

BuchansResources

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2020

Dated April 29, 2021

(Form 51-102F1)

BUCHANS RESOURCES LIMITED
Management Discussion and Analysis
For the year ended December 31, 2020

Date: April 29, 2021

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 audited consolidated financial statements and the accompanying notes thereto for the year ended December 31, 2020, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”), a copy of which is filed on the SEDAR website. All dollar amounts are stated in Canadian dollars, unless otherwise noted.

COMPANY OVERVIEW

Buchans’ flagship project consists of the historic, high-grade Buchans VMS base metal mining camp in central Newfoundland, Canada. This project is renowned for its past production of high-grade zinc-lead-copper-silver-gold deposits mined by ASARCO between 1926 and 1984. Buchans also has interests in several additional zinc-lead-silver properties located in or near Buchans, as well as gold properties in Newfoundland and Labrador; nickel-copper-cobalt properties in Labrador, and, indirectly through its shareholding in Xtierra Inc. (TSXV: “XAG”), in base metal and silver projects in Mexico, and through its shareholding in Minco Exploration plc, in base metal exploration licences in Ireland.

The Company’s core holdings in the Buchans mining district of central Newfoundland include approximately 252 km² (25,200 hectares) considered prospective for VMS Zn-Pb-Cu-Ag-Au base metal deposits. This extensive land package includes the Company’s 73.5 km² Buchans Project that hosts the Company’s large undeveloped Lundberg stockwork sulphide deposit as well as all of the past producing orebodies within the historic Buchans Mining Camp from which ASARCO mined **16.2 million tonnes** of ore 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.**

Collaboration Agreement with Boliden

On January 5, 2021, Buchans announced entering into a Collaboration Agreement with Boliden Mineral AB under which Boliden will evaluate the Company’s Buchans VMS property for possible future investment and participation. Boliden Mineral AB, (“Boliden”) a Swedish public limited company, is part of the Boliden Group and is a wholly owned subsidiary of Boliden AB (publ), a leading European mining and metals producer of the metals zinc, copper, lead and nickel.

The Collaboration Agreement outlines the terms and conditions under which Buchans will provide information about and access to the property for the purpose of facilitating Boliden’s evaluation of the Project and Boliden will share with Buchans technical data from its review and deliver to Buchans relevant technical data compiled by Boliden with respect to the Project.

Buchans is pleased to have signed this collaboration agreement with Boliden that will combine the Company’s in-depth, hands-on, knowledge of the historic Buchans camp with Boliden’s experience and technological expertise in near-mine exploration for VMS base metal deposits.

Boliden has achieved considerable exploration success near established historic mine sites, including at its world-class Garpenberg VMS mine located in one of Sweden’s oldest mining areas, and at its world-class Tara Zn/Pb mine in Ireland. Buchans believes this collaboration between Boliden and Buchans can lead to future discoveries of new buried, high-grade, orebodies that could lead to revitalization of this world-renowned historic VMS mining camp.

Subject to the outcome of Boliden’s evaluation, it is the intention of the Parties to discuss and negotiate in good faith, during the Exclusivity Period, an earn-in and option agreement pursuant to which Boliden shall be given a right to earn an interest in the Project against contributing to the funding of the development of the Project during a certain period of time (the “Earn-in and Option Agreement”) and a joint venture agreement which shall govern the Parties’ interest in the Project in the event Boliden exercises its right to earn an interest in the Project (the “JV Agreement”).

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Boliden has agreed to contribute \$600,000 to Buchans towards the costs of maintaining the Property and approved ongoing exploration and evaluation programs to be undertaken by Buchans on the Property during the Exclusivity Period.

Buchans has agreed to grant Boliden exclusivity for a period of one year to December 31, 2021 to complete its evaluation and negotiate the Earn-in and Option Agreement and the JV Agreement during which period Buchans has agreed not to provide information to or negotiate with any third party on the Buchans Project, and, assuming Boliden submits a proposal, a right of first refusal for a further six-month period.

Lundberg Deposit – potential open pit mine development The Lundberg deposit is the largest and most advanced base metal deposit in the district and has been the subject of multiple initiatives by the Company designed to advance the deposit towards open pit mine development including advanced resource delineation, metallurgical work and other technical assessments. Lundberg's current In-pit resource estimate contains more than 1.25 billion pounds Zinc Equivalent of which 97.8% of the resources occur in the higher confidence Indicated category. The resource estimate includes **Indicated In-pit resources totalling 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% Zn Eq)** as well as **Inferred In-pit 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)** [Technical Report entitled: "NI 43-101 Technical Report and Mineral Resource Estimate on the Lundberg Deposit, Buchans Area, Newfoundland and Labrador, Canada", dated April 15, 2019, filed on SEDAR].

Buchans plans to undertake further exploration and pre-development activities within the Buchans Project to independently advance its Lundberg deposit as a potential open pit mining and milling operation. Among activities planned for Lundberg in 2021 is a diamond drilling program designed to explore for additional high-grade resources adjacent to Lundberg that might complement its development as a large open pit or combined open pit-underground mining project. The proposed target area, known as the **Two Level target**, was last drilled by the Company in 2018 and returned drilled intercepts of **1.8 metres** of high-grade mineralization assaying **9.48% combined base metals (Zn+Pb+Cu) as 0.76% Cu, 3.15% Pb, 5.57% Zn, 90.5 g/t Ag & 0.37 g/t Au**, including **1.0 m assaying 14.83% combined base metals as 1.26% Cu, 4.87% Pb, 8.70% Zn, 133.2 g/t Ag & 0.47 g/t Au**. Buchans believes this area holds considerable potential to host additional mineralization that could significantly increase the deposit's metal inventory and enhance Lundberg's development.

The Company also controls several projects in the greater Buchans district, including its Tulks North and Tulks Hill properties that host several smaller VMS base metal deposits or "satellite deposits" located less than 45 km south of Lundberg. These VMS deposits, the Daniels, Bobbys and Tulks Hill, each have National Instrument 43-101 compliant mineral resource estimates and are considered to have excellent exploration potential.

Gold in Newfoundland and Nickel-Copper- Cobalt in Labrador

Buchans also controls several gold and nickel-copper-cobalt (Ni-Cu-Co) properties in Newfoundland and Labrador. Among these are several gold projects located in central Newfoundland located less than 50 km from Marathon Gold Corporation's (TSX-MOZ) Valentine gold project where Marathon recently announced a positive Feasibility Study (Marathon news release dated March 29, 2021). In addition, Buchans owns several properties located less than 35 km from two high-grade gold discoveries currently being drilled by New Found Gold Corp. (TSX.V-NFG) within their Queensway gold project.

Buchans also plans to undertake additional prospecting and exploration on several of its 100%-owned central Newfoundland gold projects in 2021, including prospecting, follow-up soil geochemical surveys, trenching, and potentially drilling to further explore these earlier-stage but highly prospective properties.

Buchans plans to conduct its 2021 field programs in accordance with government imposed Covid-19 protocols and restrictions. As such, these programs as well as the Company's ability to finance and complete these programs may be adversely affected by future impacts and protocols related to the COVID-19 pandemic.

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PLAN OF ARRANGEMENT – Group restructuring

On December 31, 2019, the Company filed Articles of Arrangement to implement a group reorganization whereby the shares of two wholly-owned subsidiaries were distributed to shareholders pursuant to a Plan of Arrangement, which was approved by shareholders on December 10, 2019, and sanctioned by the Ontario Superior Court of Justice on December 19, 2019.

Under the Plan of Arrangement, shareholders retained their existing shares of Buchans, and the Company distributed to its shareholders, pro rata, all of the shares of Canadian Manganese Company Inc. (“Canadian Manganese”) and exchangeable warrants entitling shareholders to receive either one share of Minco Exploration plc (“Minco Exploration”) or 0.25 additional shares of the Company, at their option, for each share of Buchans held.

As a consequence of the Arrangement becoming effective on December 31, 2019, the mineral exploration business and projects previously owned and operated by Buchans are now held by three separate public companies. Buchans itself retains the base and precious metals projects in the Province of Newfoundland and Labrador; Canadian Manganese holds the Woodstock Manganese Project in the Province of New Brunswick; and Minco Exploration holds the exploration projects in Ireland.

CENTRAL NEWFOUNDLAND VMS Target Areas – Buchans Mining District

Newfoundland – Base Metals

Buchans Base Metals Project

Buchans controls mineral rights within the world-renowned Buchans Volcanogenic Massive Sulphide (VMS) mining camp where former operators, ASARCO, operated a high-grade base metal mining complex recognized internationally as one of the world’s highest grade base metal VMS mines. The Company’s 100% owned Buchans Project measures more than 73.5 square kilometres (7,350 hectares) and covers all of the Buchans Camp’s past producing orebodies and key undeveloped prospects. Historic mining by ASARCO within the current property produced more than 16.2 million tonnes of ore 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 ore exhaustion and mine closure in 1984.

Recognizing the almost unique high-grade nature of the former Buchans orebodies, the Company’s approach at Buchans has been two-fold. First, to identify lower grade resources that may not have been developed by the past mining operations, and second, to discover new high-grade orebodies comparable to the historic mined orebodies.

With respect to the latter, Buchans has undertaken multiple initial, target specific, exploration programs throughout the Buchans Project while also investigating the project’s overall potential by relogging archived historic drill cores from across the property’s key undeveloped prospects. To date the Company has relogged approximately 155,000 metres of drill core from 850 holes as a means of identifying and delineating favourable areas for further exploration for new buried high-grade orebodies.

Seeking to benefit from this considerable knowledge of the Buchans Project and its deposits, in early 2021 the Company entered into a Collaboration Agreement with Boliden under which Boliden is evaluating the Company’s Buchans Project for possible future investment and participation to explore for additional high-grade orebodies. Under the Collaboration Agreement Boliden is contributing \$600,000 towards ongoing evaluation programs to be undertaken by Buchans working collaboratively with Boliden.

Work under the Collaboration Agreement commenced in January 2021 and to date Buchans has undertaken a coordinated compilation of past work on the project and begun compiling this data, together with its relogging data, into a new 3D geological model of the Buchans Project. In addition, Buchans has compiled the project’s geophysical datasets for evaluation and modelling by Boliden in-house geophysicists. Both of these activities are ongoing and are expected to culminate in the confirmation of priority exploration targets for buried high-grade Buchans VMS deposits and provide specific recommendations for future exploration surveys and drilling to be considered by Boliden for future participation and investment.

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With respect to the Company's goal of identifying undeveloped lower grade resources within the Buchans Project, the Company continues to advance its Lundberg stockwork deposit as a potential open mine development. This deposit hosts a large lower grade resource of near-surface mineralization located immediately beneath workings of the previously mined high-grade Lucky Strike massive sulphide orebody from which ASARCO mined approximately **5.6 million tonnes** of ore averaging **18.4% Zn, 8.6% Pb, 1.6% Cu, 112 g/t Ag & 1.7 g/t Au**, essentially pre-stripping a large portion of the Lundberg resource.

On March 1, 2019 Buchans reported an updated pit-constrained Mineral Resource Estimate for Lundberg containing more than 1.25 billion pounds Zinc Equivalent, with 97.8% of the Mineral Resources in the Indicated category [Technical Report entitled: "NI 43-101 Technical Report and Mineral Resource Estimate on the Lundberg Deposit, Buchans Area, Newfoundland and Labrador, Canada", dated April 15, 2019, filed on SEDAR].

The Resource Estimate, effective February 28, 2019, includes Indicated In-pit 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% Zn Eq) and Inferred In-pit 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% Zn Eq). The Resource Estimate was estimated within an optimized pit shell at a cut-off grade of US\$20/t NSR and is considered to reflect reasonable prospects for economic extraction in the foreseeable future using conventional open-pit mining methods. The resource applied metal price assumptions of US \$1.20/lb Zn, \$1.00/lb Pb, \$3.00/lb Cu, \$1,250/oz Au, and \$17/oz Ag.

The Resource Estimate was completed by Mercator Geological Services of Dartmouth Nova Scotia and 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. 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.

Two Level Target (Lundberg Deposit - Supplementary Target)

Buchans recognizes further enhancements for development of Lundberg could be achieved through exploration by the discovery of additional higher-grade mineral resources immediately adjacent to the lower-grade Lundberg deposit. To this end, the Company has reviewed the potential of the area to host additional high-grade resources that might supplement an open pit mine development at Lundberg as either in-pit or underground resources.

Since 2014, the Company's has been engaged in an ongoing major relogging program, reviewing archived drill cores from its Buchans project. This program is being undertaken as a means of identifying and evaluating additional exploration target areas throughout the project that have potential for discovery of new high-grade Buchans orebodies. To date, the program has identified multiple target areas warranting further exploration, including the Two-Level (Lucky Strike) mine area, located immediately north of the Lundberg deposit, where the Company believes potential exists to discover additional high-grade resources down plunge of previous exploration drilling.

The Two-Level target area covers the on-strike extension of favourable geology extending westward from drilling completed by the Company in 2018 where hole H-18-3524 intersected **1.0 m assaying 14.83% combined base metals (%Cu+%Pb+%Zn or "CBM") as 8.70% Zn, 4.87% Pb, 1.26% Cu, 133.2 g/t Ag and 0.47 g/t Au**, just north of Lundberg and beyond the reach of the underground workings of the former Lucky Strike Mine. (see Buchans News Release dated November 20, 2018).

The Company believes the Two-Level target area is underexplored, as historic drilling from surface tended to be drilled at either wide spacings or too shallow to adequately test this concept, and further believes that a significant deposit, comparable to previously mined underground orebodies in the Buchans camp, may yet be discovered in this area. Likewise, historic drilling completed from underground is also considered to have not adequately tested this area as underground drilling typically failed to test areas beyond the limits of previously mined orebodies where down-dropped extensions to the ore trend may occur.

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Based on results of the Company's 2018 drilling and subsequent relogging, Buchans believes the Two-Level area holds potential for discovery of additional high-grade ore that could complement the Lundberg potential open pit development, or perhaps extend down plunge into areas capable of hosting much larger deposits that could be developed as new underground orebodies.

Buchans is planning a minimum 3-hole, 1,500 metre drill program to test the Two-Level target in summer 2021.

Other Central Newfoundland VMS Projects - Tulks Belt

Also, in central Newfoundland, the Company owns mineral rights to several projects, including 3 additional VMS deposits with National Instrument 43-101 mineral resource estimates, including the Daniels, Bobbys, and Tulks Hill base metal deposits. Results from recent work undertaken on these projects in 2018 and 2019 are considered encouraging, but were not followed up in 2020 due to the Covid pandemic. The Company remains committed to these projects, and subject to market conditions and COVID operational restrictions, the Company may undertake additional exploration on these projects in 2021.

Exploration within the Tulks North property in 2019 included review and interpretation of geophysical data acquired in 2018, including modelling of conductive anomalies identified by airborne and borehole geophysical surveys undertaken by the Company at its Daniels and Bobbys deposits. Recommendations derived from work undertaken in 2019 include follow-up in several target areas, including additional deep drilling at both the Daniels and Bobbys deposits, as both of these deposit areas host newly identified conductors that remain to be tested by drilling. In addition, reviews of available geophysical data have re-characterized conductive responses associated with the Daniels and Bobbys deposits and identified additional conductive targets within the property warranting further investigation.

Based on exploration completed prior to 2018, the Daniels deposit is estimated to host Indicated resources totalling 929,000 tonnes averaging 0.34% Cu, 2.50% Pb, 5.13% Zn 101.4 g/t Ag and 0.63 g/t Au as well as Inferred resources of 332,000 tonnes averaging 0.30% Cu, 2.13% Pb, 4.61% Zn, 85.86 g/t Ag and 0.53 g/t Au, at a 2% Zn Cut-off [Technical report dated June 13, 2008 and entitled "Revised Technical Report on the Daniels Pond Deposit and Property Holdings of Royal Roads Corp., Red Indian Lake Area, Newfoundland, Canada" by Peter C, Webster, B.Sc., P.Geol., P. James F. Barr, B.Sc., and Rafael Cavalcanti de Albuquerque, B.Sc. of Mercator Geological Services Limited].

Based on drilling completed prior to 2018, the Bobbys deposit is estimated to host Indicated resources totalling 1,095,000 tonnes averaging 0.86% Cu, 0.44% Pb, 4.61% Zn, 16.56 g/t Ag and 0.20 g/t Au, as well as Inferred resources of 1,177,000 tonnes averaging 0.95% Cu, 0.27% Pb, 3.75% Zn, 10.95 g/t Ag and 0.06 g/t Au using a 1.1% copper equivalent cut-off [Technical report dated July 31, 2008 entitled "Technical Report on the Bobbys Pond Cu-Zn Deposit, Newfoundland and Labrador, Canada" by Hrayr Agnerian, M.Sc. (Applied), P.Geol. of Scott Wilson Roscoe Postle Associates Inc].

Tulks Hill Deposit

Buchans currently holds 100% Interest in the Tulks Hill property, located approximately 25 km southwest of its Daniels deposit. This property hosts a NI-43-101 Indicated resource (T-3 lens) of 431,000 tonnes averaging 0.89% Cu, 3.97% Zn, 1.61% Pb, 35.09 g/t Ag and 1.17 g/t Au [Technical Report on the Tulks Hill Cu- Zn Project, Newfoundland & Labrador, Canada. Prepared for the Tulks Hill Joint Venture between Prominex Resources Corp (Operator) and Buchans River Limited by Hrayr Agnerian, M.Sc.(Applied), P.Geol., Scott Wilson Roscoe Postle Associates Inc. July 22, 2008].

The Company is considering undertaking additional work on this property in 2021 that may include compilation of available historic exploration data, including data recently acquired by Prominex Resource Corp., Buchans' former JV partner on the property from December 2005 until 2019. The purpose of this compilation would be to determine an exploration strategy to advance this project.

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Exploring for gold in Newfoundland and Labrador

Buchans controls several gold projects in central Newfoundland and northern Labrador, including its 21.75 km² Lake Douglas and its 46 km² Long Range gold projects in central Newfoundland. These projects were generated outside of its central Newfoundland VMS properties as additional exploration opportunities with potential to generate significant shareholder value.

Buchans plans to undertake additional prospecting and exploration on several of its 100%-owned central Newfoundland gold projects including prospecting, follow-up soil geochemical surveys, trenching, and potentially drilling, to further explore these earlier-stage but highly prospective properties (news release dated March 5, 2021). These properties include the Company's holdings near Marathon Gold Corporation's (TSX-MOZ) Valentine project (i.e., Buchans' Long Range and Lake Douglas projects) as well as within the same structural belt that hosts New Found Gold Corp.'s (TSXV-NFG) Queensway project (i.e., Buchans' Exploits properties).

Long Range Project

The Long Range Project includes claims owned 100% by Buchans, as well as claims held 51.5% in Joint Venture with Benton Resources Inc. (TSXV-BEX).

Among properties to be explored by Buchans in 2021 are claims that are 100% owned by Buchans and cover several gold-in-bedrock prospects discovered by past explorers. These prospects have received minimal follow-up by past explorers and include the Little Barachois Brook prospect where historic outcrop grab samples returned assays of 112 g/t Au and 363 g/t Ag as reported by Teck Exploration in 1994, the Abbot's Brook prospect where historic outcrop grab sample assays of 7.01 g/t Au and 9.02 g/t Ag were reported by Marathon Gold in 2011, and Silver Pond, where historic outcrop grab sample assays of 21.42 g/t Au and 60 g/t Ag were reported by Metals Creek Resources Corp. (TSXV-MEK) in 2012.

Buchans plans to undertake initial prospecting on its newly acquired claims in 2021 to assess these prospects in advance of considering additional exploration on these early-stage properties.

Lake Douglas Gold Property

Buchans owns a 100% interest in the 2,075-hectare (21.8 km²) Lake Douglas gold property that covers the on-strike extension of favourable structures associated with gold mineralization located 15 km northeast of Marathon Gold Corporation's Valentine project and bordered by Canterra Minerals Corporation (TSXV-CTM).

On February 24, 2021, Canterra announced a 2,000 m drill program on their property to further test the known Elm, Alder and Red Ochre showings located approximately 5 km on strike, southwest of Buchans' Lake Douglas property. Results have not yet been released by Canterra; however drilling in these target areas in 2017 previously returned intercepts of 10.0 g/t Au over 5.35 m, including 49.9 g/t Au over 0.98 m (Antler Gold Inc. (TSXV-ANTL) news release dated December 13, 2017).

Buchans plans to conduct soil sampling and trenching to follow-up favourable results from soil sampling completed by the Company in 2018 that returned several untested gold-in-soil anomalies including gold-in-soil anomalies with values up to 317 ppb Au.

Exploits Properties

Buchans holds three gold properties totalling 8.25 km² (Exploits Properties) located within and adjacent to New Found Gold Corp.'s (TSXV-NFG) Queensway project. In 2020, New Found Gold announced initial high-grade drilling results that included intercepts of 93 g/t Au over 19 m (core length) from their Keats Zone (New Found Gold news release dated January 28, 2020), and 41.2 g/t Au over 4.75 m (core length) from the nearby Lotto Zone (New Found Gold news release dated October 2, 2020) and continue to release positive drilling results from both prospects (New Found news releases dated April 7, 2021 and March 23, 2021).

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Buchans plans to undertake prospecting on each of these early-stage properties situated within the same structural corridor as the Queensway project in 2021.

Tasiuyak Gold Property, Labrador

Buchans holds a 100% interest in its Tasiuyak gold property in Labrador, located 10 km south of Vale's Voisey's Bay nickel-copper-cobalt mine, and covering the VBE-2 gold prospect discovered by previous explorers during the Voisey's Bay exploration rush in the mid-1990s.

Exploration was last undertaken on this project by Buchans in 2018 and returned sawn bedrock channel sample assays from the VBE-2 prospect of up to **8.51 g/t Au & 0.93 g/t Ag over 4.8 m**, including **31.91 g/t Au over 0.85 m** (news release dated December 14, 2018). Prospecting undertaken along strike of the prospect in 2018 traced the host horizon over a 3-kilometre strike where sawn channel samples returned assays of up to 0.69 g/t Au over 0.50 m, 2 km south of the VBE-2 prospect. In November 2020, Buchans acquired additional claims expanding its Tasiuyak Gold property to 22.75 km² from its previous coverage of 11.5 km² to cover several favourable poorly explored sulphide-bearing graphitic metasedimentary horizons west of the original property.

Buchans believes mineralization within its Tasiuyak property may be analogous to stratabound mineralisation at the former Homestake mine in South Dakota that produced more than 40 million ounces of gold and 9 million ounces of silver from approximately 150 million tonnes of ore averaging approximately 8.4 g/t Au (0.24 oz/ton). As such, the Company believes the property represents an excellent exploration opportunity for discovery of new gold deposits in a frontier area.

Given the difficulties of undertaking follow-up exploration on this remote project while Covid restrictions are in place, the Company has elected to defer additional exploration on this project in 2021.

Exploring for nickel-copper-cobalt in Labrador

Since 2016, Buchans has staked several properties in Labrador 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 5 claims (1.25 km²) covering mineralized troctolite at Voisey's Bay itself.

South Voisey's Bay:

The South Voisey's Bay property is located 80 km south of Vale's Voisey's Bay mine and covers mineralized troctolitic gabbros comparable in age and composition to rocks hosting the Voisey's Bay mine.

Previous explorers identified several showings and prospects within Buchans' property, including historic drilled intercepts of **1.1 m of 11.9% Ni, 9.6% Cu, and 0.43% Co, 0.65 m of 1.93% Ni, 1.07% Cu and 0.26% Co, and 15.7 m averaging 1.13% Ni, 0.78% Cu, 0.20% Co** drilled in the late 1990s.

Since acquiring this 9 km² property, Buchans has completed a review of past work on the property, largely focused on previous geophysical surveys completed within Buchans' claims and the surrounding area. This review was led by a leading consultant geophysicist in 2019 and highlighted anomalies detected by previous geophysical surveys warranting further follow-up as potential targets for buried Voisey's Bay-style magmatic sulphide deposits. The Company is encouraged by these findings and may either undertake additional work on this property in the future or seek a joint venture partner. Given difficulties of undertaking further exploration on this remote project while Covid restrictions are in place, the Company has deferred further field exploration on this project.

Voisey's Bay (Luk):

In December 2018, Buchans acquired by staking five claims (1.25 km²) located 8 km southwest of Vale's (NYSE-VALE) Voisey's Bay nickel-copper-cobalt mine in northern Labrador. Known as the Luk Property, this property covers prospective troctolitic rocks that hosts the Voisey's Bay mine on Vale's adjacent mine property.

Buchans' property is surrounded by Vale's Voisey's Bay mine property, where Vale recently announced a \$US 1.7 billion mine expansion to develop two additional deposits as underground mines adjacent to the currently operating Voisey's Bay Ovoid open pit mine.

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Buchans plans to review available historic data on the Luk property prior to determining a strategy to advance this prospective nickel-copper-cobalt property.

Qualified Person

Paul Moore, P. Geo., Vice President Exploration, is the Company's designated non-Independent Qualified Person and has reviewed and approved the technical and scientific contents relating to Buchans in this MDA.

EXPLORATION AND EVALUATION ASSETS

For the year ended December 31, 2020 and 2019

	December 31 2020 \$	Additions \$	December 31 2019 \$	Additions \$	December 31 2018 \$
Buchans/Lundberg	9,110,211	317,989	8,792,222	438,747	8,353,475
Bobby's Pond	1,717,291	11,980	1,705,311	31,608	1,673,703
Tulks	1,387,481	(51,699)	1,439,180	141,382	1,297,799
Lake Douglas/Long Range	638,613	386	638,227	(399)	638,626
South Voisey Bay/Tisiuyak	216,147	(6,036)	222,183	43,481	178,702
	<u>13,069,743</u>	<u>272,620</u>	<u>12,797,123</u>	<u>654,818</u>	<u>12,142,305</u>

CANADIAN MANGANESE COMPANY INC - Woodstock

Prior to December 31, 2019, the Company, held interests in the Woodstock manganese project located northwest of the town of Woodstock, New Brunswick, through its wholly owned subsidiary Canadian Manganese ("CMC"). On December 31, 2019, the Company distributed to its shareholders, pro rata, all of the shares of Canadian Manganese on the basis of one share of Canadian Manganese for each share of Buchans held.

MINCO EXPLORATION PLC - Zinc exploration in Ireland

On December 31, 2019, under the Plan of Arrangement, Buchans distributed to its shareholders exchangeable warrants entitling shareholders to receive either one share of Minco Exploration Limited or 0.25 additional shares of Buchans, at their option, for each share of Buchans held.

During the year ended December 31, 2020, 10,118,844 Exchangeable Warrants were exchanged into 2,269,744 Buchans shares, and 1,039,844 Warrants were exchanged into Minco Exploration shares. On December 31, 2020 the 49,564,720 remaining unexercised Exchangeable Warrants were automatically exchanged for shares of Minco Exploration. Accordingly, as a result of the exchange of 9,079,000 Exchangeable Warrants into Buchans shares, Buchans held 9,079,000 shares of Minco Exploration as an investment in associate at 31 December 2020.

Minco Exploration holds zinc-lead exploration licences in the Republic of Ireland operated by its wholly owned subsidiaries, either alone or in joint venture with Boliden Tara Mines. Minco Exploration 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 130 million tonnes Tara zinc-lead mine at Navan. Minco Exploration is also participating in a joint venture with Boliden Tara Mines on Licence 3373, contiguous to the west with Licence 1440R, where Minco Exploration can earn up to a 75% interest, and in a joint venture with Boliden Tara Mines on twelve Prospecting Licences in County Galway where Minco Exploration can earn up to a 50% interest. Minco Exploration also holds two prospecting licences at Moate, County Westmeath.

During the year ended December 31, 2020, Minco Exploration completed a private placement financing through subscriptions for 11,000,000 new ordinary shares at a price of €0.05 per share to raise a total of €550,000 (\$833,333) to fund its working capital and planned exploration programs.

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XTIERRA INC.

As at December 31, 2020, Buchans held 30 million shares in Xtierra Inc. (“Xtierra”), a company listed on the TSX Venture Exchange under the symbol “XAG”, now representing an approximate 18.4% interest, and also held 13,000,000 share purchase warrants entitling Buchans to purchase one common share for \$0.05 until April 30, 2021. The market value of the Xtierra shares at December 31, 2020 based on the market price of Xtierra shares on the TSX Venture Exchange was \$2,850,000.

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 and is also pursuing new opportunities, including mineral exploration and development projects, and

During June and July 2020, Xtierra raised \$1,000,000 through the issue of 20,000,000 new shares at \$0.05 per share. In August 2020, Xtierra announced its intention to re-assess the Bilbao deposit based on the recent rise in silver prices which had approached the level estimated in the 2014 PEA. With the goal of exploring the silver potential in the area as well as the main Bilbao deposit, an internal review of the prior drilling of 113 holes was made which identified 74 holes with higher silver values suggesting a target for further exploration of a potential mine deposit of three to four million tonnes with a probable grade in the range of 200-240 g/t Ag, plus lead, zinc and copper by-product. The potential quality and grade is conceptual in nature, there has been insufficient exploration to define a mineral resource and it is uncertain if future exploration will result in the target being delineated as a mineral resource.

In September 2020, Xtierra initiated a small drill campaign of 5 holes for a total of 1500 meters into two previously identified areas of high grade silver mineralization. The first target area is located adjacent to and west of the main Bilbao Silver-Lead-Zinc deposit. This high grade silver zone runs north-south over a strike length of approximately 500 meters. The objective of drilling two holes into this silver zone is to confirm the continuity of the high grade silver values to the northwest between drill holes X42 and X75 and to the south between drill holes X84B and X96 which are separated by 100 meters. The second target area is The El Cabezon vein which is exposed over 600 meters where the objective is to drill 2 holes in search of the continuity of the mineralization of the silver vein below the old mine where three levels were exploited. A third hole was drilled to seek the continuity 400 meters to the northwest of the first drill hole and is located in the Bilbao 2 concession where the area has potential to offer additional tonnage based on similar results from trenching, sampling and soil geochemistry.

In April 2020 Xtierra acquired 88% of Minera Portree de Zacatecas, S.A. de C.V. which holds various legal or royalty interests in certain mineral properties in Mexico, including the Company’s Bilbao property and an asserted claim to a 2% net smelter royalty on six mining concessions located adjacent to the Cozamin Mine in Zacatecas operated by Capstone Mining Corp.

At December 31, 2020, the Company held secured Notes receivable from Xtierra in the amount of US\$796,477 (\$1,014,785). By an Extension Agreement dated as of February 7, 2020, as amended by an Amending Agreement dated April 30, 2020, the term of the Notes was extended for an additional period to April 30, 2021, in consideration of the issue to Buchans, following TSXV approval, 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 to April 30, 2021.

In the year ended December 31, 2020, the Company recorded a non-cash finance income from receipt of Xtierra warrants in the amount of \$259,234 and a gain in fair value of the Xtierra warrants in the amount of \$292,176.

On April 27, 2021, Buchans exercised the warrants and acquired 13,000,000 shares of Xtierra for a consideration of \$650,000.

On April 27, 2021, the Notes receivable from Xtierra were reduced by the payment of \$750,000 and by a Second Extension Amendment Agreement dated April 27, 2021, the Support Agreement between Buchans and Xtierra was further amended to provide that interest on the remaining balance of the notes receivable from Xtierra in the amount of \$250,000 will resume to accrue at the rate of 5% per annum effective May 1, 2021 until paid, and the Term of the Support Agreement was extended for a further period to April 30, 2023.

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RESULTS OF OPERATIONS

Buchans recorded no revenue in the years ended December 31, 2020 or December 31, 2019.

For the year ended December 31, 2020, the Company recorded an income of \$2,930,790. The gain included a non cash finance income from the receipt of Xtierra warrants in the amount of \$259,234, a loss in fair value of the Exchangeable Warrants of (\$277,759), a gain in fair value of the Xtierra warrants in the amount of \$292,176, a gain in the amount of \$3,241,452 arising on the disposal of the Exchangeable Warrants, and a loss in the amount of \$165,779 attributable to discontinued operations.

For the year ended December 31, 2019, the Company recorded a loss of \$1,160,604. The loss included a loss in fair value of the Xtierra warrants in the amount of \$334,462, lease depreciation in the amount of \$225,262, \$60,992 finance costs in accordance with IFRS 16, Leases, and a loss in the amount of \$290,726 attributable to discontinued operations.

For the three-month period ended December 31, 2020, the Company recorded income of \$2,287,144. The gain included a loss in fair value of the Xtierra warrants in the amount of \$803,967, a change in fair value of the Exchangeable Warrants of (\$277,759), a gain in the amount of \$3,241,452 arising on the disposal of the exchangeable warrants, and a loss in the amount of \$99,666 attributable to discontinued operations. The Company also received a government payroll subsidy in the amount of \$21,331.

For the three-month period ended December 31, 2019, the Company recorded a loss of \$404,662. The loss for the three-month period ended December 31, 2019 included a loss in fair value of the Xtierra warrants in the amount of \$155,980, \$61,435 depreciation and \$14,861 finance costs in accordance with IFRS 16, Leases.

During the year ended December 31, 2020, Buchans invested \$334,350 (2019 - \$1,023,301) on exploration of its mineral properties.

SELECTED ANNUAL INFORMATION

The following selected annual information has been derived from the financial statements of the Company, which have been prepared in accordance with International Financial Reporting Standards.

Expressed in \$000's, Except for per share amounts	Year ended Dec. 31, 2020 \$	Year ended Dec. 31, 2019 \$	Year ended Dec. 31, 2018 \$
Net income/(loss) from continuing operations	3,097	(870)	470
Net (loss) from discontinued operations	(166)	(291)	(496)
Total income/(loss) before taxation	2,931	(1,161)	(26)
Net income/(loss) for the period	2,931	(1,161)	(42)
Net income/(loss) per common share from continuing operation	0.051	(0.015)	0.008
Net (loss) per common share from discontinued operations	(0.003)	(0.005)	(0.009)
Total assets	16,847	17,664	22,455
Cash and cash equivalents	780	1,443	2,895
Shareholders equity	16,293	12,043	22,104

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SUMMARY OF QUARTERLY RESULTS

Expressed in \$000's, Except for per share amounts	Dec. 31 2020 \$	Sept. 30 2020 \$	June 30 2020 \$	March 31 2020 \$	Dec. 31 2019 \$	Sept. 30 2019 \$	June 30 2019 \$	Mar. 31 2019 \$
Net (loss) income	2,287	709	423	(488)	(405)	(138)	(285)	(333)
Net (loss) income per - basic and diluted	0.038	0.011	(0.001)	(0.008)	(0.007)	(0.002)	(0.005)	(0.006)
Total assets	16,847	19,341	18,837	17,711	17,664	22,248	22,334	22,677
Working capital	1,464	560	727	933	1,239	1,386	1,944	2,234

- The loss for the quarter ended March 31, 2019 included a loss in fair value of the Xtierra warrants in the amount of \$131,476.
- The loss for the quarter ended June 30, 2019 included a loss in fair value of the Xtierra warrants in the amount of \$82,537.
- The loss for the quarter ended September 30, 2019 included a gain in fair value of the Xtierra warrants in the amount of \$35,531.
- The loss for the quarter ended December 31, 2019 included a loss in fair value of the Xtierra warrants in the amount of \$155,980.
- The loss for the quarter ended March 31, 2020 included a foreign exchange gain in the amount of \$86,015, a loss in fair value of the exchangeable warrants in the amount of \$296,569, a loss in fair value of the Xtierra warrants in the amount of \$72,450, and a loss in the amount of \$46,415 attributable to discontinued operations.
- The gain for the quarter ended June 30, 2020 included a non cash finance income from the receipt of 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 fair value of the exchangeable warrants in the amount of \$81,995, and a loss in the amount of \$6,505 attributable to discontinued operations.
- The gain for the quarter ended September 30, 2020 included a gain in fair value of the Xtierra warrants in the amount of \$945,331, a loss in fair value of the exchangeable warrants in the amount of \$93,204, and a loss in the amount of \$13,192 attributable to discontinued operations.
- The loss for the quarter ended December 31, 2020 included a loss in fair value of the Xtierra warrants in the amount of \$803,967, a change in fair value of the Exchangeable Warrants of (\$277,759), a gain in the amount of \$3,241,452 arising on the disposal of the exchangeable warrants, and a loss in the amount of \$99,666 attributable to discontinued operations.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2020, Buchans held \$780,219 (December 31, 2019- \$1,443,246) in cash and cash equivalents and had a working capital surplus of \$1,463,756, compared to a working capital surplus of \$1,238,704 at December 31, 2019.

The market value of the Company's Xtierra shares at December 31, 2020 was \$2,850,000 based on the market price of Xtierra shares on the TSX Venture Exchange.

At December 31, 2020, Buchans held mineral properties with a combined book value of \$13,069,743. The balance sheet values for these assets may not represent the value which could be obtained if the assets were to be offered for sale.

The Company relies on equity financing to generate additional financial resources to fund its working capital requirements and to fund its planned exploration programs. If the Company is unable to obtain adequate additional financing, the Company may be required to discontinue operations and exploration activities.

The Company's operations could be significantly adversely affected by the effects of the COVID-19 pandemic. The Company cannot predict the impact COVID-19 will have on its operations, including uncertainties relating to the

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duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments. In addition, this widespread health crisis has adversely affected the economies and financial markets, resulting in an economic and financial downturn that could further affect the Company's ability to finance its operations.

RELATED PARTY TRANSACTIONS

No fees were paid by the Company to directors for their services as directors of the Company in the years ended December 31, 2020 or 2019.

During the year ended December 31, 2020, the Company paid or accrued \$32,844 to Steenberglaw Professional Corporation, a corporation controlled by Neil Steenberg, secretary of the Company, for legal services (2019 - \$145,908).

Included in accounts payable and accrued liabilities at December 31, 2020 is \$854 payable to Steenberglaw Professional Corporation for legal services (2019 - \$82,960).

Included in accounts receivable at December 31, 2020 is \$278,755 (2019 - \$142,191) receivable from related parties, including \$140,202 (2019 - \$109,191) from Canadian Manganese Co. Inc. covering administration services, \$129,553 (2019 - \$109,191) from Minco Exploration Plc covering administration services, and \$9,000 (2019 - \$33,000) receivable from Labrador Iron Mines for rent.

All amounts owing to or from related parties are non-interest bearing, unsecured and due on demand unless otherwise stated.

COMMITMENTS

In connection with a prior financing completed by the issuance of flow-through shares, the Company provides subscribers with indemnification for any tax liability that may arise if the Company is found to have not incurred the qualifying exploration expenditures required in accordance with the flow-through subscription agreements.

The Company is party to certain employment contracts. These contracts contain aggregate minimum commitments of approximately \$281,000 (2019 - \$281,000). As a triggering event has not taken place, the contingent payments have not been reflected in these financial statements.

The following is a summary of undiscounted contractual payments in connection with the Company's office lease:

Year	\$
2021	237,633
2022	<u>26,452</u>
Total contractual cash flows	<u>264,085</u>

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.

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Adoption of New Accounting Standards

The standards and interpretations within IFRS are subject to change. For further details, please refer to Note 4 to the December 31, 2020 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 mineral deposit of commercial ore. Development of the subject mineral properties would follow only if favourable exploration results are obtained and a positive feasibility study is completed.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that Buchans' mineral exploration and development activities will result in any discoveries of commercial mineral deposits. 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 required mining and processing facilities and infrastructure. 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 mineral deposits, 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 of exploration and evaluation assets.

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.

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The COVID-19 pandemic is presenting unprecedented challenges to individual health, communities, jobs, businesses and economies, and specifically to public companies, shareholders and investors. The economic fallout from the COVID-19 pandemic will lead to the need for additional sources of financing through the crisis while the pandemic-related market downturn and the need to manage cash in an uncertain economic environment brings into question the appropriateness and prudence of continuing with planned programs at previously anticipated levels.

The Company relies on equity financing to generate additional financial resources to fund its working capital requirements and to fund its planned exploration programs. The COVID-19 pandemic has adversely affected financial markets and investor interest in public companies that could affect the Company's ability to finance its operations.

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 Metal Prices

Metal prices are subject to significant fluctuations 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 China, North America, and/or Europe is not sustained; increases in supply resulting from the discovery and the development of new sources of metals; and supply interruptions, due to changes in government policies, war, or international trade disputes or embargos. The effect of these factors on the future price of metals and their effect 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.

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

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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 \$780,219 in cash and no cash equivalents at December 31, 2020. 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 December 31, 2020.

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 rise to credit risks on the amounts due from counterparties. 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 December 31, 2020 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 counterparties 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\$) and US Dollars (US\$), 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 19 of the December 31, 2020 audited financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

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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 exchangeable warrants and short-term investments as fair value through profit or loss, which are measured at fair value. Cash and receivables and other assets are measured at amortized cost. Trade and other payables and lease obligations are classified for accounting purposes as financial liabilities measured at amortized cost. As at December 31, 2020, 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.

OUTSTANDING SHARE CAPITAL

The Company has authorized an unlimited number of common shares.

At December 31, 2020, and at April 29, 2021, the Company had 62,138,460 common shares 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: April 29, 2021