

BuchansResources

MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended March 31, 2023

Dated May 25, 2023

(Form 51-102F1)

BUCHANS RESOURCES LIMITED
Management Discussion and Analysis
For the three months ended March 31, 2023

Date: May 25, 2023

GENERAL

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 months ended March 31, 2023, 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, 2022, a copy of which is filed on the SEDAR website.

COMPANY OVERVIEW

Buchans’ flagship project consists of the historic, high-grade Buchans VMS base metal mining camp in central Newfoundland, Canada. Recognized internationally as one of the world’s richest and highest grade VMS-camps, the Company remains committed to advancing this project through exploration for new high-grade orebodies as well as advancing the project’s large lower grade Lundberg stockwork base metal sulphide deposit as a possible open pit resource development.

Buchans is also exploring several gold properties in central Newfoundland, including three properties being explored as joint ventures, with two operated and funded by joint venture partners. The Company also maintains a portfolio of other base metal and gold projects throughout Newfoundland and Labrador, including Ni-Cu-Co sulphide projects near Vale’s Voisey’s Bay nickel-copper-cobalt mine in Labrador.

The Company’s projects are in keeping with its strategy of exploring districts and opportunities with demonstrated potential for exceptional mines and the Company advances its projects both on its own and in joint venture with partners who fund ongoing exploration.

In addition to its project portfolio, Buchans holds equity interests in royalties through its 22.0% shareholding in Royalties Inc (CSE: “RI”) (formerly Xtierra Inc. TSXV: “XAG”), and in base metal exploration in Ireland through its 14.4% shareholding in Minco Exploration plc.

Buchans Base Metals Project

The Company’s 100% owned Buchans base metal project covers more than 81.5 square kilometres (8,150 hectares) including 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** derived from five separate deposits before mine closure in 1984. The Company believes the project holds significant potential for discovery of additional high-grade orebodies through application of modern exploration technologies and geological concepts.

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

With the objective of identifying high-grade mineralization, Buchans has undertaken multiple initial, target-specific exploration programs throughout the property, including a variety of geophysical surveys and exploratory drilling programs. The Company has also devoted great effort to assessing the camp’s mineralized prospects and trends through systematic relogging of archived historic drill cores from previously mined orebodies and undeveloped prospects.

To date, the Company has relogged more than 190,000 metres of drill core from 935 holes as a means of identifying and delineating favourable areas for further exploration for new buried high-grade orebodies. Based on recent exploration activities, including reviews of historic geophysical and geological data, coupled with re-interpretation and generation of a 3D digital geological model for the project, Buchans has identified multiple target areas warranting further testing by diamond drilling.

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Lundberg Deposit Open Pit Project

Located within the Buchans project, 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 resource occurs in the higher confidence Indicated category**. The resource is comprised of **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].

Encouraged by the positive outlook for metal prices, and particularly copper which makes up a significant component of the Lundberg resource, Buchans remains optimistic that Lundberg represents an important resource asset and intends to continue to advance the assessment of Lundberg as a potential open pit mine development.

Gold Exploration in Newfoundland

Buchans controls several gold properties in Newfoundland and Labrador. Among these are several projects located in the central Newfoundland gold belt, an emerging district that continues to yield both advanced staged discoveries such as Marathon Gold's (MOZ.TSX) Valentine Lake gold project, and high-profile, early-stage discoveries being explored by New Found Gold (NFG.TSX.V) at its Queensway Gold Project.

In 2021, Buchans entered into joint venture ("JV") agreements on three of its central Newfoundland gold projects whereupon exploration of these properties is primarily funded by Buchans' JV partners earning or maintaining interests on the Company's properties. These JVs include the 8,295 ha Long Range JV with Benton Resources Inc. (BEX.TSX.V; "Benton"); the 5,425 ha Tulks South JV with Quadro Resources Ltd. (QRO.TSX.V; "Quadro"); and the 9,100 ha Lake Douglas-South Tally JV with C2C Gold Corp. (CTOC.CSX; "C2C"). Since 2021, the Company's JV partners have completed a variety of early-stage exploration surveys on each of the JV properties having spent approximately \$520,000 on these properties (cumulative total). The Company has been advised by Quadro and C2C that additional work is being considered for 2023.

CENTRAL NEWFOUNDLAND VMS Target Areas – Buchans Mining District

Buchans Base Metals Project

The Company's 100% owned Buchans base metal project measures 81.5 km² (8,150 hectares) and covers all of the camp's past producing orebodies and key undeveloped prospects. Past 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 exceptional high-grade nature of the former Buchans orebodies, the Company's approach at Buchans has been two-fold. First, to identify lower grade resources not developed by the past mining operations, and second, to discover new high-grade orebodies comparable to the historic mined orebodies.

Located within the Buchans project, the Lundberg deposit is the largest and most advanced base metal deposit in the Buchans district. 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 methods. The 2019 resource estimate 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.

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The Lundberg deposit is comprised of 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.

The principal recommendation arising from the 2019 Mineral Resource Estimate completed by Mercator Geological Services is that an updated assessment of the deposit's economic potential should 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 Prefeasibility assessment.

With respect to the second approach of identifying high-grade mineralization, 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 the Project's previously mined orebodies and key undeveloped prospects. To date, the Company has relogged approximately 190,000 metres of drill core from more than 935 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 in early 2021 under which Boliden was granted rights to evaluate the project for possible future investment and participation to explore for additional high-grade orebodies.

Boliden's evaluation focused primarily on investigation of the project's volcanic stratigraphy and modelling of previously collected geophysical datasets working in collaboration with Boliden in-house technical staff and third-party expert consultants. Work completed in 2022 included relogging of additional archived drill core (~17,300 metres in 56 drill holes), lithochemical sampling (collection of 352 core samples) and further reprocessing and modelling of previous geophysical data. This work also included identification of an initial array of targets to be tested by a proposed 2022 fall drilling program. This program was not undertaken as Buchans and Boliden were unable to reach agreement on joint venture terms prior to negotiations being terminated in September 2022. As a result, and despite a positive technical assessment of the project by Boliden, numerous targets identified during the collaboration with Boliden remain untested, as well as several recommended initiatives for future exploration of Buchans Project.

Lundberg Deposit Exploration – Two-Level Target

The Company has identified several targets where exploration near Lundberg may further enhance development of this deposit by adding significant metal inventory. Among these targets is the Two-Level (Lucky Strike) mine area, located immediately north of the Lundberg deposit. At this locality, the Company believes potential exists to discover additional high-grade resources down plunge of previous exploration drilling that might supplement open pit mine development at Lundberg as either additional in-pit or underground resources.

The Two-Level target is on-strike of mineralization intersected by drilling last undertaken by the Company in 2018, immediately northwest of Lundberg and beyond the reach of underground workings of the former Lucky Strike mine. Buchans believes the Two-Level area remains underexplored for additional fault-displaced orebodies, where previous drilling tended to be drilled either too shallow or at too wide a spacing to adequately test this concept.

Drilling last completed by the Company in this area in 2018 returned 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 continues to assess plans to undertake further exploration and pre-development activities to advance its Lundberg deposit as a potential open pit mining and milling operation. The timing and scope of future programs at Lundberg and the Two-Level area are currently being considered as the Company evaluates possible funding opportunities.

Other Central Newfoundland VMS Projects - Tulks Belt

Within the greater Buchans district, Buchans controls several additional VMS base metal projects including its Tulks North properties. These properties host several smaller VMS deposits or "satellite deposits" located less than 45 km south of Lundberg, including the Daniels, Bobbys and Tulks Hill deposits. Each of these deposits host a National Instrument 43-101 compliant mineral resource estimate and possess excellent exploration potential for discovery of additional base metal resources that could potentially contribute to the future development of mineral resources in the greater Buchans district, possibly involving a central mill located at Lundberg.

EXPLORING FOR GOLD IN NEWFOUNDLAND AND LABRADOR

Buchans controls several gold projects in central Newfoundland and northern Labrador.

Among these projects are three gold exploration joint ventures located within the central Newfoundland gold belt, an emerging district that continues to yield both advanced-staged discoveries such as Marathon Gold's (MOZ.TSX) Valentine Lake gold project, and impressive, early-stage discoveries being explored by New Found Gold (NFG.TSX.V) at its Queensway Gold Project. As a result of these discoveries, the central Newfoundland gold belt is currently the focus of significant exploration activity and investment.

Within its Valentine project, Marathon commenced construction in 2022 and expect to commence mining operations in early 2025. The construction decision is supported by a Feasibility Study completed on the project in December of 2022 (effective date November 30, 2022) that forecasts a mine life of 14.3 years mining 2.7 million ounces of gold from Proven and Probable resources totalling 51.6 million tonnes averaging 1.62 g/t gold (Marathon Gold news release dated December 7, 2022).

In 2021, Buchans entered into joint venture ("JV") agreements on three of its central Newfoundland gold projects whereupon exploration of these properties is primarily funded by Buchans' JV partners earning or maintaining interests on the Company's properties. These JVs include the 5,425 ha Tulks South JV with Quadro Resources Ltd. (QRO.TSX.V, "Quadro"); the 9,100 ha Lake Douglas-South Tally JV with C2C Gold Corp. (CTOC.CSX; "C2C") and the 8,295 ha Long Range JV with Benton Resources Inc. (BEX.TSX.V; "Benton"). Buchans retains rights to maintain participating interests ranging between 49% and 50% on these JV properties as well as certain underlying royalty rights. In addition, Buchans retains preferred base metal rights on the Tulks South and Lake Douglas-South Tally joint ventures that grant Buchans rights to retain a 70% interest and operatorship, should a base metal deposit(s) be discovered on these properties.

Each of Buchans' gold properties hosts either poorly explored historical gold in bedrock occurrences or indications of increased prospectivity based on regional government geochemical datasets and proximity to regional scale faults systems known to be associated with gold mineralization.

In 2022, both C2C and Quadro undertook additional follow-up prospecting and other explorations activities and to date have spent in excess of \$430,000 on the properties since entering into the JV in 2021. These activities included prospecting on the Tulks South joint venture property, and additional prospecting, geochemical, geophysical surveys and trenching undertaken by C2C on the South Tally-Lake Douglas joint venture property. Results from the 2022 programs are reported to be sufficiently encouraging to warrant recommendations for additional work in 2023.

On the Long Range JV the most recent work was undertaken by Benton, which expended approximately \$77,000 on the project in 2021 and early 2022. Results of this work include anomalous gold assays returned from several areas, in particular, resampling of sub-crop from the historic Little Barachois Brook gold prospect that returned values of **49.46 and 74.44 g/t Au** respectively (Buchans news release dated November 25, 2022). Benton has recommended additional soil and stream sediment geochemical surveys be undertaken in the vicinity of this prospect.

Exploits Properties

Buchans retains 100% interest in several other gold projects in the central Newfoundland gold belt and other prospective terrains in northern Labrador. Among these, are three gold properties totalling 8.25 km² near Gander known as the Exploits Properties located within and adjacent to New Found Gold Corp.'s (TSXV-NFG) Queensway project.

One of these properties, a four-claim (100 ha) property surrounded by New Found Gold's Queensway property, is located approximately 30 km southwest of New Found Gold's Keats and Lotto gold discoveries and was surveyed by a property-wide airborne geophysical survey completed by New Found Gold in 2021 for which Buchans received the Helitem® TDEM and magnetic data covering Buchans' property.

Buchans completed prospecting programs on two of its three Exploits properties in 2021 and is planning additional prospecting activities on all three of its Exploits properties in 2023.

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.

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Exploration undertaken on this project by Buchans in 2018 returned sawn bedrock channel sample assays from the VBE-2 prospect averaging **8.51 g/t Au & 0.93 g/t Ag over 4.8 m**, including **31.91 g/t Au over 0.85 m**. Prospecting undertaken along strike of the prospect traced the host horizon over a 3-kilometre strike where additional sampling returned assays of up to 0.69 g/t Au over 0.50 m, two kilometres south of the VBE-2 prospect (Buchans news release dated December 14, 2018).

Buchans has plans to advance further exploration on this project that the Company believes may be geologically analogous to the former Homestake gold mine in South Dakota that is reported to have produced more than 40 million ounces of gold by mining between 1876 and 2001.

EXPLORING FOR NICKEL-COPPER-COBALT IN NEWFOUNDLAND AND LABRADOR

Buchans holds (100%) in several properties in Labrador considered prospective for Voisey's Bay-style nickel-copper-cobalt deposits, including 82 claims (20.5 km²) covering prospective troctolitic gabbros of the Pants Lake Intrusive Suite at South Voisey's Bay, and 5 claims (1.25 km²) 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 deposits.

Previous explorers identified several prospects within Buchans' property, including 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 and 0.20% Co** drilled in the late 1990s.

Originally acquired by staking an initial 9 km² property in 2016, Buchans has continued to expand its property position in this area, including staking additional property in June 2022. Buchans completed reviews of past work on the property including modelling and compilation of available geophysical data by a leading consultant geophysicist in 2019. This compilation has highlighted several anomalies warranting further follow-up as potential targets for buried Voisey's Bay-style magmatic sulphide deposits.

Buchans' South Voisey's Bay Property is surrounded by Fjordland Exploration Inc.'s South Voisey's Bay Property. In September 2022 Fjordland announced having prematurely concluded a planned 2,500 metre drilling program after drilling just 500 m. Buchans continues to monitor developments on this adjacent property and plans to pursue additional work on its South Voisey's Bay property in 2023.

Voisey's Bay (Luk)

Buchans holds five claims (1.25 km²) 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 is nearing completion of a US\$1.7 billion mine expansion to develop two additional underground mines adjacent to the currently operating Voisey's Bay Ovoid open pit mine. Buchans continues to maintain this property and plans to review available historic data prior to determining a strategy to advance this prospective nickel-copper-cobalt property. The Company is further encouraged by recent announcements made by Vale that allude to recent exploration success on their adjacent property and indicate Vale plans to undertake in excess of 300,000 metres of drilling per year over the next 5 years as follow-up to recent positive exploration results.

Qualified Person

Paul Moore M.Sc., P.Geol. (NL), Vice President Exploration of Buchans Resources Limited and a Qualified Person as defined by National Instrument 43-101, has approved the scientific and technical disclosure contained in this Management's Discussion and Analysis.

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EXPLORATION AND EVALUATION ASSETS

For the three months ended March 31, 2023

	March 31, 2023	Additions	December 31 2022	Impairment	Additions	December 31 2021
	\$	\$	\$	\$	\$	\$
Buchans/Lundberg	9,663,681	148,975	9,514,706	-	359,997	9,154,709
Bobby's Pond	1	-	1	(1,776,508)	29,324	1,747,185
Tulks	1	-	1	(1,473,579)	56,447	1,417,133
Lake Douglas/Long Range	1	-	1	(654,765)	15,538	639,228
South Voisey Bay/Tasiuyak	1	-	1	(244,424)	18,570	225,855
	9,663,685	148,975	9,514,709	(4,149,276)	479,876	13,184,110

All exploration and evaluation assets are carried at cost less any applicable impairment provision. As required under IFRS 6, and the Company's Accounting Policies, impairment provisions in the aggregate amount of \$4,149,276 were recognized for financial statement purposes against certain properties at December 31, 2022, as the Company's focus is on advancing exploration of the Buchans/Lundberg property interests and substantive expenditure on further exploration had not been incurred on these properties in the previous two years. Nonetheless, the Company will maintain these important properties and plans to continue exploration work on these properties at the appropriate time.

ROYALTIES INC (FORMERLY XTIERRA INC.)

At March 31, 2023, the Company held 43,000,003 shares of Royalties Inc. ("Royalties"), which represents an approximate 21.4% shareholding. On September 30, 2022, Xtierra changed its name to Royalties Inc. and delisted from the TSX Venture Exchange and was listed on the Canadian Stock Exchange (CSE) on April 17, 2023.

The market value of the Company's 43,000,003 shares in Royalties Inc. as at May 25, 2023, based on the closing price on the Canadian Securities Exchange, was \$3.2 million.

As the Company accounts for its investment in Royalties 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 Royalties. As the Company's proportionate share of historical losses recorded by Xtierra was greater than the carrying value of the Company's investment, the investment was reduced to \$1.

MINCO EXPLORATION PLC.

At March 31, 2023, the Company held 11,227,879 shares of Minco Exploration plc, representing a 14.4% interest as an investment in associate and not held for distribution (2021– 14.4%).

Minco Exploration continues to focus its exploration efforts on its Prospecting Licenses ("PLs") in Ireland held either directly or in joint venture with Boliden Tara Mines Limited ("Boliden") and considered prospective exploration areas for "Irish Type" carbonate hosted zinc-lead mineralization and quality target areas have been identified through field work, reinterpretation of historical exploration data and application of geological concepts.

Minco holds a 20% interest in PL 1440R (Tatestown) being explored under a Joint Venture with Boliden (80%). PL 1440R is located within the mineralized envelope that surrounds the immediately adjacent Boliden's Tara mine and hosts part of the Tatestown–Scallanstown zinc-lead deposit.

Boliden's Tara Mine is the largest zinc mine in Europe and is also one of the largest globally. Exploration by Boliden has continued to extend the life-of-mine through the delineation of new resources proximal to the existing workings and at the Tara Deep zone to the south-east.

Minco is also participating 50% in a joint venture agreement with Boliden on ten prospecting licenses in the Slieve Dart area of County Galway.

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RESULTS OF OPERATIONS

Buchans recorded no revenue in the three months ended March 31, 2023 or March 31, 2022.

For the three months ended March 31, 2023, the Company recorded a loss of \$79,143. The loss included the write down of the remaining fair value of the Xtierra warrants in the amount of \$1,595.

For the three months ended March 31, 2022, the Company recorded a loss of \$134,814. The loss included a loss in fair value of the Xtierra warrants in the amount of \$21,905.

During the three months ended March 31, 2023, Buchans invested \$148,975 on exploration expenditures on its mineral properties.

SUMMARY OF QUARTERLY RESULTS

Expressed in \$000's, Except for per share amounts	March 31 2023 \$	Dec. 31 2022 \$	Sept. 30 2022 \$	June 30 2022 \$	March 31 2022 \$	Dec. 31 2021 \$	Sept. 30 2021 \$	June 30 2021 \$
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Net (loss) gain	(79)	(4,259)	(91)	(167)	(135)	(1,208)	(158)	38
Net (loss) gain per share - basic and diluted	(0.001)	(0.001)	(0.001)	(0.002)	(0.002)	(0.019)	(0.003)	0.001
Total assets	11,495	11,682	15,716	15,860	16,376	15,561	16,679	16,899
Working capital	(5)	226	342	672	1,051	1,119	670	624

- The gain for the quarter ended June 30, 2021 included a non-cash income of \$273,648 representing the fair value of the 2021 warrants received, a loss in fair value of the 2021 Xtierra warrants in the amount of \$86,804, and a loss in fair value of the 2020 warrants in the amount of \$103,847.
- The loss for the quarter ended September 30, 2021 included a loss in fair value of the 2021 Xtierra warrants in the amount of \$98,029.
- The loss for the quarter ended December 31, 2021 included a share of loss of associate, Xtierra, in the amount of \$1,170,013.
- The loss for the quarter ended March 31, 2022 included a loss in fair value of the 2021 Xtierra warrants in the amount of \$21,905.
- The loss for the quarter ended June 30, 2022 included a loss in fair value of the 2021 Xtierra warrants in the amount of \$38,125.
- The loss for the quarter ended September 30, 2022 included a loss in fair value of the 2021 Xtierra warrants in the amount of \$6,842.
- The loss for the quarter ended December 31, 2022 included impairment provisions in the aggregate amount of \$4,149,276.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2023, Buchans held \$292,956 (December 31, 2022- \$562,396) in cash and cash equivalents and had a working capital deficiency of \$5,318, compared to a working capital surplus of \$225,590 at December 31, 2022.

The market value of the company's 43,000,003 shares in Royalties Inc. as at May 25, 2023, based on the last market price of Royalties Inc shares on the Canadian Securities Exchange (CSE) was \$3.2 million.

At March 31, 2023, Buchans held mineral properties with a combined book value of \$9,663,685. 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.

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RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiary have been eliminated on consolidation and are not disclosed. At March 31, 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, 2023 and 2022.

During the three months ended March 31, 2023, the Company charged \$26,250 to related parties for office services, including \$15,000 to Canadian Manganese Co. Inc. and \$11,250 to Labrador Iron Mines. These companies are related through John F. Kearney, Chairman of the Company, and certain other directors being directors of some or all companies mentioned.

Included in receivables at March 31, 2023 is \$43,865 (2022 - \$32,615) receivable from related parties, including \$13,865 (2022 - \$13,865) from Minco Exploration Plc covering administration services, and \$30,000 (2022 - \$18,750) receivable from Labrador Iron Mines in respect of office rent.

Included in accounts payable and accrued liabilities at March 31, 2023 is \$8,306 payable to SPC Consulting, a company owned by the Secretary of the Company, for consulting services (2022 - \$8,306).

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

CRITICAL ACCOUNTING ESTIMATES

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 3 to the December 31, 2022 audited consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

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.

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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 scheduled activities, there can be no assurance that Buchans will be successful in obtaining any additional required funding necessary to conduct additional planned exploration or evaluation 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.

Geopolitical tensions and some uncertainty about the lingering impacts of the COVID-19 pandemic continue to pose risks to the global economic outlook. The economic outlook remains subject to ongoing uncertainty due to higher energy prices and escalating inflation. In addition, financial markets and commodity prices remain vulnerable to geopolitical tensions, such as those between Russia and Ukraine as well as those between the U.S. and China, which mainly centers around trade and technology, and between Canada and China.

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 uncertain economic outlook, higher energy prices and escalating inflation, 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 outlook remains uncertain: 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

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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 the 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. 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

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 \$292,956 in cash and no cash equivalents at March 31, 2023 therefore, a change in interest rates would not result in a loss in interest income based on no cash equivalent balances existing at March 31, 2023.

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.

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Credit risk

With respect to credit risk arising from financial assets of Buchans, which comprise of cash and cash equivalents, cash deposits give risk 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, 2023 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 16 of the March 31, 2023 audited financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

The Company has cash balances and no variable interest-bearing debt held at a major Canadian bank for purposes of meeting short-term cash commitments. 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 ("FVPL"), which are measured at fair value. Cash and cash equivalents, and receivables and other assets are measured at amortized cost. Trade and other payables, CEBA loans payable and lease obligations are classified for accounting purposes as financial liabilities measured at amortized cost. As at March 31, 2023, 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

The Company has authorized an unlimited number of common shares.

At March 31, 2023 and at May 25, 2023, the Company had 64,729,386 common shares issued and outstanding.

ADDITIONAL INFORMATION

Additional information about the Company is available on the Company's website at www.BuchansResources.com.

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FORWARD-LOOKING STATEMENTS

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.