

# BuchansResources

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**For the six months ended June 30, 2024**

Dated August 28, 2024

(Form 51-102F1)

**BUCHANS RESOURCES LIMITED**  
**Management Discussion and Analysis**  
**For the six months ended June 30, 2024**

*Date: August 28, 2024*

**GENERAL**

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The following management discussion and analysis (“**MD&A**”) of financial condition and results of operations of Buchans Resources Limited (“**Buchans**” or the “**Company**”), should be read in conjunction with the condensed interim financial statements and the notes thereto for the six months ended June 30, 2024, 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, 2023, copies of which are available under the Company’s profile on [www.sedarplus.ca](http://www.sedarplus.ca).

**COMPANY OVERVIEW**

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Buchans holds nickel, copper, cobalt and gold exploration properties in Labrador, and plans to advance exploration on these long-overlooked but promising critical minerals assets over the course of the next two years. Buchans’ South Voisey’s Bay Ni/Cu/Co project has high-priority, drill-ready targets in a confirmed Voisey Bay Deposit-style environment, while its Tasiuyak Gold Project is believed to represent an orogenic, iron formation-hosted gold environment, comparable to the geology of the renowned former Homestake gold mine in South Dakota.

In December 2023, Buchans sold certain mineral exploration properties located in central Newfoundland to **Canterra Minerals Corporation** (“**Canterra**”) (TSXV:CTM; OTCQB:CTMCF), for 24,910,000 Canterra common shares and 128,554,216 exchangeable warrants of Canterra, with a total value of \$11.5 million (equivalent to \$0.178 per common share of Buchans) based on Canterra’s quoted market price on the TSXV on that date of \$0.075 per share.

On April 30, 2024, Buchans Resources Limited and its wholly owned subsidiary Buchans Minerals Corporation were amalgamated with the name Buchans Resources Limited. At the Annual and Special Meeting held on May 9, 2024, shareholders approved a reduction of the stated capital account, for the purpose of distributing shares of Canterra to Buchans shareholders.

On June 28, 2024, all 128,554,216 exchangeable warrants of Canterra were exchanged into 128,554,216 common shares of Canterra. On the same date, the Company distributed to Buchans shareholders 113,243,613 Canterra shares at a ratio of 1.75 Canterra Shares for each common share of Buchans held as of March 28, 2024. The effective price of the Canterra Shares distributed was \$0.055, based on the closing price of the Canterra Shares on June 27, 2024, giving a total value of the distribution of \$6,228,399 the equivalent of \$0.096 per Buchans share. Buchans recorded a non-cash loss on the distribution of marketable securities of \$2,264,872.

The combined effect of the Canterra transaction was that Buchans shareholders received a distribution of Canterra shares, retained their shareholding in Buchans, with funding available to advance exploration on Buchans’ nickel, copper, cobalt and gold exploration assets in Labrador, with the ultimate goal of a sale or go-public transaction in respect of those assets, and at the same time retained indirect exposure to exploration in the world renowned Buchans camp through the shares in Canterra which were distributed to Buchans shareholders.

Since completing its sale of its Newfoundland properties to Canterra, Buchans has begun a search seeking partners to joint venture or invest in its key Labrador nickel and gold projects. Furthermore, the shares of Canterra retained by Buchans may be used in part to fund future work by the Company on these projects. To that end, Buchans has been advised by the Newfoundland and Labrador Government that Buchans’ application for grant funding under the Province’s Junior Exploration Assistance Program (JEA) has been accepted for 2024 under the new Provincial Critical Mineral Assistance (PCMA) program. Under this program, companies are eligible to receive matching funds for exploration for critical minerals to a maximum of \$225,000 per project in Labrador. At this time, Buchans continues to consider programs for the remainder of 2024, but may defer actual field programs until the 2025 season. Future programs will include diamond drilling, as several of Buchans’ Labrador projects have identified “drill ready” targets.

**BUCHANS RESOURCES LIMITED**  
**Management Discussion and Analysis**  
**For the six months ended June 30, 2024**

In addition to its exploration properties in Labrador, Buchans holds mineral exploration interests in Ireland through its 14.4% shareholding in **Minco Exploration plc**. At June 30, 2024, the Company also held 28,000,003 shares of **Royalties Inc.** (December 31, 2023 – 33,000,003) with a quoted market value as at that date of \$840,000 (December 31, 2023 – \$1,320,000).

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**CANTERRA MINERALS CORPORATION**

At June 30, 2024 Buchans held 35,501,054 common shares of Canterra.

The Canterra shares held by Buchans are subject to transfer conditions for a period of 24 months from December 2023. The Canterra shares issued upon exchange of the warrants and distributed to Buchans shareholders on June 28 are subject to contractual holds with 1/3 being freely tradable on distribution, 1/3 being freely tradable on the date which is three months from distribution, i.e. September 28, 2024, and 1/3 being freely tradable on the date which is six months from distribution i.e. December 28, 2024.

As a result of the transaction with Buchans, Canterra now holds the highly prospective base metals district in Central Newfoundland, centered on the famous Buchans mine and former Duck Pond mine, with a large mineral resource inventory across multiple deposits that ranks favourably in terms of tonnage and grade amongst the peer group, including the past producing Buchans Mine, a prolific polymetallic massive sulfide mine that was operated by ASARCO for over 50 years producing zinc and copper concentrate from high-grade ore, and Teck's former Duck Pond Mine, a substantial copper and zinc producer. Canterra is strongly positioned to unveil the next mineral discovery in central Newfoundland.

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**EXPLORING FOR GOLD IN LABRADOR - *Tasiuyak Gold Property***

Buchans holds a 100% interest in its 92 claim (23.0 km<sup>2</sup>) Tasiuyak gold property in Labrador located 10 km south of Vale's Voisey's Bay nickel-copper-cobalt mine. The property covers the VBE-2 gold prospect discovered by previous explorers during the Voisey's Bay exploration rush in the mid-1990s. The prospect consists of a 90 m long bedrock exposure of sulphide-rich iron formation that originally returned chip samples assaying up to 18.9 g/t Au over 1 m, as well as drilled intercepts over a 275 m strike including 5.5 g/t Au over 2.1 m, 4.2 g/t Au over 3.0 m, and 4.1 g/t over 2.1 m.

Exploration was last undertaken by Buchans on this project in 2018 and 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 channel samples returned assays of up to 0.69 g/t Au over 0.50 m, two kilometres south of the VBE-2 prospect.

Buchans believes that the Tasiuyak gold property geology may be analogous to the geology of 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.

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**EXPLORING FOR NICKEL-COPPER-COBALT IN LABRADOR**

Buchans holds a 100% interest in two properties in Labrador considered prospective for Voisey's Bay-style nickel-copper-cobalt deposits, including 43 claims (10.75 km<sup>2</sup>) covering prospective troctolitic gabbros of the Pants Lake Intrusive suite at South Voisey's Bay, and 5 claims (1.25 km<sup>2</sup>) covering mineralized troctolite at Voisey's Bay itself.

***South Voisey's Bay***

The South Voisey's Bay property is located 80 km south of Vale's (NYSE:VALE) 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.

Buchans has completed reviews of past work on the property, including compilation and modelling of available geophysical data by a leading consultant geophysicist. This compilation highlighted several anomalies as potential targets for buried Voisey's Bay-style magmatic sulphide deposits. Among these is a strongly conductive, deep geophysical anomaly detected by Audiomagnetotelluric (AMT) surveys completed in the early 2000's and located near the aforementioned high-grade intercepts drilled in the 1990's. Given its location and other characteristics, Buchans believes the untested AMT anomaly remains a high-priority target for diamond drilling.

**BUCHANS RESOURCES LIMITED**  
**Management Discussion and Analysis**  
**For the six months ended June 30, 2024**

***Voisey's Bay (Luk)***

Buchans holds five claims (1.25 km<sup>2</sup>) strategically located 8 km southwest of Vale's Voisey's Bay nickel-copper-cobalt mine in northern Labrador. Known as the Luk Property, this property covers the extension of the same troctolitic intrusion 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\$2.7 billion mine expansion to develop two additional underground mines adjacent to the currently operating Voisey's Bay Ovoid open pit mine. Buchans is encouraged by recent announcements by Vale, including positive drilling results from its Reid Brook Extension zone in 2022 that returned mineralized intercept assaying 2.79% Ni and 1.31% Cu over 92.6 m core length (Vale Investors Presentation, Sept 7, 2022). In 2023, Vale announced increasing exploration activities at Voisey's Bay including plans to complete in excess of 300,000 metres of drilling over the next 5 years.

**Qualified Person**

Paul Moore M.Sc., P.Geo. (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.

**EXPLORATION AND EVALUATION ASSETS**

**For the six months ended June 30, 2024**

	June 30 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	180,955	36,897	144,058	-	93,908	50,149	1
Tasiuyak-Voiseys Gold	-	-	-	-	(3,136)	3,136	-
Voiseys Bay (Luk)	77,345	-	77,345	-	66,407	10,938	-
	258,300	36,897	221,403	(9,890,873)	533,343	64,223	9,514,710

All exploration and evaluation assets are carried at cost less any applicable impairment provision. The additions in the period to June 30, 2024 are net of a provincial refund of \$6,100.

**MINCO EXPLORATION PLC**

At June 30, 2024, 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.

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 D.A.C ("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 Tara mine and hosts part of the small 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 twelve prospecting licenses in the Slieve Dart area of County Galway. In respect to the 2024 programme, Boliden elected not to participate and is diluting its interest.

**BUCHANS RESOURCES LIMITED**  
**Management Discussion and Analysis**  
**For the six months ended June 30, 2024**

Earlier in 2024 Minco completed a drill test to a depth of 500 meters to further validate the interpretation of a seismic traverse completed in 2019. As part of the follow-up to that drilling, and the previous hole drilled in 2022, the geology has been re-interpreted in the light of the new data. This has resulted in focusing attention on the south-eastern part of the license block where multiple potential mineral controlling structures have been identified, with a combined prospective strike length of 50 – 60 km.

Minco applied for Prospecting Licences covering the Rapla mineral prospect in County Laois, adjacent to the former Galmoy Mine, which Shanoon Resources is planning to reopen. The application was successful and three licences over some 75km<sup>2</sup> of prospective ground along what is known as the Lisheen Galmoy trend, sometimes referred to as the Rathdowney trend were issued to Minco on April 29th, 2024. The Rapla prospect is located 6km and 15km to the north-east of the former Galmoy and Lisheen mines, respectively.

The mineralization at Rapla was first discovered in the early 1990's in the same rocks as the Galmoy and Lisheen orebodies. Since that time, the Rapla area has been explored by a number of different operators. The target was another Lisheen deposit. Drilling programs were completed which identified mineralization over a strike interval of almost 4km at a depth of 550 – 650m. The drill tests were widely spaced. The best intercept from the programs, 7.4m @ 14.59% Zn+Pb, is untested for over 600m to the east and west. Minco has applied for drilling permits for 10 holes of which the first two holes will test the ground around the aforementioned intercept.

## **RESULTS OF OPERATIONS**

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Buchans recorded no revenue in the six months ended June 30, 2024 or June 30, 2023.

On June 28, 2024, Buchans distributed to its shareholders, as a return of capital, 113,243,613 Canterra shares at a ratio of 1.75 Canterra Shares for each common share of Buchans held as of March 28, 2024. The effective price of the Canterra Shares distributed was \$0.055, based on the closing price of the Canterra Shares on June 27, 2024, giving a total value of the distribution of \$6,228,399, the equivalent of \$0.096 per Buchans share.

For the three months ended June 30, 2024, the Company recorded a loss of \$4,242,432. The loss included a reduction in fair value of marketable securities of \$1,909,443 and a loss on the distribution of marketable securities to shareholders in the amount of \$2,264,872.

For the six months ended June 30, 2024, the Company recorded a loss of \$6,530,606. The loss included a reduction in fair value of marketable securities of \$4,136,243 and a loss on the distribution of marketable securities to shareholders in the amount of \$2,264,872.

For the three months ended June 30, 2023, the Company recorded income of \$2,711,454. These results included a reversal of impairment in the amount of \$2,330,663 and a gain in fair value of marketable securities of \$464,338.

For the six months ended June 30, 2023, the Company recorded income of \$2,632,310. This income included a reversal of impairment in the amount of \$2,330,663 and a gain in fair value of marketable securities of \$464,338.

For the twelve months ended December 31, 2023, the Company recorded income of \$5,610,921. This income included a gain on disposal of exploration and evaluation assets of \$1,612,194, a reversal of impairment on exploration and evaluation assets of \$64,223, a gain on reclassification of investment in associate to marketable securities of \$2,795,000, a gain in fair value of marketable securities of \$1,854,972, and a loss on disposal of marketable securities of (\$100,000).

During the six months ended June 30, 2024, Buchans invested \$36,897 (net of a government refund of \$6,100) (2023 - \$213,828) on exploration expenditures on its mineral properties.

**BUCHANS RESOURCES LIMITED**  
**Management Discussion and Analysis**  
**For the six months ended June 30, 2024**

**SUMMARY OF QUARTERLY RESULTS**

Expressed in \$000's, Except for per share amounts	June 30 2024	March 31 2024	Dec. 31 2023	Sept. 30 2023	June 30 2023	March 31 2022	Dec. 31 2022	Sept. 30 2022
	\$	\$	\$	\$	\$	\$	\$	\$
Net (loss) gain	(4,242)	(2,294)	4,135	(1,156)	2,711	(79)	(4,259)	(91)
Net (loss) gain per share - basic and diluted	(0.066)	(0.035)	0.064	(0.018)	0.042	(0.001)	(0.001)	(0.001)
Total assets	4,121	14,634	16,939	13,148	14,116	11,495	11,682	15,716
Working capital	2,525	12,939	15,202	1,196	2,632	(5)	226	342

- The loss for the quarter ended December 31, 2022 included impairment provisions in the aggregate amount of \$4,149,276.
- The gain for the quarter ended June 30, 2023 included a gain on reclassification of investment in associate to marketable securities of \$2,795,000.
- The loss for the quarter ended September 30, 2023 included a loss in fair value of the marketable securities in the amount of \$1,077,000.
- The gain for the quarter ended December 31, 2023 included a gain on disposal of exploration and evaluation assets of \$1,612,194, a reversal of impairment on exploration and evaluation assets of \$64,223, a gain in fair value of marketable securities of \$2,467,634, and a loss on disposal of marketable securities of (\$100,000).
- The loss for the quarter ended March 31, 2024 included a loss in fair value of the marketable securities in the amount of \$2,226,800.
- The loss for the quarter ended June 30, 2024 included a reduction in fair value of marketable securities of \$1,909,443 and a loss on the distribution of marketable securities to shareholders in the amount of \$2,264,872.

**LIQUIDITY AND CAPITAL RESOURCES**

On June 28, 2024, the Company distributed to Buchans shareholders 113,243,613 Canterra shares at a ratio of 1.75 Canterra Shares for each common share of Buchans held as of March 28, 2024. The effective price of the Canterra Shares distributed was \$0.055, based on the closing price of the Canterra Shares on June 27, 2024, giving a total value of the distribution of \$6,228,399, the equivalent of \$0.096 per Buchans share.

The distribution was structured as a return of capital. At the Annual and Special Meeting held on May 9, 2024, shareholders approved a reduction of the stated capital account, for the purpose of distributing shares of Canterra to Buchans shareholders. On June 28, 2024, the stated capital of the Company was reduced by \$6,228,399.

At June 30, 2024, Buchans held \$178,459 (December 31, 2023- \$171,030) in cash and cash equivalents, and \$2,906,553 in marketable securities, and had a working capital surplus of \$2,805,220, compared to a working capital surplus of \$15,201,710 at December 31, 2023.

At June 30, 2024, Buchans held 35,501,054 common shares of Canterra Minerals Corporation, with a total estimated value of \$1,775,053. At June 30, 2024, the Company also held 28,000,003 shares of Royalties Inc. (December 31, 2023 – 33,000,003) with a quoted market value as at that date of \$840,000 (December 31, 2023 – \$1,320,000). At June 30, 2024, Buchans held mineral properties with a combined book value of \$235,590. 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.

**RELATED PARTY TRANSACTIONS**

Transactions between the Company and its subsidiary have been eliminated on consolidation and are not disclosed. At December 31, 2023, the Company had only one subsidiary, Buchans Minerals Corporation. On April 30, 2024, Buchans Resources Limited and its wholly owned subsidiary Buchans Minerals Corporation were amalgamated with the name Buchans Resources Limited.

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 six months ended June 30, 2024 and 2023.

**BUCHANS RESOURCES LIMITED**  
**Management Discussion and Analysis**  
**For the six months ended June 30, 2024**

During the six months ended June 30, 2024, the Company charged \$61,500 to related parties for office services, including \$30,000 (2023 - \$30,000) to Canadian Manganese Company Inc., \$22,500 (2023 - \$22,500) to Labrador Iron Mines and \$9,000 (2023 - \$9,000) 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.

Included in trade and other receivables at June 30, 2024 is \$128,276 (December 31, 2023 - \$79,955) receivable from related parties, including \$18,725 (December 31, 2023 - \$16,205) from Minco Exploration Plc covering administration services, \$89,507 (December 31, 2023 - \$63,750) receivable from Labrador Iron Mines and \$20,044 from Canadian Manganese Company.

Included in accounts payable and accrued liabilities at June 30, 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. All amounts owing to or from related parties are non-interest bearing, unsecured and due on demand unless otherwise stated.

**CRITICAL ACCOUNTING ESTIMATES**

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

**Adoption of New Accounting Standards**

The standards and interpretations within IFRS are subject to change. For further details, please refer to Note 3 to the December 31, 2023 audited financial statements.

**PRINCIPAL RISKS AND UNCERTAINTIES**

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

**Exploration, Development and Operating Risk**

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

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

**BUCHANS RESOURCES LIMITED**  
**Management Discussion and Analysis**  
**For the six months ended June 30, 2024**

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 inflation and interest rates continue to pose risks to the global economic outlook. The economic outlook remains subject to ongoing uncertainty due to higher energy prices and 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, and the political uncertainty surrounding the 2024 Presidential election in the United States.

The Company has historically relied 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 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.



**BUCHANS RESOURCES LIMITED**  
**Management Discussion and Analysis**  
**For the six months ended June 30, 2024**

**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**

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**Fair value**

The carrying amounts for cash and cash equivalents, marketable securities amounts receivable and accounts payable and accrued liabilities on the 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 a variable interest bank loan. Buchans had \$178,459 in cash and no cash equivalents at June 30, 2024.

**Liquidity risk**

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

**Credit risk**

With respect to credit risk arising from financial assets of Buchans, which comprise of cash and cash equivalents, cash deposits give 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 June 30, 2024 all cash and short-term deposits had a

**BUCHANS RESOURCES LIMITED**  
**Management Discussion and Analysis**  
**For the six months ended June 30, 2024**

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.

**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 unfavorable 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 \$145,328 impact to the net income.

**OFF-BALANCE SHEET ARRANGEMENTS**

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There are no off-balance sheet arrangements.

**FINANCIAL INSTRUMENTS**

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The Company has cash balances and a 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 June 30, 2024, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments.

**OUTSTANDING SHARE CAPITAL**

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The Company has authorized an unlimited number of common shares.

At June 30, 2024 and at August 28, 2024, the Company had 64,710,636 common shares issued and outstanding.

**ADDITIONAL INFORMATION**

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

**FORWARD-LOOKING STATEMENTS**

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