presented in Section 14 of the Technical Report demonstrates that a high proportion of the contained metal is retained at higher cut-off thresholds (to $50 US/t) and indicates that both lower grade - higher tonnage and higher grade - lower tonnage mining scenarios should be assessed in future economic studies. Potential also exists for future enhancement of Mineral Resources through refinement of pit optimization parameters, continued metallurgical studies, and future economic analysis.

*Note: Zinc Equivalent (ZnEq) metal grade was calculated using metal pricing, metallurgical recoveries to concentrates, and concentrate payable factors as applied in the Mineral Resource Estimate NSR calculator. Price assumptions used were $1.20 US/lb Zn, $1.00 US/lb Pb, $3.00 US/lb Cu, $1250 US/oz Au, and $17 US/oz Ag. Metal recoveries are 83.0% Cu, 13.3% Au, and 7.84% Ag in the copper concentrate, 84.3% Pb, 10.5% Au, and 50.3% Ag in the lead concentrate, and 87.2% Zn, 8.28% Au, and 14.8% Ag in the zinc concentrate.

**Recommendations**

Based on work carried out for the current Mineral Resource estimation project, Mercator is of the opinion that the Lundberg deposit has been sufficiently delineated by drilling to support Pre-feasibility (PFS) or Feasibility level studies, and that additional infill resource delineation drilling is not required for this purpose.

The primary recommendation arising from the current Mineral Resource Estimate program is that an updated assessment of the Lundberg deposit's economic potential be completed as the next phase of project evaluation. This could take the form of a new Preliminary Economic Assessment or an internal economic study leading to a decision to proceed directly to a PFS assessment of Lundberg Deposit economics.
Additional metallurgical testing would be required to support a future Preliminary Economic Assessment or Pre-Feasibility Study Assessment. Pre-concentration using dense media separation or ore sorting will improve mill feed grades, reduce the size of the milling facility or reduce mill feed transportation requirements should an off-site milling facility be considered. Future economic studies are therefore recommended to determine any potential savings with pre-concentration versus metal loss from the upgrading process.

With favorable open circuit test results and simulation results, the sequential flotation flowsheet is expected to produce improved results compared to the bulk Cu/Pb flowsheet. Therefore, continued development of the sequential flotation flowsheet for the Lundberg and Engine House deposits is recommended to confirm the metallurgical performance.

CENTRAL NEWFOUNDLAND ZINC LEAD PROJECTS

Buchans controls mineral rights covering 116 km² (11,600 hectares) considered prospective for VMS Zn-Pb-Cu-Ag-Au base metal deposits within the Buchans district of central Newfoundland.

Buchans’ extensive land package includes several undeveloped deposits including the large, lower grade, Lundberg stockwork deposit located beneath the former Lucky Strike massive sulphide orebody, as well as several smaller “satellite deposits”, composed of higher-grade, massive sulphide mineralization, including the Daniels and Bobbys deposits located within the Company’s Tulks North property, 20 km south of Buchans.

The Lundberg deposit surrounds the former Lucky Strike mine site, where Asarco operated a near-surface underground and glory hole mining operation until mine closure in 1984. The Lundberg deposit is mainly comprised of stockwork mineralization surrounding and lying below the former Lucky Strike orebody but includes some massive sulphide mineralization remaining unmined in the former operations.

The Lundberg project is favourably situated on a brownfields site with excellent infrastructure, including access by provincially maintained paved roads, power, water and other infrastructure. Located in the Province of Newfoundland and Labrador, one of the top mining jurisdictions in Canada, a positive and cooperative relationship has been established with the immediately adjacent, former mining, town of Buchans.

Drilling completed by Buchans in 2018 in four target areas within a radius of 3.5 kilometres of Lundberg/Lucky Strike returned favourable results warranting further exploration, that if successful, may identify additional higher-grade resources that could potentially complement Lundberg’s development or be developed as stand-alone mining projects (see Buchans news release dated January 23, 2019).

QUALIFIED PERSON

Paul Moore, P. Geo., Vice President, Exploration is the designated non-Independent Qualified Person for Buchans Resources Limited and has reviewed and approved the technical and scientific contents of this news release.
Buchans Resources Limited

News Release

ABOUT BUCHANS RESOURCES

Buchans Resources Limited is incorporated under the laws of the Province of Ontario, Canada and is a “reporting issuer” in the Provinces of Alberta, British Columbia, Nova Scotia and Newfoundland and Labrador.

Buchans Resources has interests in zinc, lead, silver properties located in Canada, Ireland and the United Kingdom; gold properties in Newfoundland and in Labrador; nickel, copper, cobalt properties in Labrador and a manganese project in New Brunswick; and, indirectly through its 22% shareholding in Xtierra Inc. (TSXV: “XAG”), in base metal and silver projects in Mexico.

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Additional information is available on the Company’s website at www.BuchansResources.com.

FORWARD-LOOKING STATEMENTS

This news release 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.