

BUCHANS RESOURCES LIMITED

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and nine months ended September 30, 2022

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 and nine months ended September 30, 2022

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BUCHANS RESOURCES LIMITED

Condensed Interim Consolidated Statements of Financial Position

As at September 30, 2022

Unaudited

Expressed in Canadian Dollars	Notes	September 30, 2022	December 31, 2021
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	8	531,524	1,070,738
Trade and other receivables	9	61,399	43,957
Prepaid expenses		67,065	39,276
Marketable securities		6,200	25,500
Total current assets		666,188	1,179,471
Non-current assets			
Exploration and evaluation assets	6	13,446,686	13,184,110
Right-of-use asset, lease	5	461,875	20,478
Financial instruments	7	6,959	73,831
Note receivable	7	282,619	251,673
Investment in associates	7	851,704	851,704
Total non-current assets		15,049,843	14,381,796
Total assets		15,716,031	15,561,267
Equity and liabilities			
Current liabilities			
Trade and other payables	10	133,806	60,537
Current portion of lease obligation	5	190,616	-
Total current liabilities		324,422	60,537
Long term liabilities			
CEBA loans payable	11	120,000	120,000
Lease obligation	5	284,727	-
Total long term liabilities		404,727	120,000
Total liabilities		729,149	180,537
Shareholders' Equity			
Share capital	12	14,619,425	14,619,425
Retained earnings		367,457	761,305
Total equity		14,986,882	15,380,730
Total shareholders' equity and liabilities		15,716,031	15,561,267

COMMITMENTS AND CONTINGENCIES (Notes 1, 6 and 16)

The financial statements were approved by the Board of Directors on November 23, 2022 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 Income and Loss and Comprehensive Loss****For the three and nine months ended September 30, 2022 and 2021***Unaudited*

Expressed in Canadian Dollars	Notes	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
		\$	\$	\$	\$
General and administrative expenses:					
Professional fees		(11,896)	(516)	(51,774)	(11,995)
Shareholders and investors expense		(2,598)	1,298	(10,646)	(11,089)
Lease depreciation	5	(49,486)	(61,435)	(152,442)	(184,305)
Office (expense)/recovery		(25,062)	(12,978)	(100,598)	26,629
Loss before other items		(89,042)	(73,631)	(315,460)	(180,760)
Other items:					
Foreign exchange gain/(loss)		15,243	7,536	19,988	(21,045)
Canada Emergency Wage Subsidy revenue		-	6,172	-	26,992
Non-cash deemed interest expense		(7,834)	(3,679)	(22,419)	(16,309)
Interest income	5	3,826	3,150	10,215	5,149
Value of 2021 Xtierra warrants received		-	-	-	273,648
Change in fair value of 2020 Xtierra warrants	7	-	-	-	(103,847)
Change in fair value of 2021 Xtierra warrants	7	(6,842)	(98,029)	(66,872)	(184,833)
Change in fair value of marketable securities		(6,800)	-	(19,300)	-
Total other items		(2,407)	(84,850)	(78,388)	(20,245)
Net (loss) and comprehensive (loss) for the period		(91,449)	(158,481)	(393,848)	(201,005)
Loss per share					
Basic and diluted (loss)/income per share	4	(0.001)	0.001	(0.006)	(0.003)
Weighted average common shares outstanding	4	64,629,386	62,138,460	64,629,386	62,138,460

See accompanying notes to the consolidated financial statements

BUCHANS RESOURCES LIMITED
Condensed Interim Statements of Changes in Equity
As at September 30, 2022
Unaudited

Expressed in Canadian Dollars	Share Capital	(Deficit) Retained Earnings	Total
	\$	\$	\$
Balance as at December 31, 2020	14,122,282	2,170,426	16,292,708
Total comprehensive loss for the period	-	(201,005)	(201,005)
Balance as at September 30, 2021	14,122,282	1,969,421	16,091,702
Minco Exploration warrants exercise adjustment	(2,857)	-	(2,857)
Proceeds from private placements	500,000	-	500,000
Total comprehensive loss for the period	-	(1,208,116)	(1,208,116)
Balance as at December 31, 2021	14,619,425	761,305	15,380,730
Total comprehensive loss for the period	-	(393,848)	(393,848)
Balance as at September 30, 2022	14,619,425	367,457	14,986,882

See accompanying notes to the consolidated financial statements

BUCHANS RESOURCES LIMITED**Condensed Interim Consolidated Statements of Cash Flows****For the nine months ended September 30, 2022 and 2021***Unaudited*

Expressed in Canadian Dollars	Notes	2022 \$	2021 \$
Cash flow from operating activities			
(Loss)/income for the period		(393,848)	(201,005)
Lease depreciation	5	152,442	184,305
Non-cash foreign exchange loss		(20,731)	21,045
Value of Xtierra warrants received		-	(273,648)
Change in fair value of 2020 Xtierra warrants	7	-	103,847
Change in fair value of 2021 Xtierra warrants	7	66,872	184,833
Change in fair value of marketable securities		19,300	-
Reduction in lease obligations		-	(108,993)
Non-cash deemed interest expense	5	22,419	16,309
Non-cash interest income	7	(10,215)	(5,149)
		(163,761)	(78,456)
Movements in working capital			
Decrease/(increase) in trade and other receivables		(17,442)	(124,054)
(Increase) in prepaid expenses		(27,789)	-
(Decrease) in trade and other payables		73,269	(95,484)
Net cash flows from operating activities		(135,722)	(297,994)
Cash flows from investing activities			
Payment received in reduction of Xtierra note		-	100,000
Contributions to exploration expenditures received	6	474,936	544,500
Investment in exploration and evaluation assets	6	(737,513)	(418,032)
Net cash flows from investing activities		(262,577)	226,468
Cash flows from financing activities			
Payment of lease obligation	5	(140,915)	(118,598)
CEBA loans	11	-	40,000
Net cash flows from financing activities		(140,915)	(78,598)
Net increase/(decrease) in cash and cash equivalents		(539,214)	(150,124)
Effect of foreign exchange rate changes on cash and cash equivalents		-	(230)
Cash and cash equivalents at the beginning of the period		1,070,738	780,219
Cash and cash equivalent at the end of the period		531,524	629,865

See accompanying notes to the consolidated financial statements

BUCHANS RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

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 nine months ended September 30, 2022, the Company recorded a loss of \$393,848, and, at that date, had positive cash balances of \$531,524. 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 cannot accurately predict the impact the Covid-19 pandemic may have on its operations, including uncertainties relating to the duration of the pandemic, potential travel and quarantine restrictions imposed by governmental authorities, and the impact on schedules and timelines for planned operations or exploration programs. In addition, this pandemic and related economic uncertainty may adversely affect the Company's ability to finance its planned operations.

2. 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, 2021 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.

3. 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.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2022 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS Standards issued but not yet effective:

IAS 1	Presentation of financial statements
IAS 37	Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37")
IAS 16	Property, Plant and Equipment ("IAS 16")
IFRS 3	Business Combinations ("IFRS 3")
IFRS 10	Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28")

BUCHANS RESOURCES LIMITED**Notes to the Condensed Interim Consolidated Financial Statements****For the nine months ended September 30, 2022 and 2021**

Expressed in Canadian dollars, unless noted and per share amounts

4. 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:

	September 30, 2022	September 30, 2021
	\$	\$
Numerator		
Net (loss)	(393,848)	(201,005)
Total (loss) for the period	<u>(393,848)</u>	<u>(201,005)</u>
Denominator	No. of Shares	No. of Shares
Weighted average number of shares - basic and diluted	<u>64,629,386</u>	<u>62,138,460</u>
Earnings/(loss) per share		
Basic and diluted (loss)/income per share	<u>(0.006)</u>	<u>(0.003)</u>

5. LEASES

On February 1, 2022, the Company extended the lease for its office premises for three years, expiring January 31, 2025.

In accordance with IFRS 16, the Company recorded a right-of-use ("ROU") asset, recognizing the Company's office facility for the three year extension in the amount of \$593,839 and a corresponding lease liability in the amount of \$593,839. During the period ending September 30, 2022, the Company recognized a non-cash depreciation expense in the amount of \$152,442 and recognized a non-cash interest expense in the amount of \$22,419, and \$167,458 was recovered from other corporations that share part of the office premises.

Right-of-use Asset

Right-of-use asset:

	September 30, 2022	December 31, 2021
	\$	\$
Opening balance	20,478	266,218
Right-of-use asset recognized	593,839	-
Accumulated depreciation	(152,442)	(245,740)
Net book value at September 30, 2022	<u>461,875</u>	<u>20,478</u>

The following table reflects the lease obligations recognized:

	\$	\$
Opening balance	-	310,761
Recognition of Right-of-use liability	593,839	-
Lease payments made	(140,915)	(179,030)
Reduction in lease obligations recognized	-	(145,477)
Interest expense	22,419	18,171
Prepaid rent	-	(20,753)
Amount transferred to current liabilities	-	16,328
Net lease obligations at end of period	<u>475,343</u>	<u>-</u>
	\$	\$
Within one year	190,616	-
Between one and two years	284,727	-
Net lease obligations at end of period	<u>475,343</u>	<u>-</u>

BUCHANS RESOURCES LIMITED**Notes to the Condensed Interim Consolidated Financial Statements****For the nine months ended September 30, 2022 and 2021**

Expressed in Canadian dollars, unless noted and per share amounts

6. EXPLORATION AND EVALUATION ASSETS

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

	September 30 2022	Additions	December 31 2021	Additions	December 31 2020
	\$	\$	\$	\$	\$
Buchans/Lundberg	9,356,659	201,950	9,154,709	44,498	9,110,211
Bobby's Pond	1,769,321	22,136	1,747,185	29,894	1,717,291
Tulks North	1,439,996	22,863	1,417,133	29,652	1,387,481
Lake Douglas/Long Range	642,322	3,094	639,228	614	638,614
South Voisey Bay/Tasiuyak	238,388	12,533	225,855	9,709	216,146
	<u>13,446,686</u>	<u>262,576</u>	<u>13,184,110</u>	<u>114,367</u>	<u>13,069,743</u>

All exploration and evaluation assets are carried at cost less any applicable impairment provision. No impairment provision was recognized at September 30, 2022.

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 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 Bobby's Pond property (which contains the Bobby's Pond deposit), and the Tulks Hill property (which contains the Tulks Hill deposit). Certain of the claims or portions thereof are subject to net smelter royalties ranging from 2% to 3%, some of which are subject to buy-back agreements.

The Company 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 2021, Buchans entered into a Collaboration Agreement with Boliden Mineral AB ("Boliden") under which Boliden was granted exclusivity on the project until December 31, 2021, to evaluate the Company's Buchans VMS property for possible future investment and participation and negotiate an Earn-in and Option Agreement and a JV Agreement.

In Amendment to the Collaboration Agreement, Boliden and the Company agreed to an extension of the exclusivity granted to Boliden from December 31, 2021, until March 31, 2022 and then to August 31, 2022.

Agreement was reached on the terms of the option and earn-in agreement, namely the cumulative optional expenditure of \$8.6 million by Boliden over four years to earn a 51% interest in the Buchans camp property but excluding the area of the Lundberg Deposit. The option and earn-in agreement also included an option for Boliden to increase its interest to 75% by incurring further expenditures of \$10 million over an additional three years, for a cumulative expenditure of \$18.6 million.

Buchans and Boliden were, however, unable to reach agreement on terms for the subsequent joint venture agreement that would be formed when Boliden would have earned its interest. These unresolved terms were specifically related to the future financing of any mine that might be developed on the property, the terms of any off-take rights, and residual interests to be retained by a non-participating and diluting party.

Accordingly, the Collaboration Agreement terminated in accordance with its terms and the exclusivity granted to Boliden has ended. Boliden retains no interest in the property and all technical information developed by Boliden is to be delivered to Buchans. Boliden has been granted a right of first refusal for a period of six months ending March 1, 2023, if Buchans receives a bona fide offer from a proposed buyer to purchase the project or any part thereof.

During 2021, Boliden contributed \$600,000 towards the costs of maintaining the property and exploration and evaluation programs, of which \$544,500 was received in cash, the balance was contributed in services. Boliden also made payments of \$474,900 during 2022 to cover costs and expenses to maintain the properties during the extended exclusivity period.

The Bobby's Pond deposit, adjacent to Tulks North, is 100% owned by the Company. Bobby's Pond is held under a mining lease with a 25-year term from 2004, which requires an annual lease payment of \$29,000. The Bobby's Pond property is also subject to a 1% net smelter royalty and a 2% net smelter royalty.

BUCHANS RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

Expressed in Canadian dollars, unless noted and per share amounts

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

The Tulks North property is 100% owned by the Company 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 Canada Corporation should a single deposit of 15 million tonnes or greater be discovered and deemed economic upon the completion of a feasibility study.

The Company also holds a 100% interest in the Tulks Hill property, including the Tulks Hill VMS deposit, subject to underlying net smelter royalties ranging between 0.75% and 2%.

On July 26, 2021, the Company signed a letter of intent ("LOI") with Quadro Resources Ltd ("Quadro") on Buchans' Tulks South Property in central Newfoundland. Under the LOI, Buchans granted Quadro an option to acquire a 51% interest in Buchans' Tulks South property by the expenditure of \$500,000 over five years, followed by the right to acquire an additional 19% interest in the event that Buchans elects not to participate in work programs after Quadro has earned its initial 51% interest.

The Long Range Project includes claims held in a 51%:49% arrangement with Benton Resources Inc. (TSXV-BEX). On May 31, 2021, the Long Range Project was expanded through the acquisition of additional properties.

Buchans owns a 100% interest in the Lake Douglas gold property. On August 4, 2021, the Company entered into an option and joint venture agreement with C2C Gold ("C2C") wherein Buchans granted C2C an option to acquire up to a 70% ownership interest in Buchans' Lake Douglas and South Tally properties by the expenditure of \$1,500,000 over four years to earn 51%, an additional \$1,000,000 to earn 70%, and the issue of 100,000 shares in C2C.

In Labrador the Company holds several properties, including claims at South Voisey's Bay and claims in the immediate Voisey's Bay area, and the Tasiuyak gold property.

7. INVESTMENT IN ASSOCIATES, WARRANTS AND NOTE RECEIVABLE

	September 30, 2022	December 31, 2021
	\$	\$
Shares in Minco Exploration Plc	851,704	851,704
Xtierra - 43,000,003 common shares	-	1,170,013
Investment in associates	851,704	2,021,717
Xtierra note receivable	282,619	251,673
Xtierra - 5,000,000 warrants	6,959	73,831
Share of Xtierra loss of associate	-	(1,170,013)
Total investment in associates	1,141,282	1,177,208

Minco Exploration Plc

On December 30, 2021, the Company subscribed for 2,000,000 additional shares of Minco Exploration by converting its receivable from Minco Exploration in the amount of \$143,829 into 2,000,000 Minco Exploration shares. At September 30, 2022, the Company held 11,227,879 shares of Minco Exploration, representing a 14.4% interest in Minco Exploration as an investment in associate and not held for distribution.

Xtierra Inc.

At September 30, 2022, the Company held 43,000,003 shares and 5,000,000 share purchase warrants of Xtierra Inc. ("Xtierra"), a company listed on the TSX Venture Exchange, which represents an approximate 23.2% shareholding. The market value of the company's 43,000,003 shares in Xtierra, as at September 30, 2022 based on the market price of Xtierra shares on the TSX Venture Exchange, was \$1,075,000 (December 31, 2021 - \$1,720,000).

As the Company accounts for its investment in Xtierra as an Associate, in accordance with IFRS and the Company's Accounting Policies, the Company records its proportionate share of the income or losses of Xtierra. Xtierra's Accounting Policy is to expense all its exploration and evaluation costs and administrative expenditures, and therefore Xtierra reported significant net losses in prior periods, of which the Company was required under IFRS to recognise its proportionate share. However, as the Company's proportionate share of prior losses recorded by Xtierra was greater than the carrying value of the Company's investment, the Investment was reduced to Nil. Accordingly, in the period ended December 31, 2021 the Company was required under IFRS to recognize such losses not previously recognized, and again reduce the carrying value of the investment to nil, which resulted in the Company recording a non-cash loss on its investment in Associate of \$1,170,013.

BUCHANS RESOURCES LIMITED**Notes to the Condensed Interim Consolidated Financial Statements****For the nine months ended September 30, 2022 and 2021**

Expressed in Canadian dollars, unless noted and per share amounts

7. INVESTMENT IN ASSOCIATES, WARRANTS AND NOTE RECEIVABLE (CONTINUED)

On April 27, 2021, Buchans exercised Xtierra warrants and acquired 13,000,000 shares of Xtierra for a consideration of \$650,000, through settlement in part of the notes receivable from Xtierra, plus the \$520,013 market value of the warrants exercised at April 27, 2021, for a total consideration of \$1,170,013. The Company also recorded a charge on the change in fair value of the 2020 warrants on the date of exercise of \$103,847. On April 27, 2021, the Company received a payment of \$100,000 from Xtierra as part payment of the notes receivable, reducing the notes receivable by Buchans to \$237,882 (US\$191,798).

By a Second Extension Amendment Agreement dated April 27, 2021, the 2018 Support Agreement between the Company and Xtierra, was further amended to provide that interest on the remaining balance of the notes receivable by Buchans in the amount of \$237,882 (US\$191,798) resumes 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.

In connection with the Second Extension Amendment Agreement, Xtierra agreed to issue to Buchans, 5,000,000 share purchase warrants, each warrant entitling Buchans to purchase one common share of Xtierra at a price of \$0.10 per share for a term of two years, subject to TSXV approval ("2021 Warrants"). At September 30, 2022, the value of the 2021 Warrants was adjusted to their estimated fair value of \$13,801 using the Black-Scholes model and the following assumptions: expected dividend yield 0%, expected volatility 125%, life 1.82 year, risk free interest rate 1.85% and share price of \$0.04. The decrease in value in the amount of \$60,030 was included in change in fair value of 2021 Xtierra Warrants in the Statement of (Loss)/Income for the period ended September 30, 2022.

At September 30, 2022, the Company held notes receivable from Xtierra in the amount of US\$191,798 (\$263,554) plus accrued interest in the amount of US\$13,875 (\$19,065), for a total of \$282,619.

8. CASH AND CASH EQUIVALENTS

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

	September 30, 2022	December 31, 2021
	\$	\$
Cash	523,745	1,015,456
Cash (US dollars)	7,780	55,282
Immediately available without restriction	<u>531,525</u>	<u>1,070,738</u>

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.

9. TRADE AND OTHER RECEIVABLES

	September 30, 2022	December 31, 2021
	\$	\$
Receivables	33,610	34,000
Receivable from related parties (Note 13)	21,365	4,478
Sales taxes receivable	13,924	5,479
	<u>68,899</u>	<u>43,957</u>

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2022	December 31, 2021
	\$	\$
Trade creditors and accruals	125,500	59,350
Amounts due to related parties (Note 13)	8,306	1,187
	<u>133,806</u>	<u>60,537</u>

11. LONG TERM DEBT

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, each received loans of \$40,000, for a total amount of \$80,000. The loans are interest-free until December 31, 2022 and can be extended for an additional 3-year term bearing an interest rate of 5% per annum. Repaying the balance of the loan on or before December 31, 2022 will result in a loan forgiveness of 25% or \$10,000 for each company, for a total amount of \$20,000.

In January 2021, the Company received additional CEBA loans in the amount of \$40,000, under the same terms and conditions as the first loans.

BUCHANS RESOURCES LIMITED**Notes to the Condensed Interim Consolidated Financial Statements****For the nine months ended September 30, 2022 and 2021**

Expressed in Canadian dollars, unless noted and per share amounts

12. CAPITAL STOCK**Authorized**

Unlimited number of common shares

Issued

	Shares	Amount \$
Balance at December 31, 2020	62,138,460	14,122,282
Reduction in Exchangeable Warrants exercised	(9,074)	(2,857)
Shares issued	2,500,000	500,000
Balance at December 31, 2021 and September 30, 2022	<u>64,629,386</u>	<u>14,619,425</u>

On December 29, 2021, the Company completed a private placement financing of \$500,000 through the issue of 2,500,000 flow-through shares at a price of \$0.20 per flow through share. John F. Kearney, Chairman, purchased the 2,500,000 flow-through shares for gross proceeds of \$500,000. The proceeds of \$500,000 from the issuance of flow-through shares must be spent on qualifying Canadian Exploration Expenditures by December 31, 2023.

13. RELATED PARTY TRANSACTIONS

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

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 nine months ended September 30, 2022 and 2021.

During the nine months ended September 30, 2022, the Company accrued \$7,350, net of HST, to SPC Consulting, a corporation controlled by Neil Steenberg, secretary of the Company, for consulting services.

During the nine months ended September 30, 2022, the Company recovered \$86,000 from related corporations that share part of the office premises, including \$42,000 from Canadian Manganese Co. Inc. (September 30, 2021 - \$18,000), \$32,000 from Labrador Iron Mines Limited (September 30, 2021 - \$Nil), and \$12,000 from Energold Minerals Inc. (September 30, 2021 - \$Nil). These companies are related through directors in common.

Included in accounts receivable at September 30, 2022 is \$21,365 (December 31, 2021 - \$4,478) receivable from related parties, including \$Nil (December 31, 2021 - \$4,478) from Canadian Manganese Co. Inc. in respect of geological services, \$13,865 (December 31, 2021 - \$Nil) from Minco Exploration Plc in respect of administrative services, and \$7,500 from Labrador Iron Mines.

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

On December 29, 2021, the Company completed a private placement financing of \$500,000 through the issue of 2,500,000 flow-through shares at a price of \$0.20 per flow through share to John F. Kearney, Chairman of the Company. See Note 12.

At September 30, 2022, the Company had only one subsidiary, Buchans Minerals Corporation.

14. 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 September 30, 2022, 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.

BUCHANS RESOURCES LIMITED

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14. FINANCIAL INSTRUMENTS (CONTINUED)

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 September 30, 2022, 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.

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. See Note 7.

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 September 30, 2022, the Company had cash of \$531,524 (December 31, 2021 - \$1,070,738) to settle accounts payable and accrued liabilities of \$324,422 (December 31, 2021 - \$60,537). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Foreign currency risk

Although the Company is incorporated in Canada, the Company has investments in Ireland 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 September 30, 2022. 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 \$300 based on monetary assets and liability balances existing at September 30, 2022.

15. 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 September 30, 2022 and 2021. Neither the Company nor its subsidiary are subject to externally imposed capital requirements.

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16. 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.

During the year ended December 31, 2021, Buchans Resources issued flow-through shares for aggregate subscription proceeds of \$500,000 with a commitment to incur the proceeds on eligible Canadian exploration expenditures prior to December 31, 2023. At September 30, 2022, \$287,528 of the commitment had not yet been incurred. Buchans Resources provided subscribers with indemnification for any tax liability that may arise if the Company is found to have not incurred the eligible Canadian exploration expenditures as required in accordance with the flow-through subscription agreements.