

# BuchansResources

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**For the three-month periods ended March 31, 2021 and 2020**

Dated May 27, 2021

(Form 51-102F1)

**BUCHANS RESOURCES LIMITED**  
**Management Discussion and Analysis**  
**For the three-month period ended March 31, 2021 and 2020**

*Date: May 27, 2021*

**GENERAL**

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The following management discussion and analysis (“MD&A”) of financial condition and results of operations of Buchans Resources Limited (“Buchans” or the “Company”), should be read in conjunction with the condensed interim consolidated financial statements and the notes thereto for the three-month period ended March 31, 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All dollar amounts are stated in Canadian dollars, unless otherwise noted.

For a more complete understanding of the Company’s financial condition and results of operations, this MD&A should be read together with the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2020, a copy of which is filed on the SEDAR website.

**COMPANY OVERVIEW**

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Buchans’ flagship project consists of the historic, high-grade Buchans VMS base metal mining camp in central Newfoundland, Canada. The Company is also exploring several gold properties in central Newfoundland including its Long Range Gold Joint Venture project held in 51:49 percent with Benton Resources. In addition, the Company has interests in several other projects including other VMS base metal properties near Buchans, gold properties in Newfoundland and Labrador and nickel-copper-cobalt properties in Labrador. Internationally, Buchans also holds indirect interest in base metal and silver projects in Mexico through its 25% shareholding in Xtierra Inc. (TSXV: “XAG”), and base metal exploration licences in Ireland through its 12% shareholding in Minco Exploration plc.

The Company’s Buchans project is world-renowned for its past high-grade zinc-lead-copper-silver-gold production that was mined by ASARCO between 1926 and 1984. The Buchans Project includes mineral rights covering 73.5 km<sup>2</sup> covering all of the past producing orebodies from which ASARCO mined **16.2 million tonnes** of ore with a **combined average grade of 14.51% Zn, 7.65% Pb, 1.33% Cu, 126 g/t Ag, and 1.37g/t Au** from five separate deposits. The project also hosts the Company’s large undeveloped Lundberg stockwork sulphide deposit that has undergone advanced evaluations for development as a potential open pit mining operation located on a brownfields site with excellent infrastructure.

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

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

The Collaboration Agreement outlines terms and conditions under which Buchans is providing information and access to the property for the purpose of facilitating Boliden’s evaluation and sharing of technical data and interpretations derived from Boliden’s technical review.

Under the Agreement Boliden has been granted exclusivity on the project until December 31, 2021 over which time Boliden may complete its evaluation and negotiate an Earn-in and Option Agreement and a JV Agreement. During this period Boliden is contributing \$600,000 to Buchans towards the costs of maintaining the Property and exploration and evaluation programs to be undertaken jointly by Buchans and Boliden. To date, Boliden has paid Buchans \$454,500 to fund these activities. During the exclusivity period Buchans has agreed not to provide information to or negotiate with third parties on the project. If Boliden submits a proposal prior to the end of the exclusivity period, Boliden will be granted a right of first refusal for a further six-month period.

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The Lundberg deposit is the largest and most advanced base metal deposit in the Buchans district and has been the subject of multiple technical evaluations undertaken by the Company to advance the deposit towards open pit mine development. These evaluations have included several campaigns of resource delineation drilling, metallurgical test work and other technical assessments. Lundberg's current In-pit resource estimate contains more than 1.25 billion pounds Zinc Equivalent of which 97.8% of the resources occurs in the higher confidence Indicated category. The Lundberg resource comprises **Indicated In-pit resources totalling 16,790,000 tonnes grading 1.53% Zn, 0.64% Pb, 0.42% Cu, 5.69 g/t Ag and 0.07 g/t Au (3.38% Zn Eq)**, as well as **Inferred In-pit resources of 380,000 tonnes grading 2.03% Zn, 1.01% Pb, 0.36% Cu, 22.35 g/t Ag and 0.31 g/t Au (4.46% ZnEq)** [Technical Report entitled: "NI 43-101 Technical Report and Mineral Resource Estimate on the Lundberg Deposit, Buchans Area, Newfoundland and Labrador, Canada", dated April 15, 2019, filed on SEDAR].

Buchans plans to undertake further exploration and pre-development activities within the Buchans Project to independently advance its Lundberg deposit as a potential open pit mining and milling operation (Buchans news release dated March 9, 2021). Among activities planned for Lundberg in 2021 is a diamond drilling program designed to explore for additional high-grade resources adjacent to Lundberg that might complement Lundberg's development as an enlarged open pit or combined open pit-underground mining project. The target area, known as the **Two Level target**, was last drilled by the Company in 2018 and returned drilled intercepts of **1.8 m** of high-grade mineralization assaying **9.48% combined base metals (Zn+Pb+Cu) as 5.57% Zn, 3.15% Pb, 0.76% Cu, 90.5 g/t Ag & 0.37 g/t Au**, including **1.0 m assaying 14.83% combined base metals as 8.70% Zn, 4.87% Pb, 1.26% Cu, 133.2 g/t Ag & 0.47 g/t Au** (Buchans news release dated November 19, 2018). Buchans believes this target area holds considerable potential to host additional mineralization that could significantly further enhance its development potential by contributing to Lundberg's metal inventory.

Buchans also controls several projects in the greater Buchans district, including its Tulks North and Tulks Hill properties. These properties host several smaller VMS base metal deposits or "satellite deposits" located less than 45 km south of Lundberg. These deposits include the Daniels, Bobbys and Tulks Hill deposits, and each deposit hosts National Instrument 43 101 compliant mineral resource estimates and possess excellent exploration potential for discovery of additional resources at depth.

Buchans also controls several gold and nickel-copper-cobalt (Ni-Cu-Co) properties in Newfoundland and Labrador. Among these are several gold projects located in central Newfoundland located approximately 25 km west of Marathon Gold Corporation's (TSX-MOZ) Valentine gold project where Marathon recently announced a positive Feasibility Study (Marathon Gold news release dated March 29, 2021). In addition, Buchans owns several properties located less than 35 km from two high-grade gold discoveries currently being drilled by New Found Gold Corp. (TSX.V-NFG) within New Found Gold's Queensway gold project.

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

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

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**CENTRAL NEWFOUNDLAND VMS Target Areas – Buchans Mining District**

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***Newfoundland – Base Metals***

*Buchans Base Metals Project*

Buchans controls mineral rights within the world-renowned Buchans Volcanogenic Massive Sulphide (VMS) mining camp where former operators, ASARCO, operated a high-grade base metal mining complex recognized internationally as one of the world's highest grade base metal VMS mines. The Company's 100% owned project measures more than 73.5 square kilometres (7,350 hectares) and covers all of the camp's past producing orebodies and key undeveloped prospects. Historic mining by ASARCO within the current property produced more than **16.2 million tonnes** of ore with a combined average grade of **14.51% Zn, 7.65% Pb, 1.33% Cu, 126 g/t Ag, and 1.37g/t Au** from five separate deposits before ore exhaustion and mine closure in 1984.

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

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

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

Work under the Collaboration Agreement commenced in January 2021, and to date Buchans has undertaken a coordinated compilation of past work on the project and continues to compile these data, together with its relogging data, into a new 3D geological model. In addition, Buchans is facilitating Boliden's work to compile and evaluate the project's geophysical datasets. These activities are ongoing and are expected to culminate in the confirmation of priority exploration targets for buried high-grade Buchans VMS deposits. As part of this evaluation, Boliden and Buchans intend to develop specific recommendations for future exploration to be considered by Boliden for future participation and investment.

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

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

The Resource Estimate includes **Indicated In-pit Mineral Resources of 16,790,000 tonnes grading 1.53% Zn, 0.64% Pb, 0.42% Cu, 5.69 g/t Ag and 0.07 g/t Au (3.38% Zn Eq)** and **Inferred In-pit Mineral Resources of 380,000 tonnes grading 2.03% Zn, 1.01% Pb, 0.36% Cu, 22.35 g/t Ag and 0.31 g/t Au (4.46% Zn Eq)**. These resources were estimated within an optimized pit shell at a cut-off grade of US\$20/t NSR and are considered to possess reasonable prospects for economic extraction in the foreseeable future using conventional open-pit mining

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methods. The resource applied metal price assumptions of **US \$1.20/lb Zn, \$1.00/lb Pb, \$3.00/lb Cu, \$1,250/oz Au, and \$17/oz Ag.**

The 2019 Resource Estimate was completed by Mercator Geological Services of Dartmouth Nova Scotia and Mercator's primary recommendation arising from the Mineral Resource Estimate is that an updated assessment of the deposit's economic potential be completed as the next phase of project evaluation. This could take the form of a new Preliminary Economic Assessment or an internal economic study leading to a decision to proceed directly to a PFS assessment.

*Two Level Target (Lundberg Deposit - Supplementary Target)*

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

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

The Two-Level target is located on-strike to the west of mineralization intersected by the Company's 2018 drilling campaign just north of Lundberg and beyond the reach of underground workings of the former Lucky Strike Mine where hole H-18-3524 intersected **1.0 m assaying 14.83% combined base metals (%Cu+%Pb+%Zn or "CBM") as 8.70% Zn, 4.87% Pb, 1.26% Cu, 133.2 g/t Ag and 0.47 g/t Au** (see Buchans news release dated November 20, 2018).

The Company believes the Two-Level target area remains underexplored as historic drilling from surface tended to be drilled either too shallow or at too wide a spacing to adequately test this concept. Buchans believes the Two-Level area holds potential for discovery of additional high-grade ore that may complement the open pit development of the Lundberg deposit, or perhaps extend down plunge into areas capable of hosting additional high-grade resources that may be developed as new underground mines.

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

*Other Central Newfoundland VMS Projects - Tulks Belt*

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

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

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

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

*Tulks Hill Deposit*

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

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

***Exploring for gold in Newfoundland and Labrador***

Buchans controls several gold projects in central Newfoundland and northern Labrador, including its 21.75 km<sup>2</sup> Lake Douglas and its 110.5 km<sup>2</sup> Long Range gold projects in central Newfoundland. These projects were generated outside of its central Newfoundland VMS properties as additional exploration opportunities with potential to generate significant shareholder value.

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

*Long Range Project*

The Long Range Gold Joint Venture is a 51:49 percent joint venture between Buchans and Benton Resources Inc. (TSXV-BEX) and is located 25 km west of Marathon Gold’s Valentine project. In May, Buchans announced reactivation and expansion of the JV, including plans to undertake a \$150,000 targeted prospecting program to further explore the JV’s high-grade Goldquest prospect as well as several nearby, recently acquired gold prospects (Buchans news release dated May 13, 2021). The Long Range JV project hosts multiple orogenic quartz vein-hosted gold in bedrock prospects that Buchans and Benton believe are similar to other high-profile gold discoveries in central Newfoundland including New Found Gold’s (NFG.TSX.V) Queensway Project (i.e., Keats and Lotto gold prospects) and Marathon Gold’s (MOZ.TSX) Valentine project.

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Highlights include the Goldquest prospect discovered by the JV in 2010 that to date has received only cursory exploration including initial drill testing in 2011. The prospect consists of two clusters of gold-bearing quartz float spaced 700 m apart along two excavated logging roads that expose mineralized float over road sections measuring in excess of 500 m in length. Grab samples collected from these clusters returned assays of up to **18.2 g/t Au and 87.1 g/t Ag** from the northern float cluster and **123.8 g/t Au and 414 g/t Ag** from the southern float cluster (see Buchans Minerals' press release dated November 25, 2011).

Limited follow-up trenching returned quartz veins in bedrock assaying up to **8.5 g/t Au and 31 g/t Ag** (grab samples) and initial drill tests returned intercepts of up to **5.5 g/t Au over 0.30 m** (core length) beneath the northern float cluster. Trenching and drilling at the southern cluster failed to intersect gold-bearing quartz veins in bedrock and the source of float assaying up to 123.8 g/t Au and 414 g/t Ag remains unknown. Given the abundance, size and angularity of float identified within the southern cluster, the Companies are optimistic that additional prospecting may yet discover the source of this high-grade gold mineralization in close proximity to the float cluster (see Buchans Minerals' press release dated November 25, 2011).

In addition to the Goldquest prospect, the JV recently expanded its property to cover several gold-in-bedrock prospects discovered by past explorers that remain underexplored. These prospects include the Little Barachois Brook prospect where historic outcrop grab samples returned assays of **112 g/t Au and 363 g/t Ag** as reported by Teck Exploration in 1994, the Abbot's Brook prospect where historic outcrop grab sample assays of **7.01 g/t Au and 9.02 g/t Ag** were reported by Marathon Gold in 2011, and Silver Pond, where historic outcrop grab sample assays of **21.42 g/t Au and 60 g/t Ag** were reported by Metals Creek Resources Corp. (TSXV-MEK) in 2012.

Buchans and Benton have initiated expansion and reactivation of the Long Range JV in response to the recent recognition of central Newfoundland as an emerging gold district capable of hosting multi-million-ounce gold deposits, largely underpinned by Marathon Gold's advance of its Valentine gold project through the feasibility stage and New Found Gold's early-stage exploration success on its Queensway project.

*Lake Douglas Gold Property*

Buchans owns a 100% interest in the 2,175-hectare (21.8 km<sup>2</sup>) Lake Douglas gold property that covers the on-strike extension of favourable structures associated with gold mineralization located 15 km northeast of Marathon Gold Corporation's Valentine project and bordered by Canterra Minerals Corporation's (TSXV-CTM) Wilding Gold project.

High profile exploration results obtained from this area include several gold in bedrock prospects being explored by Canterra approximately 5 km on strike, southwest of Buchans' Lake Douglas property. Previously related results from Canterra's prospects include drilled intercepts of 10.0 g/t Au over 5.35 m, including 49.9 g/t Au over 0.98 m (Antler Gold Inc. (TSXV-ANTL) news release dated December 13, 2017).

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

*Exploits Properties*

Buchans holds three gold properties totalling 8.25 km<sup>2</sup> (Exploits Properties) located within and adjacent to New Found Gold Corp.'s (TSXV-NFG) Queensway project. In 2020, New Found Gold announced initial high-grade drilling results that included intercepts of 93 g/t Au over 19 m (core length) from their Keats Zone (New Found Gold news release dated January 28, 2020), and 41.2 g/t Au over 4.75 m (core length) from the nearby Lotto Zone (New Found Gold news release dated October 2, 2020). New Found continues to release positive drilling results from both prospects (New Found news releases dated May 4, 2021, March 23, 2021 and May 21, 2021).

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

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*Tasiuyak Gold Property, Labrador*

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

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

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

***Exploring for nickel-copper-cobalt in Labrador***

Since 2016, Buchans has staked several properties in Labrador considered prospective for Voisey's Bay-style nickel-copper-cobalt deposits, including 38 claims (9.5 km<sup>2</sup>) covering prospective troctolitic gabbros of the Pants Lake Intrusive Suite at South Voisey's Bay, and 5 claims (1.25 km<sup>2</sup>) covering mineralized troctolite at Voisey's Bay itself.

*South Voisey's Bay:*

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

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

Since acquiring this 9 km<sup>2</sup> property, Buchans has completed a review of past work on the property, largely focused on previous geophysical surveys completed within Buchans' claims and the surrounding area. This review was led by a leading consultant geophysicist in 2019 and highlighted anomalies detected by previous geophysical surveys warranting further follow-up as potential targets for buried Voisey's Bay-style magmatic sulphide deposits. The Company is encouraged by these findings and may either undertake additional work on this property in the future or seek a joint venture partner. Given difficulties of undertaking further exploration on this remote project while Covid restrictions are in place, the Company has deferred further field exploration on this project in 2021.

*Voisey's Bay (Luk):*

In December 2018, Buchans acquired by staking five claims (1.25 km<sup>2</sup>) located 8 km southwest of Vale's (NYSE-VALE) Voisey's Bay nickel-copper-cobalt mine in northern Labrador. Known as the Luk Property, this property covers prospective troctolitic rocks that hosts the Voisey's Bay mine on Vale's adjacent mine property.

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

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

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**EXPLORATION AND EVALUATION ASSETS**

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	March 31 2021 \$	Additions \$	December 31 2020 \$	Additions \$	December 31 2019 \$
Buchans/Lundberg	9,163,273	53,062	9,110,211	317,989	8,792,222
Bobby's Pond	1,734,739	17,448	1,717,291	11,980	1,705,311
Tulks	1,399,473	11,992	1,387,481	(51,699)	1,439,180
Lake Douglas/Long Range	639,228	614	638,614	386	638,227
South Voisey Bay/Tasiuyak	216,146	-	216,146	(6,036)	222,183
	13,152,859	83,116	13,069,743	272,620	12,797,123

**XTIERRA INC.**

As at March 31, 2021, Buchans held 30,000,000 shares in Xtierra Inc. ("Xtierra"), a company listed on the TSX Venture Exchange under the symbol "XAG", and also held 13,000,000 share purchase warrants entitling Buchans to purchase one common share for \$0.05 until April 30, 2021.

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

The market value of the 43,000,000 Xtierra shares at May 27, 2021 based on the market price of Xtierra shares on the TSX Venture Exchange was \$4,085,000.

At March 31, 2021, the Company also held secured Notes receivable from Xtierra in the amount of \$1,014,785 (US\$796,477).

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

Xtierra holds the Bilbao polymetallic sulphide and oxide replacement silver-lead-zinc-copper property, located in the Central Mineral Belt of Mexico, in the southeastern part of the State of Zacatecas, approximately 500 km northwest of Mexico City and is also pursuing new opportunities, including mineral exploration and development projects.

In late 2020 and continuing into the first quarter of 2021, Xtierra completed a small drill campaign of 5 holes for a total of 1500 meters into a previously identified area of high grade silver mineralization located adjacent to and west of the main Bilbao Silver-Lead-Zinc deposit. This high grade silver zone, named the Victor Vein, runs north-south over a strike length of approximately 500 meters. The objective of drilling into this silver zone was to confirm the continuity of the high grade silver values to the northwest between drill holes X42 and X75 and to the south between drill holes X84B and X96 which are separated by 100 meters. A third hole was drilled to seek the continuity 400 meters to the northwest of the first drill hole and is located in the Bilbao 2 concession where the area has potential to offer additional tonnage based on similar results from trenching, sampling and soil geochemistry. Xtierra has reported that, overall, the drill results on the five holes on the Victor vein were positive and demonstrated both consistency and continuity of the mineralization in the area. Furthermore, the results extended the thesis that the surrounding veins are a different mineralization than the skarn in the main Bilbao deposit and therefore are believed to have considerable unexplored potential.

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**RESULTS OF OPERATIONS**

Buchans recorded no revenue in the quarters ended March 31, 2021 or March 31, 2020.

For the three-month period ended March 31, 2021, the Company recorded a loss of \$80,393.

For the three-month period ended March 31, 2020, the Company recorded a loss of \$488,125. The loss included a non cash loss in fair value of Exchangeable Warrants in the amount of \$296,569, a non cash loss in fair value of the Xtierra warrants in the amount of \$72,450 and a loss in the amount of \$46,415 attributable to discontinued operations, partially offset by a foreign exchange gain in the amount of \$86,015.

During the three-month period ended March 31, 2021, Buchans invested \$83,116 (March 31, 2022 - \$128,535) on exploration of its mineral properties.

**SUMMARY OF QUARTERLY RESULTS**

Expressed in \$000's, Except for per share amounts	March 31 2021	Dec. 31 2020	Sept. 30 2020	June 30 2020	March 31 2020	Dec. 31 2019	Sept. 30 2019	June 30 2019
	\$	\$	\$	\$	\$	\$	\$	\$
Net (loss) gain	(80)	2,287	709	423	(488)	(405)	(138)	(285)
Net (loss) gain per share - basic and diluted	(0.001)	0.038	0.011	(0.001)	(0.008)	(0.007)	(0.002)	(0.005)
Total assets	16,981	16,847	19,341	18,837	17,711	17,664	22,248	22,334
Working capital	1,388	1,464	560	727	933	1,239	1,386	1,944

- The loss for the quarter ended June 30, 2019 included a loss in fair value of the Xtierra warrants in the amount of \$82,537.
- The loss for the quarter ended September 30, 2019 included a gain in fair value of the Xtierra warrants in the amount of \$35,531.
- The loss for the quarter ended December 31, 2019 included a loss in fair value of the Xtierra warrants in the amount of \$155,980.
- The loss for the quarter ended March 31, 2020 included a foreign exchange gain in the amount of \$86,015, a loss in fair value of the exchangeable warrants in the amount of \$296,569, a loss in fair value of the Xtierra warrants in the amount of \$72,450, and a loss in the amount of \$46,415 attributable to discontinued operations.
- The gain for the quarter ended June 30, 2020 included a non cash finance income from the receipt of Xtierra warrants in the amount of \$259,234, a gain in fair value of the Xtierra warrants in the amount of \$223,262, a gain in fair value of the exchangeable warrants in the amount of \$81,995, and a loss in the amount of \$6,505 attributable to discontinued operations.
- The gain for the quarter ended September 30, 2020 included a gain in fair value of the Xtierra warrants in the amount of \$945,331, a loss in fair value of the exchangeable warrants in the amount of \$93,204, and a loss in the amount of \$13,192 attributable to discontinued operations.
- The gain for the quarter ended December 31, 2020 included a loss in fair value of the Xtierra warrants in the amount of \$803,967, a change in fair value of the Exchangeable Warrants of (\$277,759), a gain in the amount of \$3,241,452 arising on the disposal of the exchangeable warrants, and a loss in the amount of \$13,192 attributable to discontinued operations.

**LIQUIDITY AND CAPITAL RESOURCES**

At March 31, 2021, Buchans held \$925,322 (December 31, 2020- \$780,219) in cash and cash equivalents and had a working capital surplus of \$1,388,443, compared to a working capital surplus of \$1,463,756 at December 31, 2020.

The market value of the Company's Xtierra shares at March 31, 2021 was \$3,900,000 based on the market price of Xtierra shares on the TSX Venture Exchange.

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At March 31, 2021, Buchans held mineral properties with a combined book value of \$13,152,859. The balance sheet values for these assets may not represent the value which could be obtained if the assets were to be offered for sale.

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

The Company's operations could be significantly adversely affected by the effects of the COVID-19 pandemic. The Company cannot predict the impact COVID-19 will have on its operations, including uncertainties relating to the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments. In addition, this widespread health crisis has adversely affected the economies and financial markets, resulting in an economic and financial downturn that could further affect the Company's ability to finance its operations.

**RELATED PARTY TRANSACTIONS**

No fees were paid by the Company to directors for their services as directors of the Company in the three-month periods ended March 31, 2021 and 2020.

During the three-month period ended March 21, 2021, the Company paid or accrued \$854 to Steenberglaw Professional Corporation, a corporation controlled by Neil Steenberg, secretary of the Company, for legal services (March 31, 2020 - \$26,796).

Included in accounts receivable at March 31, 2021 is \$282,474 (December 31, 2020 - \$278,755) receivable from related parties, including \$140,202 (December 31, 2020 - \$140,202) from Canadian Manganese Co. Inc. covering administration services, \$133,272 (December 31, 2020 - \$129,553) from Minco Exploration Plc covering administration services, and \$9,000 (December 31, 2020 - \$9,000) receivable from Labrador Iron Mines for rent.

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

**CRITICAL ACCOUNTING ESTIMATES**

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

**Adoption of New Accounting Standards**

The standards and interpretations within IFRS are subject to change. For further details, please refer to Note 4 to the December 31, 2020 audited consolidated financial statements.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

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

### **Exploration, Development and Operating Risk**

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

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

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

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

### **Failure to Obtain Additional Financing**

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

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

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

**No Assurance of Production**

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

**Fluctuating Metal Prices**

Metal prices are subject to significant fluctuations and are affected by a number of factors which are beyond the control of Buchans. The principal factors include: diminished demand, which may arise if economic growth in China, North America, and/or Europe is not sustained; increases in supply resulting from the discovery and the development of new sources of metals; and supply interruptions, due to changes in government policies, war, or international trade disputes or embargos. The effect of these factors on the future price of metals and their effect on Buchans' operations cannot be predicted.

**Factors beyond Buchans' Control**

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

**Environmental Risks and Hazards**

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

**Competition**

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

**Management**

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

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Conflicts, if any, will be dealt with in accordance with the relevant provisions of applicable corporate and securities laws.

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

**FINANCIAL RISK MANAGEMENT**

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**Fair value**

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

**Interest rate risk**

Buchans finances its operations through the issue of equity shares and has no fixed interest rate agreements. Buchans had \$780,219 in cash and no cash equivalents at March 31, 2021. A one percent change in interest rates would result in only a nominal corresponding change in interest income based on cash equivalent balances existing at March 31, 2021.

**Liquidity risk**

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

**Credit risk**

With respect to credit risk arising from financial assets of Buchans, which comprise of cash and cash equivalents, cash deposits give rise to credit risks on the amounts due from counterparties. The Company controls and monitors the distribution of this exposure by ensuring that all financial instruments are held with reputable and financially secure institutions and that exposure to credit risk is distributed across a number of institutions. At March 31, 2021 all cash and short-term deposits had a maturity date of 30 days or less. Credit risk is actively managed across the portfolio of institutions by ensuring that material surplus funds are placed with counterparties that have a credit rating of at least BBB.

**Foreign currency risk**

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

Further details of Buchans' financial risk management policies are set out in Note 19 of the December 31, 2020 audited financial statements.

**OFF-BALANCE SHEET ARRANGEMENTS**

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There are no off-balance sheet arrangements.

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**FINANCIAL INSTRUMENTS**

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

The Company has designated its exchangeable warrants and short-term investments as fair value through profit or loss, which are measured at fair value. Cash and receivables and other assets are measured at amortized cost. Trade and other payables and lease obligations are classified for accounting purposes as financial liabilities measured at amortized cost. As at March 31, 2021, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments.

**OUTSTANDING SHARE CAPITAL**

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The Company has authorized an unlimited number of common shares.

At March 31, 2021, and at May 27, 2021, the Company had 62,138,460 common shares issued and outstanding.

**ADDITIONAL INFORMATION**

Additional information about the Company is available on the Company's website at [www.BuchansResources.com](http://www.BuchansResources.com).

**FORWARD-LOOKING STATEMENTS**

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

Date: May 27, 2021