
Buchans Report Second Quarter 2020 Results

Update on 2020 Exploration Programs

Toronto, August 27, 2020 – Buchans Resources Limited (the “Company” or “Buchans”), a Canadian base metal mineral exploration and development company, reports its interim financial results and results of operations for the three and six month period ended June 30, 2020.

This news release should be read in conjunction with the Company’s unaudited condensed interim financial statements and the associated management’s discussion and analysis (MD&A) for the three and six month period ended June 30, 2020 which are available on the Company’s website at www.BuchansResources.com or under the Company’s profile at www.sedar.com.

COMPANY OVERVIEW

Buchans has interests in zinc-lead-silver properties located in Newfoundland, gold properties in Newfoundland and Labrador; nickel-copper-cobalt properties in Labrador, and, indirectly through its 21% shareholding in Xtierra Inc. (TSXV: “XAG”), in base metal and silver projects in Mexico.

The Company’s core holding within the Buchans mining district of central Newfoundland includes mineral rights covering approximately 252 km² (25,200 hectares) considered prospective for VMS Zn-Pb-Cu-Ag-Au base metal deposits. This extensive land package includes several undeveloped deposits including the large, lower grade, Lundberg stockwork deposit located beneath the former Lucky Strike massive sulphide orebody at Buchans, as well as several smaller “satellite deposits”, composed of higher-grade, volcanogenic massive sulphide mineralization. The latter include the Company’s Daniels, Bobbys and Tulks Hill deposits, each with excellent exploration potential and located within the Company’s Tulks North and Tulks Hill properties, all located less than 45 km south of Lundberg.

2020 EXPLORATION PROGRAMS

The Company’s planned 2020 exploration programs had included drill testing high priority targets, upgrading existing targets and continuing to develop new targets through field work and data interpretation. The schedule and timelines for these programs has been delayed because of the COVID-19 pandemic and associated developments. The Company is following the instructions and advice of Provincial and Federal health professionals and government officials, as well as industry-wide best practice guidelines, to help limit the spread of COVID-19.

Though hampered by restrictions associated with the COVID pandemic, Buchans is currently undertaking limited assessment activities that will continue throughout 2020 as the Company continues to develop and identify additional targets for exploration for new high-grade orebodies at Buchans. In addition, the Company may initiate activities to further evaluate development options for its Lundberg deposit as a stand-alone open pit mine and processing complex.

Buchans - Relogging and Target Generation

Since 2014, the Company has initiated a major relogging program, reviewing archived drill cores from its Buchans project as a means of identifying and evaluating additional exploration target areas for the discovery of new high-grade Buchans orebodies. This work has identified multiple target areas warranting further exploration, some of which have received initial drill testing with favourable results and are the subject of additional evaluation, while other new

target areas have been added to the relogging program. To the end of 2019, the Company had relogged more than 134,000 metres of archived drill core from more than 680 drill holes.

As a result of restrictions associated with the current pandemic, the Company delayed resumption of this program in 2020 until July and has to date relogged 14 additional drill holes totalling more than 2,625 m of archived drill core in 2020. This program is expected to continue throughout the remainder of 2020, though at a reduced pace, while COVID measures remain in place.

The Company's relogging efforts are currently focused on two target areas, including the **Middle Branch** prospect located 3.5 km northeast of the Lundberg deposit where potential exists for discovery of new large Buchans orebodies; and the **Two-Level (Lucky Strike)** mine area located immediately north of the Lundberg deposit, where potential exists for discovery of additional high-grade ore that could either complement Lundberg's development or perhaps be chased down plunge into areas where larger deposits of sufficient size could be discovered that are amenable to underground mine development as new standalone orebodies.

The Middle Branch prospect was discovered by drilling in 1960 by ASARCO that intersected **1.8 m (core length) assaying 0.4% Cu, 3.1% Pb, 4.8% Zn, 48 g/t Ag & 0.7 g/t Au** at approximately 550 m depth. Though deep, this area is considered highly prospective and underexplored. In October 2019, the Company staked an additional 20 claims north of the Middle Branch prospect to cover potential extensions of this mineralized trend, where there is believed to be excellent potential for discovery of new larger deposits of high-grade Buchans-style mineralization.

The Two-Level target area covers the inferred strike extension of favourable geology extending westward from exploration drilling completed by Buchans Resources in 2018. This drilling, in hole H-18-3524, intersected **1.0 m assaying 14.83% CBM as 8.70% Zn, 4.87% Pb, 1.26% Cu, 133.2 g/t Ag and 0.47 g/t Au** (see Buchans News Release dated November 20, 2018) and the Company believes potential exists in this area to discover additional high-grade resources down plunge of previous exploration drilling.

3-D Geological Model

In 2019, Buchans undertook work to incorporate its extensive relogging data into an expanded digital database that the Company intends to use to create a new, digital, 3-dimensional geological model extending from previously mined orebodies to key undeveloped prospects and exploration targets. This database continues to be developed in cooperation with Mercator Geological Services of Dartmouth, Nova Scotia, who previously constructed a deposit-scale model for the Lundberg deposit.

Buchans believes creation of a digital 3-dimensional geologic model will greatly enhance the Company's ability to successfully target and explore for new, buried, high-grade deposits, and the model's construction is a priority for future exploration.

In June 2020 the Minister of Natural Resources announced measures to assist the mining, and mineral exploration industries in Newfoundland and Labrador during the COVID-19 global pandemic, including deferring rental and fee payments and waiving mineral expenditure requirements for 2020. The measures include deferral of rental and fee payments associated with land tenure issued under the Mineral Act until December 31, 2020 and waiver of mineral assessment expenditure requirements for mineral licences for one year – from March 18, 2020 to March 17, 2021. Items deferred include mining and surface lease rentals and mineral licence renewal fees.

Buchans Resources Limited

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FINANCIAL RESULTS

Buchans recorded no revenue in the periods ended June 30, 2020 or June 30, 2019.

For the three-month period ended June 30, 2020, the Company recorded a gain of \$422,723. The gain included a non cash finance income from the issue of the new Xtierra warrants in the amount of \$259,234, a gain in fair value of the Xtierra warrants in the amount of \$223,262, a gain in the amount of \$81,995 arising on a reduction in the estimated fair value of Exchangeable Warrants, and a loss in the amount of \$6,505 attributable to discontinued operations.

For the six-month period ended June 30, 2020, the Company recorded a loss of \$65,402. The loss included a non cash finance income from the issue of the new Xtierra warrants in the amount of \$259,234, a gain in fair value of the Xtierra warrants in the amount of \$150,812, a loss in the amount of \$214,574 arising on an increase in the estimated fair value of Exchangeable Warrants, and a loss in the amount of \$52,920 attributable to discontinued operations.

For the three-month period ended June 30, 2019, the Company recorded a loss of \$285,371. The loss included a loss in fair value of the Xtierra warrants in the amount of \$82,537 and a loss in the amount of \$60,966 attributable to discontinued operations.

For the six-month period ended June 30, 2019, the Company recorded a loss of \$618,100. The loss included a loss in fair value of the Xtierra warrants in the amount of \$214,013 and a loss in the amount of \$77,702 attributable to discontinued operations.

During the six-month period ended June 30, 2020, Buchans invested \$214,368 (2019 - \$225,039) on exploration of its mineral properties.

At June 30, 2020, Buchans held \$976,242 (December 31, 2019- \$1,443,246) in cash and cash equivalents and had a working capital surplus of \$726,998, compared to a working capital surplus of \$1,238,704 at December 31, 2019.

The market value of the Company's Xtierra shares at June 30, 2020 was \$2,100,000 based on the market price of Xtierra shares on the TSX Venture Exchange.

At June 30, 2020, Buchans held mineral properties with a combined book value of \$13,011,491. The balance sheet values for these assets may not represent that which could be obtained if the assets were to be offered for sale.

ABOUT BUCHANS

Buchans Resources currently holds interests in zinc, lead, silver properties located in Newfoundland; gold properties in Newfoundland and in Labrador; nickel, copper, cobalt properties in Labrador 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 Buchans website at www.BuchansReosources.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.