

BuchansResources

MANAGEMENT DISCUSSION AND ANALYSIS

For the three-month period ended March 31, 2019

Dated May 27, 2019

(Form 51-102F1)

BUCHANS RESOURCES LIMITED
Management Discussion and Analysis
For the three-month period ended March 31, 2019

Date: May 27, 2019

GENERAL

The following management discussion and analysis (“MD&A”) of financial condition and results of operations of Buchans Resources Limited (“Buchans” or the “Company”), should be read in conjunction with the condensed interim consolidated financial statements and the notes thereto for the three-month period ended March 31, 2019, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All dollar amounts are stated in Canadian dollars, unless otherwise noted.

For a more complete understanding of the Company’s financial condition and results of operations, this MD&A should be read together with the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2018, a copy of which is filed on the SEDAR website.

COMPANY OVERVIEW

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

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

Newfoundland – Base Metals

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

Lundberg Deposit – New Mineral Resource Estimate

On March 1, 2019 Buchans announced a new updated pit-constrained Mineral Resource Estimate for the Lundberg base metal deposit, located at the former Lucky Strike mine site, prepared by Mercator Geological Services and a NI 43-101 Technical Report was filed on April 15, 2019.

The Lundberg deposit is now estimated to host In-pit Indicated Mineral Resources containing 1.25 billion pounds Zinc Equivalent as well as In-pit Inferred Mineral Resources containing 0.037 billion pounds Zinc Equivalent using an NSR cut-off at US\$20 per tonne. These resources are contained within an optimized model pit shell measuring 860 metres by 650 metres and extends to a maximum depth of 240 metres. The In-Pit constrained resource has a strip ratio of 2.9 of which approximately 98.7% of the resources are assigned to the Indicated category resources.

The new 2019 Mineral Resource Estimate demonstrates a significantly more robust project and, coupled with enhanced parameters determined by the Company’s continued assessments, including updated costs, metallurgical and metal pricing parameters, and significantly improved prevailing currency exchange rates (compared to rates used by the 2011 PEA), could result in significantly improved outcomes in future economic analyses of the Lundberg project as a stand-alone open-pit mineral resource development with a low strip ratio, optimally situated on a brownfields site with excellent infrastructure.

Based on work carried out for the 2019 Mineral Resource estimation, Mercator is of the opinion that the Lundberg deposit has been sufficiently delineated by drilling to support Pre-feasibility or Feasibility level studies, and that additional infill resource delineation drilling is not required for this purpose.

BUCHANS RESOURCES LIMITED
Management Discussion and Analysis
For the three-month period ended March 31, 2019

Mercator's 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.

Buchans has contracted Stantec Consulting Ltd., to generate an updated conceptual economic model for internal company use. The goal of the study is to develop a mine plan for the 2019 Mineral Resource Estimate, review and update the project costs, and prepare an updated economic model. It is expected that the study will be completed during the third quarter of 2019 and will assist in formulating the Company's strategy to advance Lundberg toward development.

VMS exploration potential – Additional Properties Staked

Buchans is confident that its Newfoundland mineral properties hold potential for discovery of new VMS deposits comparable to historically mined orebodies in the Buchans camp, where Asarco mined more than **16.2 million tonnes** from five separate deposits, with a combined **average grade of 14.51% Zn, 7.65% Pb, 1.33% Cu, 126 g/t Ag, and 1.37g/t Au**, before mine closure in 1984.

In 2018, a total of 8,000 metres of drilling was completed in 38 holes exploring the Buchans and Tulks North base metal properties in central Newfoundland. Drilling in 2018 in four target areas within a radius of 3.5 kilometres of Lundberg/Lucky Strike returned favourable results warranting further exploration for additional higher-grade resources that could potentially complement Lundberg's development or be developed as stand-alone mining projects.

At Tulks North, located 20 km south of Lundberg, drilling in 2018 returned encouraging results highlighted by the intersection of semi-massive to massive sulphide mineralized intercepts down plunge of the Bobbys and Daniels deposits that indicate the zones remain open at depth. Both deposits have mineral resource estimates supported by NI 43-101 technical reports.

In the first quarter of 2019, Buchans competitively staked two additional properties totalling 494 claims (123.5 km²) near its Tulks North property. The newly staked properties, known as Tulks South and South Tally, cover favourable geology along strike of NorZinc's Lemarchant and Boomerang deposits and occur within the same geological terrane that hosts the former Duck Pond mine where Teck Resources recently mined approximately 5 million tonnes averaging 4.4% Zn, 2.7% Cu, 53 g/t Ag, and 0.6 g/t Au between 2007 and 2015.

Exploring for gold in Newfoundland and Labrador and nickel-copper-cobalt in Labrador

Buchans owns 100% interest in the 2,075-hectare Lake Douglas gold project in central Newfoundland. This property is located 40 km south-southeast of Buchans, 20 km southeast of the Company's Daniels and Bobbys deposits and adjacent to the newly staked South Tally property. Buchans' Lake Douglas property is located 15 km northeast along strike of Marathon Gold Corporation's Valentine Lake project that covers a 20-kilometre long system of gold bearing veins.

In Labrador Buchans holds a 100% interest in the Tasiuyak gold property, located 10 km south of Vale's Voisey's Bay nickel-copper-cobalt mine, and includes mineral rights to 11.5 km² covering a historic gold prospect discovered by previous explorers during the Voisey's Bay exploration rush in the mid-1990s.

The prospect, known as the VBE2 gold prospect, consists of a 90 m long bedrock exposure of sulphide-rich iron formation and returned historic sampling results that include chip samples assaying up to 18.9 grams per tonne gold over 1 metre, as well as drilled intercepts over a 275 metre strike that include 5.5 g/t Au over 2.1 m, 4.2 g/t Au over 3.0 m, and 4.1 g/t over 2.1 m.

Buchans also holds several properties in Labrador considered prospective for Voisey's Bay-style nickel-copper-cobalt deposits, including 38 claims (9.5 km²) covering prospective troctolitic gabbros of the Pants Lake Intrusive Suite at South Voisey's Bay, and the 5 claim (1.25 km²) Luk nickel property covering mineralized troctolite at Voisey's Bay itself.

BUCHANS RESOURCES LIMITED
Management Discussion and Analysis
For the three-month period ended March 31, 2019

Zinc exploration in Ireland - Joint Ventures with Boliden

In Ireland, Buchans is continuing exploration for zinc, both in joint venture with Boliden Tara Mines near Navan and on its own licences at Moate. Buchans has also entered into a new exploration agreement with Boliden Tara Mines on six Prospecting Licences in Galway.

Buchans is participating at 20% in a joint venture with Boliden Tara Mines at 80% on Licence 1440R, which lies immediately adjacent to Boliden's large Tara zinc-lead mine at Navan. Buchans is also participating in a joint venture with Boliden Tara on Licence 3373, contiguous to the west with Licence 1440R, where Buchans can earn up to a 75% interest.

During 2018, Boliden Tara drilled one-hole of 1,225 m on Licence 1440R, two kilometres to the north of the existing small Tatestown-Scallanstown deposit, and also completed an updated internal resource estimate for the Tatestown-Scallanstown deposit. On Licence 3373 Buchans completed two drill holes for a total of 636 metres.

Four structurally defined drill targets with potential for late epigenetic mineralisation, comparable to Tatestown-Scallanstown, have been identified, located eight to fifteen kilometres west of the Tara Mine, at depths of 550 to 800 metres below surface.

These new target areas will provide focus for continued exploration in 2019. Proposed work programs on the four target areas include re-interpretation of previous seismic survey data based on 2018 drilling, soil geochemistry and diamond drilling. A follow-up drill hole is planned and permitted to test one of the four identified target areas in spring/summer 2019.

Battery Grade Manganese in New Brunswick

In New Brunswick, Canadian Manganese Company Inc., a wholly owned subsidiary of Buchans Resources, holds the Woodstock manganese property containing the Plymouth manganese-iron deposit that hosts a NI 43-101 Inferred Resource and on which a positive preliminary economic assessment ("PEA") technical report was completed in 2014.

Metallurgical development programs for Woodstock have focused on the production of high-grade electrolytic manganese metal and the intermediate production of purified manganese sulphate solution as an interim step, enabling the add-on production of manganese chemicals, manganese catalyst, battery grade manganese dioxide and high-purity manganese metal for electronics. Electrowinning tests consistently produced electrolytic manganese metal with a metallic manganese content of greater than 99.99% and a total manganese content ranging from 99.70% to 99.76% Mn.

Advancements in electric vehicle manufacturing are transforming the entire global automobile industry driving increased battery demand and NMC (nickel-manganese-cobalt) batteries are becoming the rechargeable battery of choice for next-generation automotive and industrial uses. Manganese is a key component in the formulations of the cathode material used in high-performance lithium-ion batteries and in utility bulk energy storage facilities that are expected to create strong demand for high-purity manganese products.

QUALIFIED PERSON

Paul Moore, P. Geo. is Buchans' Non-Independent Qualified Person for the purposes of National Instrument 43-101, Standards of Disclosure for Mineral Projects and has approved the technical disclosures on mineral projects in Canada in this MD&A. Historic mine production figures are derived from historic archived documents of the former operator, Asarco, and have not been independently verified.

Information on base metal properties in Ireland is derived from the Company's communication with Boliden Tara Mines Limited, Operator of the Tatestown-Scallanstown (Licence 1440R) and Kells (Licence 3373) joint ventures.

BUCHANS RESOURCES LIMITED
Management Discussion and Analysis
For the three-month period ended March 31, 2019

EXPLORATION AND EVALUATION ASSETS

For the three-month period ended March 31, 2019

| | March 31 2019 \$ | Additions \$ | December 31 2018 \$ | Impairment \$ | Additions \$ | December 31 2017 \$ |
|-----------|------------------------|-----------------|---------------------------|------------------|-----------------|---------------------------|
| Buchans | 12,251,752 | 109,447 | 12,142,305 | - | 2,593,004 | 9,549,301 |
| Woodstock | 4,639,690 | 2,357 | 4,637,333 | - | 14,447 | 4,622,886 |
| Ireland | 1,116,729 | 4,772 | 1,111,957 | - | 319,583 | 792,374 |
| Total | 18,008,171 | 116,576 | 17,891,595 | (2,842,933) | 2,927,034 | 16,782,167 |

XTIERRA INC.

Buchans holds 30 million shares in Xtierra Inc. (“Xtierra”), a company listed on the TSX Venture Exchange under the symbol “XAG”, now representing an approximate 22% interest. The market value of the Xtierra shares at March 31, 2019 based on the market price of Xtierra shares on the TSX Venture Exchange, was \$1,500,000.

Xtierra holds the Bilbao polymetallic sulphide and oxide replacement silver-lead-zinc-copper property, located in the Central Mineral Belt of Mexico, in the southeastern part of the State of Zacatecas, approximately 500 km northwest of Mexico City.

At March 31, 2019, the Company held secured Notes receivable from Xtierra in the amount of US\$791,477 (\$1,056,908).

RESULTS OF OPERATIONS

The Company recorded no revenue in the periods ended March 31, 2019 or March 31, 2018.

For the three-month period ended March 31, 2019, the Company recorded a loss of \$332,728, compared to a loss of \$1,162,649 for the three-month period ended March 31, 2018.

The loss for the three-month period ended March 31, 2019 included a loss in fair value of the Xtierra warrants in the amount of \$131,476, \$40,957 depreciation and \$12,276 finance costs in accordance with IFRS 16, Leases.

The loss for the three-month period ended March 31, 2018 included a loss in market value of marketable securities in the amount of \$866,023.

Administrative expenses, excluding foreign exchange, for the three-month period ended March 31, 2019 amounted to \$180,523 compared to \$353,852 for the three-month period ended March 31, 2018.

During the period ended March 31, 2019, Buchans invested \$116,576 (2018 - \$285,720) on exploration of its mineral properties, of which the largest amounts were expended on the Buchans zinc-lead project in central Newfoundland.

BUCHANS RESOURCES LIMITED
Management Discussion and Analysis
For the three-month period ended March 31, 2019

SUMMARY OF QUARTERLY RESULTS

| Expressed in \$000's, Except for per share amounts | Mar. 31 2019 | Dec. 31 2018 | Sept. 30 2018 | June 30 2018 | March 31 2018 | Dec. 31 2017 | Sept. 30 2017 | June 30 2017 |
|--|-----------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Net (loss) gain | (333) | 280 | (102) | 943 | (1,163) | (3,036) | (1,462) | (296) |
| Net (loss) gain per share - basic and diluted | (0.006) | 0.005 | (0.002) | 0.017 | (0.023) | (0.065) | (0.031) | (0.006) |
| Total assets | 22,677 | 22,455 | 22,521 | 22,297 | 21,506 | 22,541 | 24,992 | 20,212 |
| Working capital | 2,234 | 2,761 | 4,142 | 5,355 | 4,780 | 6,318 | 4,705 | 1,703 |

- The loss for the quarter ended June 30, 2017 included a foreign exchange loss of \$83,741
- The loss for the quarter ended September 30, 2017 included a loss in market value of marketable securities of \$1,189,136 and foreign exchange loss of \$85,438
- The loss for the quarter ended December 31, 2017 included an impairment provision against exploration assets in the amount of \$2,842,933.
- The loss for the quarter ended March 31, 2018 included a loss in market value of marketable securities of \$866,023.
- The gain for the quarter ended June 30, 2018 included a gain in market value of marketable securities of \$1,053,879.
- The loss for the quarter ended September 30, 2018 included a gain on disposal of marketable securities of \$156,180.
- The gain for the quarter ended December 31, 2018 included an audit adjustment recording the fair value of Xtierra warrants received in February 2018 in the amount of \$406,912.
- The loss for the three-month period ended March 31, 2019 included a loss in fair value of the Xtierra warrants in the amount of \$131,476, \$40,957 depreciation and \$12,276 finance costs in accordance with IFRS 16, Leases.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2019, Buchans held \$2,582,997 (December 31, 2018- \$2,895,188) in cash and cash equivalents and had a working capital surplus of \$2,234,438, net of a \$225,548 lease obligation liability, compared to a working capital surplus of \$2,760,648 at December 31, 2018.

At March 31, 2019, Buchans held mineral properties with a combined book value of \$18,008,171. The balance sheet values for these assets may not represent that which could be obtained if the assets were to be offered for sale.

RELATED PARTY TRANSACTIONS

No fees were paid by the Company to directors for their services as directors of the Company in the periods ended March 31, 2019 or 2018.

During the three-month period ended March 31, 2019, the Company paid or accrued \$14,238 to Steenberglaw Professional Corporation, a corporation controlled by Neil Steenberg, Secretary of the Company, for legal services. Included in accounts payable and accrued liabilities at March 31, 2019 is \$16,089 payable to Steenberglaw Professional Corporation for legal services.

BUCHANS RESOURCES LIMITED
Management Discussion and Analysis
For the three-month period ended March 31, 2019

COMMITMENTS

In connection with the private placement completed in December 2017, Buchans entered into an Investor Rights Agreement to provide certain liquidity and anti-dilution rights to the Funds which acquired the placement shares. If the Company's shares have not been listed on a recognized stock exchange by June 30, 2018, the Funds shall be issued an additional 0.10 of a share for each Placement share at no additional cost and similarly at the end of each successive quarterly interim period after June 30, 2018. A total of 1,336,000 shares were issued to the Funds pursuant to this agreement in 2018 and an additional 1,336,000 shares were issued to the Funds subsequent to year-end.

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, approximately half of which the Company expects to recover from other corporations with some common directors and officers that share part of the office premises.

CRITICAL ACCOUNTING ESTIMATES

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

Adoption of New Accounting Standards

The standards and interpretations within IFRS are subject to change. For further details, please refer to Note 4 of the December 31, 2018 audited consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Exploration, Development and Operating Risk

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

BUCHANS RESOURCES LIMITED
Management Discussion and Analysis
For the three-month period ended March 31, 2019

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that Buchans' mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of Buchans' operations will in part be directly related to the costs and success of its exploration and development programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis and at an acceptable cost.

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

No Assurance of Production

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

Fluctuating Mineral Prices

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

Factors beyond Buchans' Control

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

BUCHANS RESOURCES LIMITED
Management Discussion and Analysis
For the three-month period ended March 31, 2019

Failure to Obtain Additional Financing

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

Environmental Risks and Hazards

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

Competition

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

Management

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

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

FINANCIAL RISK MANAGEMENT

Fair value

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

Interest rate risk

Buchans finances its operations through the issue of equity shares and has no fixed interest rate agreements. Buchans had \$2,582,997 in cash and no cash equivalents at March 31, 2019. A one percent change in interest rates will result in a corresponding change in interest income of approximately \$Nil based on cash equivalent balances existing at March 31, 2019.

Liquidity risk

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

Credit risk

With respect to credit risk arising from financial assets of Buchans, which comprise of cash and cash equivalents, cash deposits give risk to credit risks on the amounts due from counter-parties. The Company controls and monitors the distribution of this exposure by ensuring that all financial instruments are held with reputable and financially secure institutions and that exposure to credit risk is distributed across a number of institutions. At March 31, 2019 all cash and short-term deposits had a maturity date of 30 days or less. Credit risk is actively managed across the portfolio of institutions by ensuring that material surplus funds are placed with counter-parties that have a credit rating of at least BBB-.

Foreign currency risk

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

Further details of Buchans' financial risk management policies are set out in Note 18 and 19 of the December 31, 2018 audited financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

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

The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Fair value estimates of financial assets and liabilities are made at the balance sheet date, based on relevant market

BUCHANS RESOURCES LIMITED
Management Discussion and Analysis
For the three-month period ended March 31, 2019

information and information about the financial instrument. These estimates involve uncertainties and are subjective in nature. Other financial instruments included in current assets are classified as loans and receivables, which are measured at amortized costs. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. As at March 31, 2019, the carrying and fair value amounts of the Company's financial instruments were the same.

OUTSTANDING SHARE CAPITAL

The Company has authorized an unlimited number of common shares.

At March 31, 2019 and May 27, 2019, 57,864,716 and 58,532,716 common shares, respectively, were issued and outstanding.

ADDITIONAL INFORMATION

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

FORWARD-LOOKING STATEMENTS

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

Date: May 27, 2019