

# **BUCHANS RESOURCES LIMITED**

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

*Unaudited*

**For the three months ended March 31, 2024**

### **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**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the three months ended March 31, 2024**

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**BUCHANS RESOURCES LIMITED****Condensed Interim Consolidated Statements of Financial Position****As at March 31, 2024***Unaudited*

Expressed in Canadian Dollars	Notes	March 31, 2024	December 31, 2023
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	43,805	171,030
Trade and other receivables	9/14	131,782	85,272
Prepaid expenses		25,000	25,000
Marketable securities	10	13,229,267	15,456,067
<b>Total current assets</b>		<b>13,429,854</b>	<b>15,737,369</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	6	235,590	221,403
Right-of-use asset, lease	5	113,671	147,638
Investment in finance leases	5	148,519	191,189
Investment in associates	7	706,047	706,047
<b>Total non-current assets</b>		<b>1,203,827</b>	<b>1,266,277</b>
<b>Total assets</b>		<b>14,633,681</b>	<b>17,003,646</b>
<b>Shareholders' Equity and liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11/14	214,589	208,654
Current portion of lease obligation	5	276,358	327,005
<b>Total current liabilities</b>		<b>490,947</b>	<b>535,659</b>
<b>Long term liabilities</b>			
Loans payable	12	77,333	80,000
Lease obligation	5	-	28,281
<b>Total long term liabilities</b>		<b>77,333</b>	<b>108,281</b>
<b>Total liabilities</b>		<b>568,280</b>	<b>643,940</b>
<b>Shareholders' Equity</b>			
Share capital	13	14,639,425	14,639,425
Retained earnings (deficit)		(574,024)	1,720,281
<b>Total shareholders' equity</b>		<b>14,065,401</b>	<b>16,359,706</b>
<b>Total shareholders' equity and liabilities</b>		<b>14,633,681</b>	<b>17,003,646</b>

**Nature of operations and going concern (Note 1)****Commitments and contingencies (Notes 1, 5, 12 and 15)****Subsequent event (Note 18)**

The financial statements were approved by the Board of Directors on May 27, 2024, and signed on its behalf by:

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

See accompanying notes to the condensed interim consolidated financial statements

**BUCHANS RESOURCES LIMITED****Condensed Interim Consolidated Statements of Income and Loss and Comprehensive Loss****For the three months ended March 31, 2024 and 2023***Unaudited*

Expressed in Canadian Dollars	Notes	Three months ended March 31,	
		2024	2023
		\$	\$
General and administrative expenses:			
Professional fees		(12,085)	(8,086)
Shareholders and investors expense		(7,424)	(2,291)
Depreciation on right-of-use asset	5	(33,967)	(33,967)
Office expense		(11,871)	(28,769)
Loss before other items		(65,347)	(73,113)
Other items:			
Foreign exchange gain/(loss)		203	2
Interest expense on lease obligation	5	(5,107)	(9,693)
Interest income on finance leases	5	2,746	5,256
Loss on disposal of marketable securities		-	(1,595)
Change in fair value of marketable securities	10	(2,226,800)	-
Total other items		(2,228,958)	(6,030)
Net (loss) and comprehensive (loss) for the period		(2,294,305)	(79,143)
<b>Earnings/(loss) per share</b>			
Basic and diluted earnings/(loss) per share	4	(0.035)	(0.001)
Weighted average common shares - basic and diluted	4	64,729,386	64,729,386

See accompanying notes to the condensed interim consolidated financial statements

**BUCHANS RESOURCES LIMITED**  
**Condensed Interim Statements of Changes in Equity**  
**As at March 31, 2024**

*Unaudited*

Expressed in Canadian Dollars	Share Capital	Retained Earnings (Deficit)	Total
	\$	\$	\$
Balance as at December 31, 2022	14,639,425	(3,890,640)	10,748,785
Total comprehensive (loss) for the period	-	(79,143)	(79,143)
Balance as at March 31, 2023	14,639,425	(3,969,783)	10,669,642
Total comprehensive income for the period	-	5,690,064	5,690,064
Balance as at December 31, 2023	14,639,425	1,720,281	16,359,706
Total comprehensive (loss) for the period	-	(2,294,305)	(2,294,305)
Balance as at March 31, 2024	14,639,425	(574,024)	14,065,401

See accompanying notes to the condensed interim consolidated financial statements

**BUCHANS RESOURCES LIMITED****Condensed Interim Consolidated Statements of Cash Flows****For the three months ended March 31, 2024 and 2023***Unaudited*

Expressed in Canadian Dollars	Notes	2024 \$	2023 \$
<b>Cash flow from operating activities</b>			
(Loss) for the period		(2,294,305)	(79,143)
Depreciation on right-of-use asset	5	33,967	33,967
Non-cash foreign exchange loss/(gain)		-	(2)
Change in fair value of marketable securities	10	2,226,800	-
Interest expense on lease obligation	5	5,107	9,693
Interest income on finance leases	5	(2,746)	(5,256)
Loss on disposal of marketable securities		-	1,595
		(31,177)	(39,146)
<b>Movements in working capital</b>			
(Increase) in trade and other receivables		(46,510)	(13,493)
Decrease in prepaid expenses		-	5,309
Increase/(decrease) in trade and other payables		3,268	(36,684)
Net cash flows from operating activities		(74,419)	(84,014)
<b>Cash flows provided by (used in) investing activities</b>			
Investment in exploration and evaluation assets	6	(14,187)	(148,975)
Lease payments received	5	45,416	44,332
Net cash flows provided by (used in) investing activities		31,229	(104,642)
<b>Cash flows (used in) financing activities</b>			
Payment of lease obligation	5	(84,035)	(80,783)
Net cash flows (used in) financing activities		(84,035)	(80,783)
Net (decrease) in cash and cash equivalents		(127,225)	(269,440)
Cash and cash equivalents at the beginning of the period		171,030	562,396
Cash and cash equivalent at the end of the period		43,805	292,956

See accompanying notes to the condensed interim consolidated financial statements

## **BUCHANS RESOURCES LIMITED**

### **Notes to the Condensed Interim Consolidated Financial Statements**

#### **For the three months ended March 31, 2024 and 2023**

Expressed in Canadian dollars, unless noted

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

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

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

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

Historically, the Company relied on equity financing to generate financial resources to fund its working capital requirements and to fund its planned exploration programs. The continuing operations of the Company are dependent on its ability to generate future cash flows, sell marketable securities or obtain additional financing. Management is of the opinion that funding is available to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis, on acceptable terms to the Company, or at all. The consolidated financial statements have been prepared on a going concern basis. 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 financing being available for the continuing working capital requirements of the Company and financing for the exploration and development of the Company's projects being available. Should the going concern basis not be appropriate, adjustments would have to be made to the consolidated financial statements. Such adjustments could be material. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern.

#### **2. BASIS OF PRESENTATION**

These condensed interim consolidated financial statements reflect the financial position, statement of loss and comprehensive loss, equity and cash flows related to assets and liabilities of the Company and entities controlled by the Company (its subsidiaries).

These condensed interim consolidated financial statements were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board on a basis consistent with the accounting policies disclosed in the annual consolidated financial statements of the Company for the year ended December 31, 2023. The accounting policies set out below were consistently applied to all periods presented, unless otherwise noted.

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 annual consolidated financial statements for the year ended December 31, 2023, prepared in accordance with IFRS.

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for those items carried at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except cash flow information.

**BUCHANS RESOURCES LIMITED**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2024 and 2023**  
Expressed in Canadian dollars, unless noted

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim consolidated financial statements were prepared on a basis consistent with the accounting policies disclosed in the annual consolidated financial statements of the Company for the year ended December 31, 2023, as set out in Note 3 thereof.

**Basis of consolidation**

These 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 reporting period 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.

**4. INCOME/(LOSS) PER SHARE**

Basic income/(loss) per share is computed by dividing the income/(loss) after taxation for the period available to ordinary shareholders by the sum of the weighted average number of ordinary shares in issue and ranking for dividend during the period. Diluted income/(loss) per share is computed by dividing the income/(loss) after taxation for the period by the weighted average number of ordinary shares in issue, adjusted for the effect of all potential dilutive ordinary shares that were outstanding during the period. The computation for basic and diluted income/(loss) per share is as follows:

	March 31, 2024	March 31, 2023
	\$	\$
<b>Numerator</b>		
Net (loss)	(2,294,305)	(79,143)
Total (loss) for the period	<u>(2,294,305)</u>	<u>(79,143)</u>
<b>Denominator</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
Weighted average number of shares - basic and diluted	<u>64,729,386</u>	<u>64,729,386</u>
<b>Earnings/(loss) per share</b>		
Basic and diluted earnings/(loss) per share	<u>(0.035)</u>	<u>(0.001)</u>

**5. RIGHT OF USE ASSET, LEASE OBLIGATION AND INVESTMENT IN FINANCE LEASES**

On February 1, 2022, the Company extended the lease for its office premises, being approximately half of one floor in mid-size office building in downtown Toronto, for three years, expiring January 31, 2025. In accordance with IFRS 16, the Company recognized a right of use asset ("ROU") and a lease obligation. During the three months ended March 31, 2024, the Company recognized a non-cash depreciation expense in the amount of \$33,967 (2023 – \$33,967).

	March 31, 2024	December 31, 2023
	\$	\$
<b>Cost</b>		
Balance, beginning of year	1,145,272	1,145,272
Additions	-	-
Derecognized - investment in finance leases	-	-
Balance, end of period	<u>1,145,272</u>	<u>1,145,272</u>
<b>Accumulated Depreciation</b>		
Balance, beginning of year	997,634	861,766
Additions	33,967	135,868
Balance, end of period	<u>1,031,601</u>	<u>997,634</u>
Net book value	<u>113,671</u>	<u>147,638</u>



**BUCHANS RESOURCES LIMITED****Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2024 and 2023**

Expressed in Canadian dollars, unless noted

**5. RIGHT OF USE ASSET, LEASE OBLIGATION AND INVESTMENT IN FINANCE LEASES (CONTINUED)**

The Company recognized interest expense on its lease obligation in the amount of \$5,107 during the three months ended March 31, 2024 (2023 – \$9,693).

	March 31, 2024	December 31, 2023
	\$	\$
Balance, beginning of year	355,286	648,698
Additions	-	-
Lease payments	(84,035)	(325,408)
Interest expense	5,107	31,996
Balance, end of period	<u>276,358</u>	<u>355,286</u>
	\$	\$
Current portion of lease liability	276,358	327,005
Long-term portion of lease liability	-	28,281
	<u>276,358</u>	<u>355,286</u>

The following table presents the contractual obligation for undiscounted cash flows for lease obligation as at March 31, 2024.

	\$
Payments due within one year	<u>284,272</u>

When measuring the lease obligation, the Company discounted the remaining lease payments using the estimated incremental borrowing rate of 6.2% per annum.

*Net investment in finance leases/contracts*

On February 1, 2022, the Company entered into office sharing agreements with related corporations that share part of the office premises for terms of three years. In accordance with IFRS 16, at commencement of the contracts, the Company recognized a net investment in finance leases of \$488,839 and derecognized ROU assets by the same amount.

During the three months ended March 31, 2024, \$58,605 (2023 - \$44,585) was recovered from related corporations.

	March 31, 2024	December 31, 2023
	\$	\$
Balance, beginning of year	191,189	351,965
Additions	-	-
Finance income	2,746	17,311
Discounted value of lease payments received	(45,416)	(178,087)
Balance, end of period	<u>148,519</u>	<u>191,189</u>

Although considered leases (contracts granting the right to utilize an asset) under IFRS 16, these are simple office and cost sharing arrangements with other companies related by common or overlapping management and/or directors.

**6. EXPLORATION AND EVALUATION ASSETS**

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

	March 31, 2024	Additions	Dec. 31, 2023	Disposal	Additions	Reversal of impairment	Dec. 31, 2022
	\$	\$	\$	\$	\$	\$	\$
Newfoundland projects	-	-	-	(9,890,873)	376,164	-	9,514,709
South Voiseys Bay	158,245	14,187	144,058	-	93,908	50,149	1
Tasiuyak Gold	-	-	-	-	(3,136)	3,136	-
Voiseys Bay (Luk)	77,345	-	77,345	-	66,407	10,938	-
	<u>235,590</u>	<u>14,187</u>	<u>221,403</u>	<u>(9,890,873)</u>	<u>533,343</u>	<u>64,223</u>	<u>9,514,710</u>

All exploration and evaluation assets are carried at cost less any applicable impairment provision.

**BUCHANS RESOURCES LIMITED**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2024 and 2023**  
Expressed in Canadian dollars, unless noted

**6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

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.

The Company holds interests in several copper/nickel/cobalt exploration properties in Labrador, including claims at South Voisey's Bay and claims in the immediate Voisey's Bay area, and the Tasiuyak gold exploration property.

**7. INVESTMENT IN ASSOCIATES**

	March 31, 2024	December 31, 2023
	\$	\$
Opening balance	706,047	846,704
Share of loss of associate	-	(85,000)
Foreign currency translation reserve	-	(55,657)
Closing balance	<u>706,047</u>	<u>706,047</u>

**Minco Exploration Plc**

At March 31, 2024, the Company held 11,227,879 (2023 – 11,227,879) shares of Minco Exploration, incorporated in Ireland, representing a 14.4% (2022 – 14.4%) interest, as an investment in associate and not held for distribution.

**8. CASH AND CASH EQUIVALENTS**

	March 31, 2024	December 31, 2023
	\$	\$
Cash	36,558	163,910
Cash (US dollars)	7,247	7,120
Immediately available without restriction	<u>43,805</u>	<u>171,030</u>

Cash comprises cash balances held at a major Canadian bank for purposes of meeting short-term cash commitments.

**9. TRADE AND OTHER RECEIVABLES**

	March 31, 2024	December 31, 2023
	\$	\$
Receivables	850	-
Receivable from related parties (Note 14)	100,574	79,955
Sales taxes receivable	30,358	5,317
	<u>131,782</u>	<u>85,272</u>

**BUCHANS RESOURCES LIMITED****Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2024 and 2023**

Expressed in Canadian dollars, unless noted

**10. MARKETABLE SECURITIES**

	March 31, 2024	December 31, 2023
	\$	\$
Canterra Minerals Corporation shares	1,615,130	1,917,966
Canterra Minerals Corporation warrants	10,277,137	12,204,101
Royalties Inc.	1,320,000	1,320,000
C2C Gold	17,000	14,000
	<u>13,229,267</u>	<u>15,456,067</u>

**(a) Canterra Minerals Corporation**

On December 20, 2023, the Company completed the sale of certain of the Company's portfolio of base and precious metals projects in central Newfoundland to Canterra in exchange for 24,910,000 common shares and 128,464,216 exchangeable warrants with a fair value of \$1,868,250 and \$9,634,816 respectively. The fair value of the Canterra shares was determined based on the share price of \$0.075 as at the effective date of the transaction, and the fair value of the exchangeable warrants was based on the Black-Scholes option pricing model using the following assumption: expected dividend yield of 0%, expected volatility of 141%, risk-free interest rate of 3.94%, exercise price of \$0.00, share price of \$0.075 and an expected life of 2 years, resulting in a value of \$0.075 per warrant. The warrants are not exercisable until an independent technical report has been filed and cleared by the TSX-V, and the warrants are not exercisable if it would create a new control person on change of control, pursuant to the policies of the TSX-V.

This transaction resulted in a gain of \$1,612,194 on the disposal of exploration and evaluation assets in the consolidated statement of income/loss.

The Company transferred 3,054,216 Canterra shares to Energold Minerals related through John F. Kearney, Chairman of the Company, in reimbursement for the payment of mining lease payments in the amount of \$183,253, and 1,666,667 Canterra shares to Seanchaidh, a company related to the Company as it is controlled by an individual personally related to the Chairman, in settlement of advisory fees in the amount of \$100,000, recorded in professional fees. These transactions resulted in the loss on settlement of accounts payable of \$70,813, recorded in the consolidated statement of loss/income. See also Note 14.

At March 31, 2024, the Company held 20,189,117 common shares and 128,464,216 exchangeable warrants of Canterra for a total estimated value of \$1,615,130 and \$10,277,137 respectively. The fair value of the Canterra shares was determined based on the quoted market price of Canterra shares as at that date of \$0.075 per share. The fair value of the exchangeable warrants was determined based on the Black-Scholes option pricing model using the following assumptions: expected dividend yield of 0%, expected volatility of 144%, risk-free interest rate of 3.91%, exercise price of \$0.00, share price of \$0.095 and an expected life of 1.97 years, resulting in a value of \$0.075 per warrant.

The revaluation of the Canterra shares and warrants to fair value as at March 31, 2024 resulted in a loss of \$2,229,800 recorded in the consolidated statement of loss/income.

**(b) Royalties Inc.**

At March 31, 2024, the Company held 33,000,003 shares of Royalties Inc. ("Royalties") (December 31, 2023 – 33,000,003) with a quoted market value as at that date of \$1,320,000 (December 31, 2023 – \$1,320,000).

**(c) C2C Gold**

At March 31, 2024, the Company held 100,000 shares of C2C Gold valued at \$17,000 (December 31, 2023 – \$14,000). During the three months ended March 31, 2024, the Company recorded a fair value gain in the amount of \$3,000.

**11. TRADE AND OTHER PAYABLES**

	March 31, 2024	December 31, 2023
	\$	\$
Trade creditors and accruals	171,283	165,348
Amounts due to related parties (Note 14)	43,306	43,306
	<u>214,589</u>	<u>208,654</u>

**BUCHANS RESOURCES LIMITED****Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2024 and 2023**

Expressed in Canadian dollars, unless noted

**12. LOANS PAYABLE**

On May 26, 2020, the Government of Canada launched the Canada Emergency Business Account (CEBA), which was implemented by eligible financial institutions. The Company and its subsidiary, Buchans Minerals Corporation, each received loans of \$40,000, for a total amount of \$80,000 and in January 2021, the Company received an additional loan in the amount of \$40,000. In December 2023, the Company refinanced the full balance of the CEBA loans less a \$40,000 forgivable portion. The refinancing was done through a bank loan in the amount of \$80,000 repayable in monthly instalments over a period of five years at interest rates of prime plus 1.5 to 3.5%.

**13. SHARE CAPITAL****Authorized**

Unlimited number of common shares

**Issued**

	Shares	Amount \$
Balance at December 31, 2022 and 2023 and March 31, 2024	<u>64,729,386</u>	<u>14,639,425</u>

**14. RELATED PARTY TRANSACTIONS**

Transactions between the Company and its subsidiary have been eliminated on consolidation and are not disclosed. At March 31, 2024 and 2023, the Company had only one subsidiary, Buchans Minerals Corporation.

The directors are considered key management personnel of the Company 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 three months ended March 31, 2024 and 2023.

During the three months ended March 31, 2024, the Company charged \$30,750 to related parties for office services, including \$15,000 (2023 - \$15,000) to Canadian Manganese Company Inc., \$11,250 (2023 - \$11,250) to Labrador Iron Mines and \$4,500 (2023 - \$4,500) to Energold Minerals Inc. These companies are related through John F. Kearney, Chairman of the Company, and certain other directors being directors of some or all companies mentioned. See also Note 5.

Included in trade and other receivables at March 31, 2024 is \$100,530 (December 31, 2023 - \$79,955) receivable from related parties, including \$17,285 (December 31, 2023 - \$16,205) from Minco Exploration Plc (Note 7) covering administration services, \$78,245 (December 31, 2023 - \$63,750) receivable from Labrador Iron Mines and \$5,000 from Canadian Manganese Company.

Included in accounts payable and accrued liabilities at March 31, 2024 is \$43,306 (December 31, 2023 - \$43,306) payable to related parties, including \$8,306 payable to SPC Consulting, a company owned by the Secretary of the Company, for consulting services (December 31, 2023 - \$8,306) and \$35,000 (December 31, 2023 - \$35,000) in respect of advances made by Energold to the Company. See also Note 11.

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

**15. COMMITMENTS AND CONTINGENCIES**

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

In consideration of Canterra providing support services in 2024 to Buchans, Buchans has agreed to pay Canterra \$70,250 representing 25% of the salary and the target bonus in the applicable period in exchange for the equivalent amount of certain employees' time and availability to provide the support services. Billing will be on a quarterly basis.

## **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 during the financial statements reporting period.

### **Fair value**

The Company's exchangeable warrants and marketable securities are classified as fair value through profit or loss ("FVPL"), which are measured at fair value. Cash and cash equivalents, trade and other receivables, trade and other payables, loans payable and lease obligations are measured at amortized cost.

As at March 31, 2024, the carrying and fair value amounts of the Company's current 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). During the three months ended March 31, 2024, the Company's financial instruments that are carried at fair value, consisting of investment in warrants, have been classified as Level 2 within the fair value hierarchy, and investments in marketable securities have been classified as Level 1 within the fair value hierarchy.

### **Interest rate risk**

The Company has cash balances and a variable interest bank loan. 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. See Note 12.

### **Credit risk**

Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed to or owed by the Company. Management's assessment of the Company's risk is low as it is primarily attributable to funds held in banks.

### **Commodity price risk**

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

### **Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. Other than a bank loan repayable over five years and office lease obligations payable until January 30, 2025, all of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

### **Market risk**

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk with respect to its marketable securities and unfavourable market conditions could result in dispositions of marketable securities at less than favorable prices. A 5% change in the market prices would result in a \$661,463 impact to the net income.

### **Foreign currency risk**

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

**BUCHANS RESOURCES LIMITED****Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2024 and 2023**

Expressed in Canadian dollars, unless noted

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**16. FINANCIAL INSTRUMENTS (CONTINUED)**

The impact of foreign currencies has been determined based on the balances of financial assets and liabilities at March 31, 2024. 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 5% change in the US Dollar exchange rate would not result in a significant foreign exchange impact to the net loss based on monetary assets and liability balances existing at March 31, 2024.

**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, primarily to equity financing, to support the exploration and development of mineral properties and maintain the necessary corporate and administrative functions to facilitate these activities. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. All equity financings require the approval of the Board of Directors.

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

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

There were no significant changes to the Company's approach to capital management during the three months ended March 31, 2024. Neither the Company nor its subsidiary are subject to externally imposed capital requirements.

**18. SUBSEQUENT EVENT**

On April 30, 2024, Buchans Resources Limited and its wholly owned subsidiary Buchans Minerals Corporation were amalgamated with the name Buchans Resources Limited.