

BUCHANS RESOURCES LIMITED

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three-month period ended March 31, 2020

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by CPA Canada for a review of interim financial statements by an entity's auditor.

BUCHANS RESOURCES LIMITED

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Unaudited

For the three-month period ended March 31, 2020

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BUCHANS RESOURCES LIMITED

Condensed Interim Consolidated Statements of Financial Position

As at March 31, 2020

Unaudited

Expressed in Canadian Dollars	Notes	March 31, 2020	December 31, 2019
Assets		\$	\$
Current assets			
Cash and cash equivalents	11	1,054,159	1,443,246
Trade and other receivables	12	229,905	247,247
		1,284,064	1,690,493
Assets held for distribution	2	1,922,111	1,554,909
Total current assets		3,206,175	3,245,402
Non-current assets			
Exploration and evaluation assets	9	12,925,658	12,797,123
Right-of-use asset, lease	8	450,523	511,958
Investment in associate	10	1,128,836	1,109,295
Total non-current assets		14,505,017	14,418,376
Total assets		17,711,192	17,663,778
Equity and liabilities			
Current liabilities			
Trade and other payables	13/16	93,970	203,048
Current portion of lease obligation	8	257,407	248,741
		351,377	451,789
Liabilities held for distribution	2	565,745	487,790
Share subscriptions in subsidiary held for distribution	2	329,519	-
Total current liabilities		1,246,641	939,579
Long term liabilities			
Exchangeable warrants	2/5	4,667,442	4,370,873
Lease obligation	8	242,669	310,761
Total long term liabilities		4,910,111	4,681,634
Shareholders' Equity			
Share capital	14	13,419,018	13,419,018
Retained earnings (deficit)		(1,864,578)	(1,376,453)
Total shareholders' equity		11,554,440	12,042,565
Total shareholders' equity and liabilities		17,711,192	17,663,778

COMMITMENTS AND CONTINGENCIES (Notes 1, 5 and 10)

The financial statements were approved by the Board of Directors on May 7, 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**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss****For the three month period ended March 31, 2020 and 2019***Unaudited*

Expressed in Canadian Dollars		March 31,	March 31,
	Notes	2020	2019
		\$	\$
General and administrative expenses:			
Professional fees		(39,541)	(47,332)
Salaries		(16,419)	(24,440)
Shareholders and investors expense		(18,924)	(2,678)
Lease depreciation	8	(61,435)	(40,957)
Office expenses		(8,954)	(33,880)
Loss from continuing operations before other items		(145,273)	(149,287)
Other items:			
Foreign exchange gain/(loss)		86,015	(23,114)
Non-cash deemed interest expense	8	(13,433)	(12,115)
Change in fair value of Xtierra warrants	10	(72,450)	(131,476)
Total other items		132	(166,705)
Net loss from continuing operations		(145,141)	(315,992)
Change in fair value of exchangeable warrants	2	(296,569)	-
Loss attributable to discontinued operations	5	(46,415)	(16,736)
Loss and comprehensive loss for the period		(488,125)	(332,728)
Loss per share			
Basic and diluted loss per share	6	(0.008)	(0.006)
Basic and diluted loss per share from continuing operations	6	(0.002)	(0.006)
Basic and diluted loss per share from discontinued operations	6	(0.006)	(0.000)

See accompanying notes to the consolidated financial statements

BUCHANS RESOURCES LIMITED**Condensed Interim Statements of Changes in Equity****As at March 31, 2020***Unaudited*

Expressed in Canadian Dollars	Share Capital	Shares to be issued	Warrants	Retained Earnings	Total
	\$	\$	\$	\$	\$
Balance as at December 31, 2018	22,319,716	-	-	(215,849)	22,103,867
Total comprehensive loss for the period	-	-	-	(332,728)	(332,728)
Balance as at March 31, 2019	22,319,716	-	-	(548,577)	21,771,139
Canadian Manganese distribution	(4,529,825)	-	-	-	(4,529,825)
Minco Exploration warrants distribution	(4,370,873)	-	-	-	(4,370,873)
Total comprehensive loss for the period	-	-	-	(827,876)	(827,876)
Balance as at December 31, 2019	13,419,018	-	-	(1,376,453)	12,042,565
Total comprehensive loss for the period	-	-	-	(488,125)	(488,125)
Balance as at March 31, 2020	13,419,018	-	-	(1,864,578)	11,554,440

See accompanying notes to the consolidated financial statements

BUCHANS RESOURCES LIMITED**Condensed Interim Consolidated Statements of Cash Flows****For the three-month periods ended March 31, 2020 and 2019***Unaudited*

Expressed in Canadian Dollars	Notes	March 31, 2020	March 31, 2019
		\$	\$
Cash flow from operating activities			
Loss for the period		(488,125)	(332,728)
Lease depreciation	8	61,435	40,957
Non-cash foreign exchange gain/(loss)		(86,015)	23,114
Change in fair value of investments	10	72,450	131,476
Change in fair value of exchangeable warrants	2	296,569	-
Non-cash deemed interest expense	8	13,433	12,115
Losses from discontinued operations	5	46,415	16,736
Interest income		-	(161)
		(83,838)	(108,491)
Movements in working capital			
Decrease in trade and other receivables		5,223	143,557
Increase/(decrease) in trade and other payables		(109,079)	(171,662)
Net cash flows from operating activities		(187,694)	(136,595)
Cash flows from investing activities			
Interest income		-	161
Investment in associate - note receivable		-	(34,075)
Investment in exploration and evaluation assets	9	(128,535)	(116,576)
Net cash flows from investing activities		(128,535)	(150,490)
Cash flows from financing activities			
Payment of lease obligation	8	(72,858)	(23,871)
Net cash flows from financing activities		(72,858)	(23,871)
Net (decrease) in cash and cash equivalents		(389,087)	(310,956)
Effect of foreign exchange rate changes on cash		-	(1,234)
Cash and cash equivalents at the beginning of the year		1,443,246	2,895,188
Cash and cash equivalent at the end of the period	11	1,054,159	2,582,997

See accompanying notes to the consolidated financial statements

BUCHANS RESOURCES LIMITED
Notes to the Condensed Interim Consolidated Financial Statements
For the three-month period ended March 31, 2020
Expressed in Canadian dollars, unless noted and per share amounts

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.

For the three-month period ended March 31, 2020, the Company recorded a loss of \$488,125, including a foreign exchange revaluation of the exchangeable warrants in the amount of \$296,569, a loss in fair value of investments in the amount of \$72,450, and, at that date, had positive cash balances of \$1,054,159. 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 worldwide outbreak of COVID-19 respiratory illness which was declared a pandemic by the World Health Organization on March 11, 2020. The Company cannot predict the impact the COVID-19 pandemic will have on its operations, including uncertainties relating to 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”).

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).

Canadian Manganese Company, Inc.

The Company 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* on December 31, 2019 as a reduction of shareholders’ equity through the share capital account.

BUCHANS RESOURCES LIMITED
Notes to the Condensed Interim Consolidated Financial Statements
For the three-month period ended March 31, 2020
Expressed in Canadian dollars, unless noted and per share amounts

2. PLAN OF ARRANGEMENT (CONTINUED)

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*.

At March 31, 2020, the Exchangeable Warrants are recorded at their estimated fair value of \$4,677,442 (December 31, 2019 - \$4,370,873), based on the value of Minco Exploration shares, as determined by the price per share of a private placement financing completed by Minco Exploration. The increase in the amount of \$296,569, which is a foreign exchange adjustment resulting from a decline in the value of the Canadian dollar against the Euro, was recorded on the statement of loss. At December 31, 2019, 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 March 31, 2020 and December 31, 2019:

<u>Minco Exploration Limited</u>	March 31, 2020	December 31, 2019
Assets held for distribution	\$	\$
Cash	390,502	26,095
Accounts receivable	67,536	64,741
Exploration and evaluation assets	1,464,073	1,464,073
Total assets held for distribution	<u>1,922,111</u>	<u>1,554,909</u>
Liabilities held for distribution		
Accounts payable	<u>(565,745)</u>	<u>(487,790)</u>
Share subscriptions held for distribution	<u>(329,519)</u>	-

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 condensed interim consolidated financial statements of the Company and its subsidiaries have been prepared applying principles in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019 prepared in accordance with IFRS.

These condensed interim 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The condensed interim consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of operations from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Company. All material intra-Company transactions, balances, income and expenses are eliminated on consolidation.

BUCHANS RESOURCES LIMITED
Notes to the Condensed Interim Consolidated Financial Statements
For the three-month period ended March 31, 2020
Expressed in Canadian dollars, unless noted and per share amounts

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The standards and interpretations within IFRS are subject to change and accordingly, the accounting policies that are relevant to the Company will be finalized only when the annual IFRS financial statements are prepared for the year ending December 31, 2020. The accounting policies chosen by the Company have been applied consistently to all periods presented.

5. DISCONTINUED OPERATIONS

Minco Exploration Limited

In accordance with IFRS 5, *non-current assets held for sale and discontinued operations*, the results for the periods ended March 31, 2020 and 2019 for Minco Exploration included in loss attributable to discontinued operations on the consolidated statement of loss are as follows:

Expressed in Canadian Dollars	March 31, 2020	March 31, 2019
General and administrative expenses:	\$	\$
Professional fees	29,122	5,013
Shareholders and investors expense	16,404	-
Office expenses	889	9,669
Total loss and comprehensive loss for the period	46,415	14,682

Cash flows from Minco Exploration and recorded within results from discontinued operations for the period prior to March 31, 2020 and 2019 are presented below:

Expressed in Canadian dollars	March 31, 2020	March 31, 2020
Cash flows from operating activities	\$	\$
Loss for the period	(46,415)	(14,682)
Movements in working capital		
(Increase)/decrease in trade and other receivables	(2,796)	38,035
Increase/(decrease) in trade and other payables	90,075	(4,912)
Net cash flows from operating activities	40,865	18,441
Cash flows from/used investing activities		
Investment in exploration and evaluation assets	-	(4,772)
Net cash flows from investing activities	-	(4,772)
Cash flows from financing activities		
Increase/(decrease) in advances from owners	-	14,456
Private placements subscriptions	329,519	-
Net cash flows from financing activities	329,519	14,456
Net increase in cash and cash equivalents	370,384	28,125
Effect of foreign exchange rate changes on cash	(5,978)	-
Cash and cash equivalents at the beginning of the year	26,096	24,469
Cash and cash equivalent at the end of the period	390,502	52,594

During the three-month period ended March 31, 2020, Minco Exploration completed the first tranche of a private placement financing through subscription for 4,650,000 new ordinary shares at a price of €0.05 per share to raise a total of €232,500 (\$329,519) to fund its working capital and planned exploration programs. Subsequent to the end of the quarter Minco Exploration completed a second tranche of the private placement financing through subscriptions for 5,350,000 new ordinary shares to raise a total of €267,500, for a combined total financing of €500,000.

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Expressed in Canadian dollars, unless noted and per share amounts

6. EARNINGS / (LOSS) PER SHARE

Basic loss per share is computed by dividing the 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 loss per share is computed by dividing the 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 losses per share are the same as there are no convertible instruments. The computation for basic and diluted loss per share is as follows:

	March 31, 2020	March 31, 2019
	\$	\$
Numerator		
Loss for the period	(488,125)	(332,728)
Denominator	No. of Shares	No. of Shares
Weighted average number of shares - basic and diluted	59,423,383	57,308,049
Earnings/(loss) per share		
Basic and diluted loss per share	(0.008)	(0.006)
Basic and diluted loss per share from continuing operations	(0.002)	(0.006)
Basic and diluted loss per share from discontinued operations	(0.006)	(0.000)

7. SEGMENTAL ANALYSIS

Income (loss) by geographical region is as follows:

	March 31, 2020	March 31, 2019
	\$	\$
Canada	(441,710)	(315,992)
Ireland	(46,414)	(16,736)
Consolidated loss	(488,125)	(332,728)

There was no revenue from operations earned during the three-month periods ended March 31, 2020 or 2019.

Segment assets and liabilities by geographical segment is as follows:

	Assets		Liabilities	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
	\$	\$	\$	\$
Canada	14,734,922	14,665,623	(5,591,007)	(5,133,423)
Ireland	1,922,112	1,554,909	(565,745)	(487,790)
U.K.	-	-	-	-
	16,657,033	16,220,532	(6,156,752)	(5,621,213)
Cash and cash equivalents	1,054,159	1,443,246		
Consolidated	17,711,192	17,663,778	(6,156,752)	(5,621,213)

	Additions to exploration and evaluation assets	
	March 31, 2020	March 31, 2019
	\$	\$
Canada	128,535	111,804
Ireland	-	4,772
	128,535	116,576

8. LEASES

On February 1, 2019, the Company entered into a lease for its office premises, which expires January 31, 2022. The yearly rental payments amount to approximately \$294,000, approximately half of which the Company expects to recover from other corporations, some with common directors and officers, that share part of the office premises.

In accordance with IFRS 16, on February 1, 2019, the Company recorded a 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.

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

<u>Right-of-use Asset</u>	\$
Lease obligations recognized at February 1, 2019	737,220
Payments made	(311,568)
Non-cash deemed interest expense	74,425
Net lease obligations at March 31, 2020	<u>500,077</u>

BUCHANS RESOURCES LIMITED
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Expressed in Canadian dollars, unless noted and per share amounts

8. LEASES (CONTINUED)

Lease Obligations

	\$
Within one year	257,407
Between one and three years	242,669
Net lease obligations at March 31, 2020	<u>500,077</u>

For the three-month period ended March 31, 2020, the Company recognized a non-cash depreciation expense in the amount of \$61,435 and recognized a non-cash deemed interest expense in the amount of \$13,433.

9. EXPLORATION AND EVALUATION ASSETS

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

	March 31, 2020	Additions	December 31 2019	Plan of arrangement (Note 2)	Additions	December 31 2018
	\$	\$	\$	\$	\$	\$
Buchans	12,925,658	128,535	12,797,123	-	654,818	12,142,305
Woodstock	-	-	-	(4,653,700)	16,367	4,637,333
Ireland	-	-	-	(1,464,073)	352,116	1,111,957
Total	<u>12,925,658</u>	<u>128,535</u>	<u>12,797,123</u>	<u>(6,117,773)</u>	<u>1,023,301</u>	<u>17,891,595</u>

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

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.

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.

The Company, through its wholly owned subsidiary Buchans Minerals Corp, holds a 100% interest in the Tulks Hill property, subject to underlying net smelter royalties ranging between 0.75% and 2%.

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Expressed in Canadian dollars, unless noted and per share amounts

9. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

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.

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.

10. INVESTMENT IN ASSOCIATE – NOTE RECEIVABLE AND WARRANTS

At March 31, 2020 and December 31, 2019, the Company held 30 million shares of Xtierra Inc. ("Xtierra"), a company listed on the TSX Venture Exchange, which represent an approximate 21% shareholding. 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 March 31, 2020 based on the market price of Xtierra shares on the TSX Venture Exchange was \$1,050,000 (December 31, 2019 - \$1,350,000).

At March 31, 2020, the Company also had total Notes receivable from Xtierra in the amount of US\$796,477 (\$1,128,836) (2019 - US\$796,477 (\$1,036,845)).

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.

These warrants expired on February 14, 2020 and the remaining value in the amount of \$74,250 was written off.

By an Extension Agreement dated as of February 7, 2020, as amended by an Amending Agreement dated April 30, 2020, the term of the Support Agreement 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. As of March 31, 2020, the warrants had not been issued. See Note 19.

11. CASH AND CASH EQUIVALENTS

The currency profile of cash and cash equivalents at the end of the period is as follows:

	March 31, 2020	December 31, 2019
	\$	\$
Cash	989,628	1,364,444
Cash (US dollars)	64,532	78,802
Immediately available without restriction	1,054,159	1,443,246

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.

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12. TRADE AND OTHER RECEIVABLES

	March 31, 2020	December 31, 2019
	\$	\$
Trade receivables	34,000	46,974
Receivable from related parties (Note 15)	128,191	142,191
Prepayments	35,130	43,756
Sales taxes receivable	32,584	14,326
	229,905	247,247

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2020	December 31, 2019
	\$	\$
Trade creditors and accruals	63,691	120,088
Amounts due to related parties (Note 15)	30,279	82,960
	93,970	203,048

14. CAPITAL STOCK

Authorized

Unlimited number of common shares

Issued

	Shares	Amount
		\$
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 and March 31, 2020	59,868,716	13,419,018

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 5.

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 5.

15. 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 periods ended March 31, 2020 and 2019.

During the three-month period ended March 31, 2020, the Company paid or accrued \$26,796 (March 31, 2019 - \$14,238) to Steenberglaw Professional Corporation, a corporation controlled by Neil Steenberg, secretary of the Company, for legal services.

Included in accounts receivable at March 31, 2020 is a total of \$128,191 (December 31, 2019 - \$142,191) including \$119,191 (December 31, 2019 - \$109,191) receivable from Canadian Manganese and \$9,000 (December 31, 2019 - \$33,000) receivable from Labrador Iron Mines for rent.

Included in accounts payable and accrued liabilities at March 31, 2020 is \$30,279 (March 31, 2019 - \$16,089) payable to Steenberglaw Professional Corporation for legal services.

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15. RELATED PARTY TRANSACTIONS (CONTINUED)

The subsidiaries of the Company at March 31, 2020 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	Ardraccon, Navan, Co. Meath, Ireland	100%	Holding company
Norsub Limited	Box 25, Regency Court, Gategny St. Peter Port, Guernsey, GY1 3AP	100%	Holding company
Minco Ireland Limited	Ardraccon, Navan, Co. Meath, Ireland	100%	Exploration
Westland Exploration Limited	Ardraccon, Navan, Co. Meath, Ireland	100%	Exploration
Minco Mining Limited	9 Little Trinity Lane, London EC4V 2AN	100%	Exploration

16. 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.

Fair value

The Company has designated its 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 due to related parties are classified for accounting purposes as other financial liabilities, which are measured at amortized cost.

As at March 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.

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 March 31, 2020, the Company's financial instruments that are carried at fair value, consisting of marketable securities, have been classified as Level 1 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 or owing 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 and has entered into a further extension with Xtierra in 2020. See Notes 10 and 18.

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 metals.

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 March 31, 2020, the Company had cash of \$1,054,159 (December 31, 2019 - \$1,443,246) to settle accounts payable and accrued liabilities of \$351,377 (December 31, 2019 - \$451,789). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

16. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency risk

Although the Company is incorporated in Canada, the Company has significant operations in Ireland, UK and Mexico, none of which presently generate cash from operations, and holds 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.

The impact of foreign currencies has been determined based on the balances of financial assets and liabilities at March 31, 2020. 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 \$3,000 based on monetary assets and liability balances existing at March 31, 2020.

17. 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 to support the acquisition, development and exploration of mineral properties and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. 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 periods ended March 31, 2020 and 2019. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

18. SUBSEQUENT EVENTS

On April 30, 2020, the TSXV approved the issue by Xtierra to the Company of 13 million share purchase warrants exercisable at \$0.05 per share for the period expiring April 30, 2021. See Note 10.

Subsequent to March 31, 2020, Minco Exploration completed the second tranche of a private placement of shares to raise a total of €500,000 (\$766,560) to fund its ongoing exploration and corporate administration activities in Ireland. See Note 5.