BUCHANS RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND DECEMBER 31, 2018

BUCHANS RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND DECEMBER 31, 2018

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Buchans Resources Limited

Opinion

We have audited the consolidated financial statements of Buchans Resources Limited and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

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

Other information

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

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

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

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

251 Consumers Road, Suite 800
Toronto, Ontario
M2J 4R3
mcgovernhurley.com
t. 416-496-1234

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

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

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

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

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

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

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

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

McGovern
Hurley

auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 15, 2020

BUCHANS RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019 AND 2018

Expressed in Canadian Dollars	Notes	2019	2018
Assets		**$**	**$**
Current assets			
Cash and cash equivalents	**12**	1,443,246	2,895,188
Trade and other receivables	**13**	247,247	217,084
		1,690,493	3,112,272
Assets held for distribution	**2**	1,554,909	-
Total current assets		3,245,402	3,112,272
Non-current assets			
Exploration and evaluation assets	**10**	12,797,123	17,891,595
Right-of-use asset, lease	**9**	511,958	-
Investment in associate	**11**	1,109,295	1,451,625
Total non-current assets		14,418,376	19,343,220
Total assets		17,663,778	22,455,492
Equity and liabilities			
Current liabilities			
Trade and other payables	**5/14**	203,048	342,625
Current portion of lease obligation	**9**	248,741	-
Prepaid rent received	**14**	-	9,000
		451,789	351,625
Liabilities held for distribution	**2**	487,790	-
Total current liabilities		939,579	351,625
Long term liabilities			
Exchangeable warrants	**2/7**	4,370,873	-
Lease obligation	**9**	310,761	-
Total long term liabilities		4,681,634	-
Shareholders' Equity			
Share capital	**15**	13,419,018	22,319,716
Retained earnings (deficit)		(1,376,453)	(215,849)
Total shareholders' equity		12,042,565	22,103,867
Total shareholders' equity and liabilities		17,663,778	22,455,492

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

The financial statements were approved by the Board of Directors on April 15, 2020 and signed on its behalf by:

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

See accompanying notes to the consolidated financial statements

BUCHANS RESOURCES LIMITED

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR THE YEARS ENDED

Expressed in Canadian Dollars	Notes	2019	2018
		$	$
General and administrative expenses:			
Professional fees		(182,128)	(103,767)
Salaries		(48,218)	(57,494)
Shareholders and investors expense		(50,691)	(10,291)
Severance		-	(105,000)
Lease depreciation	9	(225,262)	-
Office expenses		20,366	(106,424)
Loss from continuing operations before other items		(485,933)	(382,976)
Other items:			
Foreign exchange gain		11,189	97,550
Interest income		320	4,756
Value of warrants received	11	-	464,377
Finance costs	9	(60,992)	-
Change in fair value of investments	11	(334,462)	(57,465)
Gain on disposal of marketable securities		-	344,037
Total other items		(383,945)	853,255
Net (loss)/income from continuing operations		(869,878)	470,279
Loss attributable to discontinued operations	7	(290,726)	(495,972)
Loss before income taxes		(1,160,604)	(25,691)
Income taxes		-	(16,612)
Loss and comprehensive loss for the year		(1,160,604)	(42,303)
Loss per share			
Basic and diluted loss per share	6	(0.020)	(0.001)
Basic and diluted loss per share from continuing operations	6	(0.015)	0.008
Basic and diluted loss per share from discontinued operations	6	(0.005)	(0.009)

See accompanying notes to the consolidated financial statements

BUCHANS RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Expressed in Canadian Dollars	Notes	Share Capital $	Shares to be issued $	Warrants $	Retained Earnings $	Total $
Balance as at December 31, 2017		22,069,716	250,000	43,420	(216,966)	22,146,170
Shares issued		250,000	(250,000)	-	-	-
Warrants expired		-	-	(43,420)	43,420	-
Total comprehensive loss for the year		-	-	-	(42,303)	(42,303)
Balance as at December 31, 2018		22,319,716	-	-	(215,849)	22,103,867
Canadian Manganese distribution	**2/7**	(4,529,825)	-	-	-	(4,529,825)
Minco Exploration warrants distribution	**2/7**	(4,370,873)	-	-	-	(4,370,873)
Total comprehensive income for the year		-	-	-	(1,160,604)	(1,160,604)
Balance as at December 31, 2019		13,419,018	-	-	(1,376,453)	12,042,565

See accompanying notes to the consolidated financial statements

BUCHANS RESOURCES LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Expressed in Canadian Dollars	Notes	2019 $	2018 $
Cash flow from operating activities			
Income/(loss) for the year		(1,160,604)	(42,303)
Lease depreciation	9	225,262	-
Change in fair value of investments		334,462	57,465
(Gain) on disposal of marketable securities		-	(344,037)
Value of warrants received		-	(464,377)
Finance costs		60,992	-
Interest income		(320)	(4,756)
		(540,208)	(798,008)
Movements in working capital			
(Increase) in trade and other receivables		(61,050)	(74,467)
Change in cash held for distribution		(26,095)	-
(Decrease) in prepaid rent received		(9,000)	(81,000)
Increase/(decrease) in trade and other payables		136,881	(50,453)
Net cash flows from operating activities		(499,472)	(1,003,928)
Cash flows from investing activities			
Interest income		320	394
Proceeds on disposal of marketable securities		-	3,487,819
Cash distributed on spin-out of Canadian Manganese		(472)	-
Investment in associate - note receivable		(39,733)	(94,920)
Investment in exploration and evaluation assets		(721,474)	(2,838,540)
Net cash flows from investing activities		(761,359)	554,753
Cash flows from financing activities			
Payment of lease obligation	9	(238,710)	-
Net cash flows from financing activities		(238,710)	-
Net (decrease) in cash and cash equivalents		(1,499,541)	(449,175)
Effect of foreign exchange rate changes on cash		47,599	(81,831)
Cash and cash equivalents at the beginning of the year		2,895,188	3,426,194
Cash and cash equivalent at the end of the year	12	1,443,246	2,895,188
Supplemental cash flow information:			
Right-of-use asset	9	511,958	-
Issuance of exchangeable warrants	2/7	4,370,873	-
Distribution of Canadian Manganese shares	2/7	4,529,825	-

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Buchans Resources Limited (the “Company” or” Buchans”) is incorporated under the laws of the province of Ontario, Canada.

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

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

For the year ended December 31, 2019, the Company recorded a loss of $1,160,604, including a loss in fair value of investments in the amount of $334,462, and, at that date, had positive cash balances of $1,443,246. The preparation of financial statements requires an assessment on the validity of the going concern assumption. The validity of the going concern concept is dependent on finance being available for the continuing working capital requirements of the Company and finance for the development of the Company’s projects becoming available. Accordingly, the Directors are satisfied that it is appropriate to prepare the financial statements of the Company on a going concern basis. Should the going concern basis not be appropriate, adjustments would have to be made to reduce the value of the assets, in particular the exploration and evaluation assets, to their realisable values. Such adjustments could be material.

The Company’s operations could be significantly adversely affected by the effects of the global spread of the contagious coronavirus disease, causing the recent outbreak of COVID-19 respiratory illness which was declared a pandemic by the World Health Organization on March 11, 2020, The Company cannot accurately predict the impact the COVID-19 pandemic will have on its operations, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, the impact on schedules and timelines for planned operations or exploration programs and the length of travel and quarantine restrictions imposed by governmental authorities. In addition, this widespread health crisis has adversely affected the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company’s operations and ability to finance its operations.

2. PLAN OF ARRANGEMENT

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:

i. all of the shares of Canadian Manganese Company Inc. (“Canadian Manganese”) on the basis of one share of Canadian Manganese for each share of Buchans held; and

ii. exchangeable warrants entitling shareholders to receive either one share of Minco Exploration Limited (“Minco Exploration”) or 0.25 additional shares of the Company, at the shareholders’ option, for each share of Buchans held (the “Exchangeable Warrants”). Any Exchangeable Warrants which remain unexercised on the expiry date, as defined, will be automatically exchanged for shares of Minco Exploration (“Minco Shares”). See Note 15.

    Under the terms of the warrant indenture governing the Exchangeable Warrants, the expiry date is defined as the earlier of December 31, 2020 or, at Buchans’ option, the fifth business day following the effective date a “Liquidity Event”. A “Liquidity Event” is defined as the completion by Minco Exploration of (i) a distribution to the public of Minco Shares and the concurrent admission to trading of Minco Shares on the Irish Stock Exchange, or (ii) another transaction as a result of which all outstanding Minco Shares, or the securities of another issuer issued in exchange for all such outstanding Minco Shares, are traded on the Irish Stock Exchange or other exchange in the United Kingdom or Europe and are freely tradable (subject to control block restrictions).

Expressed in Canadian dollars, unless noted

2. PLAN OF ARRANGEMENT (CONTINUED)

Canadian Manganese Company. Inc.

The Company has recorded the distribution of Canadian Manganese in accordance with IFRIC 17– *Distribution of non-cash assets to owners* and IFRS 5 – *Non-current assets held for sale and discontinued operations*.

The estimated fair value of the distribution is presented as a reduction of shareholders' equity through the share capital account as follows:

	$
Exploration and evaluation assets	4,653,700
Accounts receivable	147
Cash	472
Accounts payable	(124,494)
Valuation of Canadian Manganese	4,529,825

Minco Exploration Limited

As the Exchangeable Warrants are settleable in shares of Minco Exploration or of the Company, they have been presented as a financial liability in accordance with IAS 32, *financial instruments: presentation.* The Company has recorded the effects of the Plan of Arrangement on its investment in Minco Exploration in accordance with IFRS 5, *non-current assets held for sale and discontinued operations*.

The Exchangeable Warrants were recorded at their estimated fair value of $4,370,873, based on the value of Minco Exploration shares, as determined by the price per share of a subsequent private placement financing completed by Minco Exploration. The estimated fair value of the Exchangeable Warrants was presented as a reduction of shareholders' equity through the share capital account.

The following assets and liabilities of Minco Exploration have been included in the assets and liabilities held for distribution on the consolidated statement of financial position as at December 31, 2019:

Minco Exploration Limited	
Assets held for distribution	$
Cash	26,095
Accounts receivable	64,741
Exploration and evaluation assets	1,464,073
Total assets held for distribution	1,528,813
Liabilities held for distribution	
Accounts payable	(487,790)

As long as Buchans is the registered owner of the shares of Minco Exploration, Buchans has agreed, to the extent permitted by applicable law, to vote the shares (including execution of resolutions outside a shareholders' meeting) in the manner directed by Minco Exploration; provided, that in no event shall Minco Exploration direct such voting power in any manner contrary to or inconsistent with the terms of the Arrangement Agreement.

In the event that as a result of the exchange of any exchangeable warrants for Buchans Shares at any time on or before the Expiry Date Buchans should hold any share of Minco Exploration ("Minco Warrant Shares"), Buchans has agreed with Minco Exploration that Buchans will sell any such Minco Warrant Shares to purchasers to be identified by Minco Exploration, at the book carrying value of the Minco shares, as at June 30, 2019, as recorded in the auditor reviewed carve-out financial statements of Minco Exploration for the period ended June 30, 2019, disclosed in Schedule E to the Management Information Circular dated November 8, 2019 provided to shareholders of Buchans in connection with the Special Meeting of Shareholders held to approve the Arrangement.

3. BASIS OF PRESENTATION

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

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

These consolidated financial statements were approved by the Board of Directors of Buchans on April 15, 2020.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

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

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

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

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

When the Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of the retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive income/(loss) in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities are disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *financial instruments* or, when applicable, the costs on initial recognition of an investment in an associate or jointly controlled entity.

(b) Assets held for sale and discontinued operations

Assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

(c) Investment in Associates

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

(e) Rehabilitation Provisions
The Company will record a liability for the estimated future costs associated with legal and constructive obligations relating to the reclamation and closure of its exploration assets. This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion expense on the discounted liability. An equivalent amount is recorded as an increase to exploration assets and amortized over the useful life of these assets. Management is currently not aware of any existing significant legal or constructive obligations relating to the reclamation of its interest in exploration assets and therefore no such liability has been recorded at December 31, 2019 and 2018.

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

(g) Interests in joint arrangements
A joint arrangement involves the use of assets and/or other resources of the Company and other venturers rather than the establishment of a corporation, partnership or other entity. The Company accounts for the assets it controls and the liabilities and expenses it incurs. As at December 31, 2019 and 2018, no joint arrangement existed for accounting purposes.

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

(i) Financial instruments

Financial assets

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (continued)

Financial assets (continued)

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost.

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

Subsequent measurement – FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations. The Company measures its warrants issued by its associate at FVPL. See Note 11.

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

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

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

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

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

Financial liabilities

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (continued)

Financial liabilities (continued)

Subsequent measurement – financial liabilities at FVPL
After initial recognition, financial liabilities measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statement of loss.

Fair value measurements
The Company measures fair value in accordance with IFRS 13 *Fair Value Measurement*, which provides a single source of fair value measurement guidance. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company has applied the framework for measuring fair value, which requires a fair value hierarchy to be applied to all fair value measurements.

All financial instruments recognized at fair value in the consolidated statements of financial position are classified into one of three levels in the fair value hierarchy as follows:

Level 1 — valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.
Level 2 — valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means.
Level 3 — valuation techniques with significant unobservable market inputs.

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Income/(loss) before other items

Income/(loss) before other items comprises general administrative costs incurred by the Company, which are not specific to exploration and evaluation projects, and all impairment charges relating to exploration assets and financial assets during the financial statement reporting period. Income/(loss) before other items is stated before change in fair value of investments.

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

Preparation of consolidated financial statements

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

Critical accounting judgements

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

Key sources of estimation uncertainty

Preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, could have a material effect in the future on the Company's financial position and results of operation.

Exploration and evaluation assets

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

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

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

Mineral resource estimates

Mineral resources are estimated in accordance with Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Reserves, Definitions and Guidelines and disclosed in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects" issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation.

Impairment of exploration and evaluation assets

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Investment in associate, note receivable
The recoverability of the note receivable from associate is dependent on its associate Xtierra Inc. ("Xtierra"). Management believes that the amount is recoverable given the security in place, however, there is no assurance the amount will be fully recovered. See Note 11.

Fair value of assets disposed of or held for distribution
Where the fair values of assets disposed of or held for distribution are required and cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Refer to notes 2 and 7 for further details.

Discount rate used in adoption of IFRS 16
The determination of the Company's lease liabilities, right-of-use assets, and net investment in leases depends on certain assumptions, which include the selection of the discount rate. The discount rate is set by reference to the Company's incremental borrowing rate. Significant assumptions are required to be made when determining which borrowing rates to apply in this determination. Changes in the assumptions used may have a significant effect on the Company's consolidated financial statements.

Assets and liabilities held for sale and discontinued operations
The Company applied judgment in the application of its accounting policies in determining that the operations of Canadian Manganese and Minco Exploration (Note 2) met the IFRS 5 held for sale and discontinued operations criteria as at December 31, 2019.

Functional currency
Functional currency is the currency of the primary economic environment in which the Company and its subsidiaries operate. If indicators of the primary economic environment are mixed, then management uses its judgement to determine the functional currency that most faithfully represents the economic effect of underlying transactions, events and conditions.

Commitments and contingencies
See Note 16.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Income/loss per share
Basic income/loss per share is calculated using the weighted average number of common shares outstanding. Diluted income/loss per share assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted income/loss per share calculation. On December 31, 2019, further to the spin-out of Minco Exploration Limited, the Company issued warrants, however the warrants were not outstanding for any period in the year ended December 31, 2019, any potential conversion of the warrants that would decrease the income/loss per share would have no weights. As a result, all outstanding convertible securities of the company during the years ended December 31, 2019 and 2018 have been excluded from diluted income/loss per share.

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

(q) Changes in Accounting Policies
During the year ended December 31, 2019, the Company adopted IFRS 16, Leases, which resulted in changes in accounting policy as described below. In accordance with the transitional provisions in the standard, the Company adopted this standard retrospectively without restating comparatives, with the cumulative impact adjusted in the opening balances as at January 1, 2019.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases, as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. Effective January 1, 2019, the Company adopted this standard using the modified retrospective approach, under which the cumulative effect of initial application was recognized in accumulated deficit at January 1, 2019.Other recently adopted standards effective on January 1, 2019, IFRS 3 and IFRIC 23, did not have a material effect on the Company's consolidated financial statements.

The lease liability is initially measured at the present value of lease payments to be paid subsequent to the commencement date of the lease, discounted either at the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease payments measured in the initial lease liability include payments for an optional renewal period, if any, if the Company is reasonably certain that it will exercise a renewal extension option. The liability is measured at amortized cost using the effective interest method and will be remeasured when there is a change in either the future lease payments or assessment of whether an extension or other option will be exercised. The lease liability is subsequently adjusted for lease payments and interest on the obligation. Interest expense on the lease obligation is included in the consolidated statement of loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases with a lease term of less than 12 months and low value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term, as permitted by IFRS 16.

(r) New standards and interpretations not yet adopted
Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2020. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

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

Expressed in Canadian dollars, unless noted

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) New standards and interpretations not yet adopted (continued)

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

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

5. RELATED PARTY TRANSACTIONS

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

The remuneration of Directors, who are the key management personnel of the Company, is set out below in accordance with IAS 24 ‘Related Party Disclosures’. No fees were paid by the Company to directors for their services as directors of the Company in the years ended December 31, 2019 and 2018.

During the year ended December 31, 2019, the Company paid or accrued $145,908 to Steenberglaw Professional Corporation, a corporation controlled by Neil Steenberg, secretary of the Company, for legal services (2018 - $28,182).

Included in accounts payable and accrued liabilities at December 31, 2019 is $82,960 payable to Steenberglaw Professional Corporation for legal services (2018 - $7,546).

Included in accounts receivable at December 31, 2019 is $109,191 receivable from Canadian Manganese Co. Inc. covering administration services, and $33,000 receivable from Labrador Iron Mines for rent, for a total $142,191.

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

The subsidiaries of the Company at December 31, 2019 (see Notes 2 and 7) were as follows:

Name of Company	**Registered office**	**Effective Holding**	**Principal Activity**
Buchans Minerals Corporation	55 University Ave., Suite 1805 Toronto, ON M5J 2H7, Canada	100%	Exploration
Minco Exploration Limited	17 Pembrooke Street Upper, Dublin 2 Ireland	100%	Holding company
Norsub Limited	Box 25, Regency Court, Glategny St. Peter Port, Guernsey, GY1 3AP	100%	Holding company
Minco Ireland Limited	Ardbraccan, Navan, Co. Meath, Ireland	100%	Exploration
Westland Exploration Limited	Ardbraccan, Navan, Co. Meath, Ireland	100%	Exploration
Minco Mining Limited	9 Little Trinity Lane, London EC4V 2AN	100%	Exploration

Expressed in Canadian dollars, unless noted

6. EARNINGS / (LOSS) PER SHARE

Basic income/(loss) per share is computed by dividing the income/(loss) after taxation for the period available to ordinary shareholders by the sum of the weighted average number of ordinary shares in issue and ranking for dividend during the period. Diluted income/(loss) per share is computed by dividing the income/(loss) after taxation for the period by the weighted average number of ordinary shares in issue, adjusted for the effect of all potential dilutive ordinary shares that were outstanding during the period. Basic and diluted income/(loss) per share are the same as there are no dilutive convertible instruments. See Note 4(n). The computation for basic and diluted income/(loss) per share is as follows:

	December 31, 2019	December 31, 2018
	$	$
Numerator		
Loss for the year	(1,160,604)	(42,303)
Denominator	**No. of Shares**	No. of Shares
Weighted average number of shares - basic and diluted	58,477,049	56,528,717
Earnings/(loss) per share		
Basic and diluted loss per share	(0.020)	(0.001)
Basic and diluted loss per share from continuing operations	(0.015)	0.008
Basic and diluted loss per share from discontinued operations	(0.005)	(0.009)

7. DISCONTINUED OPERATIONS

On December 31, 2019, the Company filed Articles of Arrangement to implement a group reorganization whereby the shares of its wholly-owned subsidiary, Canadian Manganese, and Exchangeable Warrants exchangeable for shares of its wholly owned subsidiary, Minco Exploration, were distributed to shareholders pursuant to a Plan of Arrangement. See Note 2.

Effect of Deconsolidation

The following table shows the effect of the deconsolidation on the consolidated statements of financial position in exploration and evaluation assets of Buchans Resources Limited:

Exploration and evaluation assets at December 31, 2019	$
Assets before deconsolidation of subsidiaries	18,914,896
Canadian Manganese exploration assets	(4,653,700)
Minco Exploration exploration assets	(1,464,073)
Exploration and evaluation assets attributable to Buchans at December 31, 2019	12,797,123

7. DISCONTINUED OPERATIONS (CONTINUED)

Canadian Manganese Company. Inc.

In accordance with IFRS 5, *non-current assets held for sale and discontinued operations*, the results for the years ended December 31, 2019 and 2018 for Canadian Manganese included in loss attributable to discontinued operations on the consolidated statement of income/(loss) are as follows:

Expressed in Canadian Dollars	2019 $	2018 $
General and administrative expenses:		
Professional fees	66,606	65,194
Salaries	5,308	110,538
Shareholders and investors expense	19,184	2,088
Office expenses	26,203	42,060
Total loss and comprehensive loss for the year	117,301	219,880

Cash flows from Canadian Manganese and recorded within results from discontinued operations for the period prior to December 31, 2019 are presented below. These activities are reported in aggregate with continuing operations in the consolidated statement of cash flows.

Expressed in Canadian Dollars	2019 $	2018 $
Cash flows from operating activities		
Loss for the year	(117,301)	(219,880)
	(117,301)	(219,880)
Movements in working capital		
(Decrease)/increase in trade and other receivables	(35)	185
(Increase)/decrease in trade and other payables	124,493	(190)
Net cash flows from operating activities	7,157	(219,885)
Cash flows from investing activities		
Investment in exploration and evaluation assets	(16,367)	(14,447)
Net cash flows from investing activities	(16,367)	(14,447)
Cash flows from financing activities		
Owner's investment	5,000	234,357
Net cash flows from financing activities	5,000	234,357
Net (decrease)/increase in cash and cash equivalents	(4,210)	25
Cash and cash equivalents at the beginning of the year	4,682	4,657
Cash and cash equivalent distributed to shareholders	472	4,682

7. DISCONTINUED OPERATIONS (CONTINUED)

Minco Exploration Limited

In accordance with IFRS 5, *non-current assets held for sale and discontinued operations*, the results for the years ended December 31, 2019 and 2018 for Minco Exploration included in loss attributable to discontinued operations on the consolidated statement of income/(loss) are as follows:

Expressed in Canadian Dollars	**2019**	**2018**
	$	**$**
General and administrative expenses:		
Professional fees	120,726	144,261
Shareholders and investors expense	16,870	6,820
Office expenses	35,929	121,713
Foreign exchange (gain)/loss	(100)	1,521
Loss before other items	173,425	274,315
Income taxes	-	1,776
Total loss and comprehensive loss for the year	173,425	276,091

Cash flows from Minco Exploration and recorded within results from discontinued operations for the period prior to December 31, 2019 are presented below.

Expressed in Canadian dollars	**2019**	**2018**
	$	**$**
Cash flows from operating activities		
Loss for the year	(173,425)	(276,091)
Movements in working capital		
(Increase)/decrease in trade and other receivables	(25,489)	10,904
Increase in trade and other payables	212,316	16,059
Net cash flows from operating activities	13,402	(249,128)
Cash flows from/used investing activities		
Investment in exploration and evaluation assets	(48,280)	(346,142)
Net cash flows from investing activities	(48,280)	(346,142)
Cash flows from financing activities		
Increase/(decrease) in advances from owners	36,504	606,745
Net cash flows from financing activities	36,504	605,175
Net increase in cash and cash equivalents	1,626	9,905
Cash and cash equivalents at the beginning of the year	24,469	14,565
Cash and cash equivalent at the end of the year	26,095	24,469

Expressed in Canadian dollars, unless noted

8. SEGMENTAL ANALYSIS

Income (loss) by geographical region is as follows:

	December 31, 2019	December 31, 2018
	$	$
Canada	(987,179)	26,025
Ireland	(163,478)	(43,609)
U.K.	(9,947)	(8,107)
Total	(1,160,604)	(25,691)
Income tax expense	-	(16,612)
Consolidated loss	(1,160,604)	(42,303)

There was no revenue from operations earned during the years ended December 31, 2019 and 2018.

Segment assets and liabilities by geographical segment is as follows:

	Assets		Liabilities	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	$	$	**$**	$
Canada	14,665,623	18,406,405	(5,133,423)	(270,043)
Ireland	1,554,909	1,153,899	(487,790)	(79,846)
U.K.	-	-	-	(1,736)
	16,220,532	19,560,304	(5,621,213)	(351,625)
Cash and cash equivalents	1,443,246	2,895,188		
Consolidated	17,663,778	22,455,492	(5,621,213)	(351,625)

	Additions to exploration and evaluation assets	
	December 31, 2019	December 31, 2018
	$	$
Canada	671,185	2,607,451
Ireland	352,116	319,583
	1,023,301	2,927,034

9. LEASES

On February 1, 2019, the Company entered into a lease for its office premises, which expires January 31, 2022.

As a result, in accordance with IFRS 16, the Company recorded a new right-of-use (“ROU”) asset, recognizing the Company’s office facility in the amount of $737,220 and a corresponding lease liability in the amount of $737,220. For the year ended December 31, 2019, the Company recognized a non-cash depreciation expense in the amount of $225,262 and recognized a non-cash interest expense in the amount of $60,992. During 2019, $137,769 was recovered from other corporations that share part of the office premises.

The following table reflects the lease obligations as per the initial application of IFRS 16:

	$
Lease obligations recognized at February 1, 2019	737,220
Payments made	(238,710)
Interest expense	60,992
Net lease obligations at December 31, 2019	559,502

<u>Right-of-use Asset</u>

	$
Recognition of Right-of-use asset	737,220
Accumulated depreciation	225,262
Net book value at December 31, 2019	511,958

<u>Lease Obligations</u>

	$
Within one year	248,741
Between one and three years	310,761
Net lease obligations at December 31, 2019	559,502

Expressed in Canadian dollars, unless noted

9. LEASES (CONTINUED)

The following is a summary of the undiscounted lease payments:

Year	$
2020	293,299
2021	303,754
2022	25,387
Total contractual cash flows	622,440

10. EXPLORATION AND EVALUATION ASSETS

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

	December 31 2019	Plan of arrangement (Note 2)	Additions	December 31 2018	Additions	December 31 2017
	$	$	$	$	$	$
Buchans	12,797,123	-	654,818	12,142,305	2,593,004	9,549,301
Woodstock	-	(4,653,700)	16,367	4,637,333	14,447	4,622,886
Ireland	-	(1,464,073)	352,116	1,111,957	319,583	792,374
Total	12,797,123	(6,117,773)	1,023,301	17,891,595	2,927,034	14,964,561

All exploration and evaluation assets are carried at cost less any applicable impairment provision. No impairment provision was recognized at December 31, 2019.

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

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

Buchans – Canada

The Company holds interests in four undeveloped base metal deposits in central Newfoundland, Canada, including the Buchans property (which covers the former producing Buchans Mine and contains the large, lower grade Lundberg deposit), as well as the Tulks North property (which contains the Daniels Pond deposit), the Bobbys Pond property (which contains the Bobbys Pond deposit), and the Tulks Hill property (which contains the Tulks Hill deposit), and each with exploration potential. Certain of the claims or portions thereof are subject to net smelter royalties ranging from 1% to 3%, some of which are subject to buy-back agreements.

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

In November 2019, the Company, through its wholly-owned subsidiary Buchans Minerals Corp., expanded its land position in the Buchans mining camp through the purchase of a 100% interest in six mineral claims covering the former MacLean mine property for the payment of a total of $25,000, in cash or shares, in instalments over three years and the grant of a 2% net smelter royalty (NSR) to the vendors, (of which half (1%) can be purchased by the Company for $1.5 million).

The Tulks North property is 100% owned by the Company, through its wholly owned subsidiary Buchans Minerals Corp., and is located in the Victoria Lake Mining camp of west-central Newfoundland. The Tulks North property includes the Daniels Pond deposit which is subject to a 1.5% net smelter royalty as well as a 50% back-in option held by Glencore should a single deposit of 15 million tonnes or greater be discovered and deemed economic upon the completion of a feasibility study. In 2019, the Company acquired by competitive staking several new properties totalling 494 claims in the Tulks belt and the adjacent Tally Pond belt, known as the Tulks South and South Tally properties.

10. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Buchans – Canada (continued)
The Bobbys Pond deposit, adjacent to Tulks North, is 100% owned by the Company, through its wholly owned subsidiary Buchans Minerals Corp. Bobbys Pond is held under a mining lease with a 25-year term from 2004, which requires an annual lease payment of $29,000. The Bobbys Pond property is also subject to a 1% net smelter royalty and a 2% net smelter royalty.

In 2019, the Company increased its interests in the Tulks Hill property, which consists of 20 mineral claims, including the Tulks Hill VMS deposit. Previously, this deposit was held within a smaller mining lease under a joint venture between Prominex Resources (Operator; 51%) and Buchans (49%). During 2019 the mining lease was allowed to lapse and upon its cancellation the mineral rights accrued to the Company's surrounding mineral claims. As a result, the Company holds a 100% interest in the Tulks Hill property, subject to underlying net smelter royalties ranging between 0.75% and 2%.

In Labrador the Company, through its wholly owned subsidiary, holds several properties, including 38 claims at South Voisey's Bay and 5 claims in the immediate Voisey's Bay area and the 46 claims Tasiuyak gold property.

Woodstock – Canada (See Note 2)
Prior to December 31, 2019, the Company, through its wholly owned subsidiary Canadian Manganese Company Inc., held a 100% interest in the Woodstock project located northwest of the town of Woodstock, New Brunswick. See Note 7

Ireland (See Note 2)
Prior to December 31, 2019, the Company, through its wholly owned subsidiary Minco Exploration Limited, held interests in zinc-lead prospecting licences in Ireland, either alone or in joint venture with Boliden Tara Mines. The investment in these exploration and evaluation assets is included in assets held for distribution. See Note 7.

11. INVESTMENT IN ASSOCIATE – NOTE RECEIVABLE AND WARRANTS

At December 31, 2019 and 2018, the Company held 30 million shares of Xtierra Inc. ("Xtierra"), a company listed on the TSX Venture Exchange, which represent an approximate 21% shareholding (2018 – 22%). In accordance with the Company's accounting policies, the carrying value of the Company's share of net assets of Xtierra Inc. was reduced to $nil as a result of losses in Xtierra in prior periods. The market value of the shares in Xtierra, as at December 31, 2019 based on the market price of Xtierra shares on the TSX Venture Exchange was $1,350,000 (2018 - $1,800,000).

At December 31, 2019, the Company also had total Notes receivable from Xtierra in the amount of US$796,477 ($1,036,845) (2018 - US$766,477 ($1,044,713)).

On February 14, 2018, in consideration of the issue to Buchans of 13 million, non-transferable warrants, each warrant entitling Buchans to purchase one common share of Xtierra for $0.05 per share for a term of two years, the Company entered into a two-year Support and Standstill Agreement ("Support Agreement") to defer repayment of principal and accrued interest of the Notes which had become due, and also to provide additional financial support of US$100,000, on the following terms:

- The Notes, including the additional advances, remain secured by a pledge to Buchans of the shares of Orca Minerals Limited, which indirectly holds Xtierra's mineral properties in Mexico (the "Secured Property");
- Accrual of interest is suspended during the term of the Support Agreement;
- Buchans has the option at any time, upon 60 days written notice, to require the transfer of the Secured Property to Buchans in full satisfaction of the Notes, including accrued interest, unless during that 60-day period the debt is repaid in full, in cash;
- Xtierra has the right to repay the Notes, including accrued interest in cash at any time;
- Upon expiry of the term of the Support Agreement, Xtierra may discharge the debt in full by transferring the Secured Property to Buchans.

During the years ended December 31, 2018 and 2019, the Company advanced US$75,000 (approximately $102,000) and US$30,000 (approximately $39,000), respectively, to Xtierra under the terms of the Support Agreement.

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

At December 31, 2019 the value of the warrants was adjusted to their estimated fair value of $72,450 at that date using the Black-Scholes model and the following assumptions: expected dividend yield 0%, expected volatility 118%, life 0.12 years, and a risk free interest rate 1.85%. The loss on value in the amount of $334,462 is included in change in fair value of investments in net loss (2018 - $57,465). The value of the warrants is included in the investment in associate. These warrants expired on February 14, 2020.

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

By an Extension Agreement dated as of February 7, 2020, the term of the Support Agreement was extended for an additional one year to February 7, 2021, in consideration of the issue to Buchans, subject to 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 of two years, subject to regulatory approval.

12. CASH AND CASH EQUIVALENTS

	December 31, 2019	December 31, 2018
	$	$
Cash	**1,364,444**	2,740,865
Cash (US dollars)	**78,802**	130,826
Other currencies	**-**	23,497
Immediately available without restriction	**1,443,246**	2,895,188

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

13. TRADE AND OTHER RECEIVABLES

	December 31, 2019	December 31, 2018
	$	$
Trade receivables	**46,974**	9,949
Receivable from related parties (Note 5)	**142,191**	-
Prepayments	**43,756**	96,718
Sales taxes receivable	**14,326**	110,417
	247,247	217,084

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2019	December 31, 2018
	$	$
Trade creditors and accruals	**120,088**	335,079
Amounts due to related parties (Note 5)	**82,960**	7,546
Prepaid rent received	**-**	9,000
	203,048	351,625

15. CAPITAL STOCK

Authorized
Unlimited number of common shares

Issued	Shares	Amount
		$
Balance at December 31, 2017	55,027,383	22,069,716
Shares issued as compensation	833,333	250,000
Shares issued further to Investor Rights	1,336,000	-
Balance at December 31, 2018	57,196,716	22,319,716
Shares issued further to Investor Rights	2,672,000	-
Elimination of Canadian Manganese capital	-	(4,529,825)
Exchangeable Warrants distribution	-	(4,370,873)
Balance at December 31, 2019	59,868,716	13,419,018

During the year ended December 31, 2019, 2,672,000 shares were issued pursuant to the Investor Rights Agreement. See Note 16.

As a result of the Plan of Arrangement, which became effective December 31, 2019, the Company distributed to its shareholders 59,868,716 shares of Canadian Manganese, on the basis of one share of Canadian Manganese for each share of Buchans held; and reduced its capital stock by $4,529,825. See Notes 2 and 7.

Expressed in Canadian dollars, unless noted

15. CAPITAL STOCK (CONTINUED)

On December 31, 2019, the Company also distributed 59,868,716 Exchangeable Warrants entitling shareholders to receive either one share of Minco Exploration Limited, or 0.25 additional shares of the Company, at their option, for each share of Buchans held, and reduced its capital stock by the estimated fair value of the exchangeable warrants of $4,370,873. See Notes 2 and 7.

16. COMMITMENTS AND CONTINGENCIES

In connection with a private placement completed in December 2017, Buchans entered into an Investor Rights Agreement to provide certain liquidity and anti-dilution rights to the investors which acquired the placement shares. If the Company's shares have not been listed on a recognized stock exchange by June 30, 2018, the investors 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. During 2019, a total of 2,672,000 shares (2018 - 1,336,000 shares) were issued to the investors pursuant to this agreement. See Note 15.

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.

17. INCOME TAXES

a) **Provision for Income Taxes**

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

	2019	2018
	$	$
Canadian statutory rate	26.50%	26.50%
Loss before income taxes	(1,160,604)	(25,691)
Expected income tax recovery based on statutory rate	(308,000)	(7,000)
Adjustments to expected income tax benefit:		
Non-deductible items and other	825,000	(38,000)
Change in benefit of tax assets not recognized	(517,000)	61,612
Income tax expense	-	16,612

b) **Deferred Income Taxes**

Recognized deferred tax assets and liabilities:

	2019	2018
	$	$
Non-capital loss carry-forwards - Canada	874,000	2,460,000
Exploration and evaluation assets - Canada	(874,000)	(2,460,000)
Deferred income tax liability	-	-

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

	2019	2018
	$	$
Non-capital loss carry-forwards - Canada	6,658,000	6,614,000
Capital loss carry-forwards - Canada	944,000	944,000
Other - Canada	88,000	60,000

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

The losses in Canada generally expire within 20 years, from 2025 to 2039. The losses in the UK and Ireland do not generally expire.

18. FINANCIAL INSTRUMENTS

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

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

As at December 31, 2019, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments.

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

Fair Value Hierarchy
The fair value hierarchy has the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). At December 31, 2019, the Company's financial instruments that are carried at fair value, consisting of exchangeable warrants, have been classified as Level 2 within the fair value hierarchy.

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

Credit risk
Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed to or owed by the Company. Management's assessment of the Company's risk is low as it is primarily attributable to funds held in banks. The note receivable from Xtierra is subject to higher credit risk, however, management believes that it remains recoverable. See Note 11.

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

Liquidity Risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At December 31, 2019, the Company had cash of $1,443,246 (2018 - $2,895,188) to settle accounts payable and accrued liabilities of $203,048, net of liabilities held for distribution (2018 - $351,625). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

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

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

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

18. FINANCIAL INSTRUMENTS (CONTINUED)

The impact of foreign currencies has been determined based on the balances of financial assets and liabilities at December 31, 2019. The sensitivity analysis includes outstanding foreign currency denominated monetary items and largely results from payables and receivables, and adjusts their translation at the period end for a 5% change in foreign currency rates. A five percent change in the US Dollar exchange rate could result in a foreign exchange impact to the net income of approximately $4,000 based on monetary assets and liability balances existing at December 31, 2019.

19. CAPITAL MANAGEMENT

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

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

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

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

There were no significant changes to the Company's approach to capital management during the years ended December 31, 2019 and 2018. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

20. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, Minco Exploration completed a private placement of 10,000,000 new ordinary shares at a price of €0.05 per share to raise a total of €500,000 ($766,560) to fund its working capital and planned exploration programs.