

# BuchansResources

Notice of Annual and Special Meeting  
and  
Management Information Circular

for a meeting of Shareholders  
of  
**Buchans Resources Limited**

Tuesday, December 10<sup>th</sup>, 2019  
12:00 (noon)

**Plan of Arrangement**  
among  
**Buchans Resources Limited**  
**Canadian Manganese Company Inc.**  
and  
**Minco Exploration Limited**

**Recommendation to Shareholders**

The board of directors of Buchans Resources Limited, after careful consideration, unanimously determined that the proposed Arrangement is fair to the shareholders of Buchans and is in the best interests of Buchans and recommends that shareholders vote FOR the special resolution approving the proposed Arrangement.

These materials are important and require your attention. If you are in doubt as to how to make decisions, you should consult your investment dealer, broker, lawyer, or other professional advisor.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful.

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# BuchansResources

## DEAR SHAREHOLDERS,

Buchans Resources Limited (the “**Company**” or “**Buchans**”) was incorporated on May 8, 2015 under the laws of the Province of Ontario, Canada to hold the mineral interests formerly held by its then parent company, Minco plc. As part of a previous reorganization in 2017, whereby Minco plc was acquired by Dalradian, the shares of Buchans were distributed to the shareholders of Minco plc.

Buchans, directly or through wholly owned subsidiaries, is currently engaged in exploring for and developing zinc and other base metals deposits in several locations in Canada and Ireland. Geographically and geologically, these projects comprise three areas of activity, namely:

- Several base metals deposits and projects in central Newfoundland near the town of Buchans, (the “**Buchans Projects**”) and in Labrador, Province of Newfoundland and Labrador, Canada, operated by Buchans’ wholly-owned subsidiary, Buchans Minerals Corporation;
- A manganese deposit (the “**Woodstock Manganese Project**”) located west of the town of Woodstock, New Brunswick, Canada, operated by Buchans’ wholly-owned subsidiary, Canadian Manganese; and
- Zinc-lead exploration licences in the Republic of Ireland operated by Buchans’ wholly-owned subsidiary, Minco Exploration, and its wholly-owned subsidiaries, either alone or in joint ventures (the “**Ireland Project**”).

As a mineral exploration and development company without any producing mines, Buchans must look to and is dependent upon the equity capital markets to secure financing of its ongoing operations.

The Board of Buchans has determined that future financing opportunities will be enhanced if the unique aspects and geographical diversity of the Buchans Projects, the Woodstock Manganese Project and the Ireland Project are held in three public companies, with focussed management teams, which can offer direct investment opportunities to shareholders and potential equity investors.

## PROPOSED CORPORATE REORGANIZATION

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Accordingly, on October 28, 2019 Buchans, Canadian Manganese and Minco (collectively the “**Companies**”) entered into an agreement (the “**Arrangement Agreement**”) under which they agreed to adopt and implement a group restructuring under a Court supervised Plan of Arrangement (the “**Arrangement**”) whereby the shares of two of Buchans’ wholly-owned subsidiaries will be distributed to Buchans Shareholders and both will become stand-alone, public companies.

Under the proposed Plan of Arrangement, if approved, shareholders will retain their existing shares of Buchans and Buchans will distribute to its shareholders, pro rata, (i) all of the shares of Canadian Manganese Company Inc. (“**Canadian Manganese**”), on the basis of one share of Canadian Manganese for each share of Buchans held; and (ii) non-transferrable, exchangeable warrants entitling shareholders to receive one share of Minco Exploration Limited (“**Minco Exploration**”) or 0.25 additional shares of Buchans, at their option, for each share of Buchans held. Any exchangeable warrants which remain unexercised on the first anniversary of the date that the Arrangement becomes effective will be automatically exchanged for shares of Minco Exploration.

A full description of the proposed Arrangement is contained in the attached Circular.

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## **EFFECT OF THE ARRANGEMENT**

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As a consequence, upon the Plan of Arrangement becoming effective, the mineral exploration business and projects now owned and operated by Buchans will be held by three separate public companies, namely:

1. **Buchans Resources** which will retain the base and precious metals projects in the Province of Newfoundland and Labrador and its investment in base metal and silver projects in Mexico through an approximately 22% shareholding in Xtierra Inc;
2. **Canadian Manganese** which will hold the Woodstock Manganese Project in the Province of New Brunswick; and
3. **Minco Exploration** which will hold the exploration projects in Ireland.

An overview of the assets and activities of each company is provided below and further details on the each of Canadian Manganese and Minco Exploration are provided in the Schedules included with the Circular.

A large number of Buchans' shareholders are located in Ireland and the United Kingdom, having first invested in Minco plc as a locally based mineral venture. Management believes that they will wish to continue to be direct investors in the Ireland Project. The Buchans Exchangeable Warrant structure allows all existing Buchans Shareholders, but particularly those resident in Ireland and the UK, the option to continue to participate in the development of the Ireland Project by electing to exchange their Exchangeable Warrants for shares of Minco.

Alternatively, this structure allows all shareholders, but particularly those resident in Canada, to focus their investment interest on the Buchans Projects by increasing their level of ownership in Buchans by electing to exchange their Exchangeable Warrants for additional Buchans Shares.

## **STOCK EXCHANGE LISTINGS**

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Following approval and adoption of the Arrangement, each of the Companies plans to take steps to apply for separate stock exchange listings, subject to market and trading conditions and obtaining any necessary approvals: Buchans on the TSXV or the Canadian Securities Exchange (CSE); Canadian Manganese on the CSE; and Minco Exploration on the Irish Stock Exchange.

## **RECOMMEDATION OF THE DIRECTORS**

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Completion of the Plan of Arrangement is subject to a number of conditions including, but not limited to, approval by the shareholders of Buchans by way of a special resolution passed by a two-thirds majority of the votes cast at the Annual and Special Meeting of Shareholders to be held on December 10, 2019 and approval by the Ontario Superior Court of Justice (the "**Court**").

The Board of Directors of Buchans has reviewed the terms and conditions of the proposed Arrangement and has concluded that the Arrangement is fair and reasonable to shareholders and is in the best interest of Buchans and unanimously recommends that shareholders vote for approval of the Arrangement.

### **THE BUCHANS PROJECTS**

#### *Newfoundland – Base Metals*

Buchans holds an extensive mineral land package in the Buchans district of central Newfoundland with interests in four undeveloped base metal deposits, including the large, lower grade, Lundberg stockwork sulphide deposit, as well as three smaller, higher grade, volcanogenic massive sulphide (“VMS”) “satellite” deposits, each with excellent exploration potential.

#### *Lundberg Deposit – New Mineral Resource Estimate*

On March 1, 2019 Buchans announced a new updated pit-constrained Mineral Resource Estimate for the Lundberg base metal deposit, located at the former Lucky Strike mine site, and a NI 43-101 Technical Report was filed on April 15, 2019.

The new Mineral Resource Estimate, effective February 28, 2019, includes In-pit Indicated 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) [Zinc Equivalent] and In-pit Inferred 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), reported at a cut-off grade of US\$20/t NSR within an optimized pit shell, and is considered to reflect reasonable prospects for economic extraction in the foreseeable future using conventional open-pit mining methods.

Following recommendations in the Technical Report, Stantec Consulting Ltd. completed a conceptual (order of magnitude) study of the Lundberg deposit evaluating various development options based on the 2019 mineral resource estimate and evaluating various potential mining and processing scenarios. The purpose of the Stantec study was to prepare a high-level options assessment to assist with planning for future development work on the Lundberg project. The results and conclusions will now be utilised to focus Buchans’ approach towards completion of an updated preliminary economic assessment of the Lundberg project as a stand-alone open-pit mineral resource development, optimally situated on a brownfields site with excellent infrastructure.

#### *8,000 metres of drilling in 38 holes - VMS exploration potential*

Buchans is confident that its Newfoundland mineral properties hold potential for discovery of new VMS deposits comparable to historically mined orebodies in the Buchans camp, where Asarco mined more than 16.2 million tonnes from five separate deposits, with a combined average grade of 14.51% Zn, 7.65% Pb, 1.33% Cu, 126 g/t Ag, and 1.37g/t Au, before mine closure in 1984.

In 2018, a total of 8,000 metres of drilling was completed in 38 holes exploring the Buchans and Tulks North base metal properties in central Newfoundland. Drilling in 2018 in four target areas within a radius of 3.5 kilometres of Lundberg/Lucky Strike returned favourable results warranting further exploration for additional higher-grade resources that could potentially complement Lundberg’s development or be developed as stand-alone mining projects.

#### *Exploring for gold in Newfoundland and Labrador and nickel-copper-cobalt in Labrador*

Buchans also holds several other base metal and gold properties in Newfoundland and Labrador, including the Lake Douglas gold property in Newfoundland, the Tasiuyak gold property in Labrador, and the South Voisey’s Bay nickel-copper-cobalt property in Labrador.

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## **THE WOODSTOCK MANGANESE PROJECT**

### *Battery Grade Manganese in New Brunswick*

In New Brunswick, Canadian Manganese holds the Woodstock manganese property containing the Plymouth manganese-iron deposit on which a positive preliminary economic assessment was completed in 2014.

Metallurgical development programs for Woodstock have focused on the production of high-grade electrolytic manganese metal and the intermediate production of purified manganese sulphate solution as an interim step, enabling the add-on production of manganese chemicals, manganese catalyst, battery grade manganese dioxide and high-purity manganese metal for electronics. Bench scale electrowinning tests consistently produced electrolytic manganese metal with a metallic manganese content of greater than 99.99% and a total manganese content ranging from 99.70% to 99.76% Mn.

Advancements in electric vehicle manufacturing are transforming the entire global automobile industry driving increased battery demand and NMC (nickel-manganese-cobalt) batteries are becoming the rechargeable battery of choice for next-generation automotive and industrial uses. Manganese is a key component in the formulations of the cathode material used in high-performance NMC lithium-ion batteries and in utility bulk energy storage facilities, which are expected to create strong demand for high-purity manganese products.

## **THE IRELAND PROJECT**

### *Zinc exploration in Ireland - Joint Ventures with Boliden*

In Ireland, Buchans, through Minco Exploration, is continuing exploration for zinc, both in joint venture with Boliden Tara Mines near Navan and on its own licences at Moate.

Minco is participating at 20% in a joint venture with Boliden Tara Mines at 80% on licence 1440R, which lies immediately adjacent to Boliden's large 130 million tonnes Tara zinc-lead mine at Navan. Minco is also participating in a joint venture with Boliden Tara Mines on licence 3373, contiguous to the west with licence 1440R, where Minco can earn up to a 75% interest.

Minco has also entered into a new exploration agreement with Boliden Tara Mines on twelve licences in Galway where Minco can earn up to a 50% interest.

## **ANNUAL AND SPRIAL MEETING OF SHAREHOLDERDS**

All shareholders are encouraged to review the attached Circular and are invited to attend the Annual and Special Meeting on December 10, 2019. If you cannot attend the Meeting, please complete and return your Proxy to ensure that your vote is counted.

**John F. Kearney**  
*Chairman of the Board*

8 November 2019

## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that an Annual and Special Meeting (the “**Meeting**”) of the shareholders of Buchans Resources Limited (the “**Corporation**”) will be held at 55 University Avenue, Suite 1805, Toronto, Ontario M5J 2H7 on Tuesday, December 10<sup>th</sup>, 2019 at 12:00 Noon (Toronto time) for the following purposes:

1. to receive the report of the Directors and consider the Financial Statements of the Corporation for the financial year ended December 31, 2018, together with the report of the Auditors thereon;
2. to elect Directors;
3. to appoint Auditors;
4. to consider and, if thought fit, to pass a special resolution (the “**Arrangement Resolution**”) approving an arrangement (the “**Arrangement**”) under section 182 of the Business Corporations Act (Ontario) among the Corporation, its securityholders, Canadian Manganese Company Inc. (“**Canadian Manganese**”) and Minco Exploration Limited (“**Minco**”), pursuant to which the Corporation's shareholders will receive shares of Canadian Manganese and non-transferrable, exchangeable warrants of Buchans exchangeable for shares of Minco or additional shares of Buchans at the holder’s option; and,
5. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

All shareholders are invited to attend the Meeting. Only shareholders at the close of business on November 8<sup>th</sup>, 2019 are entitled to receive notice of and vote at the Meeting.

Shareholders who are unable to attend the Meeting in person are requested to complete, date, sign and return the enclosed form of proxy in accordance with the instructions set out in the proxy and in the attached Management Information Circular (the “**Circular**”), so that as large a representation as possible may be had at the Meeting.

The Circular has been prepared to help you make an informed decision on each of the matters to be voted on at the Meeting. Please review the Circular carefully before voting.

The Meeting materials, including the Circular, are available on the Corporation's website at [www.BuchansResources.com](http://www.BuchansResources.com) and will remain on the website for at least one full year from the date of this Notice. The Meeting materials are also available under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Buchans Shareholders as of the close of business on the record date of November 8, 2019 are entitled to vote at the Meeting either in person or by proxy. In order to be valid for use at the Meeting, proxies must be received by Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, ON M5J 2Y1, or by toll free North American phone number 1-866-732-8683, fax number 1-866-249-7775, or by international fax number 1-416-263-9524 or online at [www.investorvote.com](http://www.investorvote.com), at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting. The time limit for deposit of proxies may be waived or extended by the Chairman of the Meeting at his discretion, without notice.

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If you are a registered shareholder, you will have received this Notice of Meeting and a form of Proxy (the “**Proxy**”) from the Corporation or Corporations. Registered shareholders who are unable to attend the Meeting are requested to read the notes included in the form of Proxy, then complete, date, sign and mail the Proxy, in accordance with the instructions set out in the Proxy. Completed Proxies must be received by 12:00 noon (Eastern Standard Time) on December 6, 2019, unless the Chairman of the Meeting elects to exercise his discretion to accept Proxies received subsequently.

If you are a non-registered (beneficial) shareholder, you will have received this Notice and a form of Proxy through your broker or another intermediary. Please complete and return the Proxy in accordance with the instructions provided to you by your broker or intermediary, and by the deadline, set out therein.

AND TAKE NOTICE that dissenting shareholders in respect of the proposed Arrangement are entitled to be paid the payout value of their shares in accordance with section 185 of the Business Corporations Act (Ontario) (the “Act”). Pursuant to the Interim Order of the Superior Court of Justice – Commercial List dated November 4th, 2019 and the Act, a registered holder of common shares of the Corporation may until 10:00 a.m. (Toronto Time) on the day which is two days immediately preceding the date of the Meeting give the Corporation a notice of dissent in the manner provided for in the Interim Order with respect to the Arrangement Resolution.

As a result of giving a notice of dissent, a shareholder may, on receiving a notice of implementation of the Arrangement Resolution, require the Corporation to purchase all of the common shares held by such shareholder in respect of which the notice of dissent was given. These dissent rights are described in the Circular.

A shareholder may also contact the Corporation at the contact number or address above to request and receive a copy of the Corporation’s Financial Statements and Management’s Discussion and Analysis. (“**MD&A**”) for the fiscal year ended December 31, 2018.

DATED at Toronto, Canada as of November 8, 2019.

**BY ORDER OF THE BOARD OF DIRECTORS**

“John F. Kearney”

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John F. Kearney, Chairman & Chief Executive



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## MANAGEMENT INFORMATION CIRCULAR

### SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of BUCHANS RESOURCES LIMITED ("**Buchans**" or the "**Corporation**") for use at the Annual and Special Meeting of Shareholders of the Corporation (the "**Meeting**") to be held on December 10, 2019 at 12:00 noon (Toronto time), in the office of the Corporation at 55 University Avenue, Suite 1805, Toronto, Ontario, M5J 2H7 for the purposes set out in the accompanying Notice of Meeting.

It is expected that the solicitation will be made primarily by mail. Proxies may be solicited by officers, directors and regular employees of the Corporation personally or by telephone. The cost of such solicitation will be borne by the Corporation.

### APPOINTMENT OF PROXYHOLDERS

The individuals named in the accompanying form of proxy (the "**Proxy**") as proxyholders, are Officers and/or Directors of the Corporation. If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than the persons designated in the Proxy, who need not be a shareholder, to attend and act for you on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided by the Proxy or by completing and delivering another suitable form of proxy.

### COMPLETION AND RETURN OF PROXY

Completed Proxies must be deposited at the office of the Corporation's registrar and transfer agent, Computershare Investor Services Inc. ("**Computershare**"), Proxy Department, 100 University Avenue, 8th floor, Toronto, Ontario, M5J 2Y1, not later than December 6, 2019, unless the Chairman of the Meeting elects to exercise his discretion to accept Proxies received subsequently.

### VOTING BY PROXYHOLDER

The persons named in the Proxy will vote or withhold from voting the shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your shares will be voted accordingly. The Proxy confers discretionary authority on persons named therein with respect to:

- (a) Each matter identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) Any amendment to or variation of any matter identified therein; and
- (c) Any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the shares represented by the Proxy for the nominees of management for Elections of Directors and Appointment of Auditors as identified in the Proxy, as applicable, and in favour of each matter identified on the Proxy, including for approval of the Arrangement.

## NON-REGISTERED HOLDERS

**Only registered Shareholders of the Corporation or the persons they appoint as their proxies are permitted to vote at the Meeting.** Registered Shareholders are holders of Shares of the Corporation whose names appear on the share register of the Corporation and are not held in the name of a brokerage firm, bank or trust company through which they purchased Shares. Whether or not you are able to attend the Meeting, Shareholders are requested to vote their Proxy in accordance with the instructions on the Proxy. Most Shareholders are "non-registered" Shareholders ("**Non-Registered Shareholders**") because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Shares. The Corporation's Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Shareholder deals with in respect of their Shares of the Corporation (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited or The Depository Trust & Clearing Corporation) of which the Intermediary is a participant.

There are two kinds of beneficial owners: those who object to their name being made known to the issuers of securities which they own (called "**OBOs**" for Objecting Beneficial Owners) and those who do not object (called "**NOBOs**" for Non-Objecting Beneficial Owners).

The Corporation is not sending the Meeting materials directly to NOBOs in connection with the Meeting but rather has distributed copies of the Meeting materials to the Intermediaries for distribution to NOBOs.

With respect to OBOs, in accordance with applicable securities law requirements, the Corporation has distributed copies of the Meeting materials to the clearing agencies and Intermediaries for distribution to OBOs. The Corporation does not intend to pay for Intermediaries to deliver the Meeting materials and Form 54-101F7 Request for Voting Instructions Made by Intermediary to OBOs.

Intermediaries are required to forward the Meeting materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting materials will either:

- (a) be given a voting instruction form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "**voting instruction form**") which the Intermediary must follow; or
- (b) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Shareholder, but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a Proxy should properly complete the form of proxy and deposit it with the Corporation, c/o Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of their Shares which they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the form of proxy and insert their own name or such other person's name in the blank space provided. Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Meeting materials and to vote which is not received by the Intermediary at least seven days prior to the Meeting.

The Corporation is not sending the Meeting materials to Shareholders using "notice-and-access" as defined under NI 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer.

## NOTICE TO SHAREHOLDERS IN THE UNITED STATES

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Corporation or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Corporation is incorporated under the *Business Corporation Act* (Ontario), as amended, certain of its directors and its executive officers are residents of Canada and countries other than the United States, and all of the assets of the Corporation and a substantial portion of the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

## REVOCATION OF PROXY

Any Registered Shareholder who has returned a Proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a Proxy may be revoked by instrument in writing, including a Proxy bearing a later date, executed by the Registered Shareholder or by his attorney authorized in writing or, if the Registered Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The instrument revoking the Proxy must be deposited at the registered office of the Corporation, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting. **Only Registered Shareholders have the right to revoke a Proxy. Non-registered holders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediaries to revoke the Proxy on their behalf.**

# BuchansResources

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Each holder of common shares in the capital of the Corporation (“**Common Shares**”) of record at the close of business on November 8, 2019 will be entitled to vote at the Meeting or at any adjournment thereof, either in person or by proxy, except to the extent that such holder has transferred any Common Shares after the record date and the transferee of such Common Shares establishes proper ownership thereof and demands, not later than ten days before the Meeting, to be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee is entitled to vote.

As at November 8, 2019, the Corporation had 59,868,716 issued and outstanding Common Shares. Each Common Share carries the right to one vote per share.

To the knowledge of the Directors and executive officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares.

## INTERESTS OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No person who has been a Director or executive officer since the beginning of the Corporation’s last completed fiscal year, a proposed nominee for election as a Director, and no associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any matter to be acted upon at the Meeting other than the election of Directors.

## PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

### ELECTION OF DIRECTORS

Under the constating documents of the Corporation, the Board is to be elected annually. The Board currently consists of six Directors. Management proposes to nominate six Directors for election to the Board at the Meeting.

At the Meeting, shareholders will be asked to approve an ordinary resolution for the election of the six persons named hereunder as directors of the Corporation (the “**Nominees**”).

**Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the election of the Nominees.**

Management does not contemplate that any of the Nominees will be unable to serve as a Director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the accompanying Proxy to vote the Proxy for the election of any other person or persons in place of any Nominee or Nominees unable to serve. Each Director elected will hold office until the close of the first annual meeting of shareholders of the Corporation following his or her election or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated in accordance with the by-laws of the Corporation.

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Name and Municipality of Residence	Offices with the Corporation	Principal Occupation	Director Since	Shares held Directly or Indirectly, or over which control or direction is exercised <sup>(1)</sup>
John F. Kearney <sup>(2)</sup> Ontario, Canada	Chairman, Chief Executive Officer Director	Mining Executive  Chairman and CEO of Buchans Resources Limited, Labrador Iron Mines Holdings Limited and Anglesey Mining plc	May 8, 2015	2,546,969
Patrick D. Downey <sup>(2)</sup> Ontario, Canada	Director	Chartered Professional Accountant	June 16, 2017	186,500
Terence McKillen Ontario, Canada	Director	Professional Geologist  (Retired)	June 16, 2017	213,050
Peter McParland Ireland	Director	Business Executive	June 16, 2017	473,000
Michael Power <sup>(2)</sup> Ontario, Canada	Director	Professional Engineer	June 16, 2017	Nil
Danesh Varma Kingston, United Kingdom	Director, Chief Financial Officer	Chartered Professional Accountant	June 16, 2017	2,505,548

## Notes

1. The information as to shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective nominees.
2. Member of the Audit Committee.

As of the date hereof, the Directors and executive officers of the Corporation as a group beneficially own, directly or indirectly, 5,925,067 Common Shares representing approximately 9.8% of the issued and outstanding Common Shares.

The following relates to the Directors of the Corporation.

**John F. Kearney** – Mr. Kearney, Chairman, is a mining executive with over 45 years of experience in the mining industry. He is currently a director or senior officer of numerous mineral ventures including, Labrador Iron Mines Holdings Limited and Anglesey Mining Plc and is also Chairman of Xtierra Inc. He holds degrees in law and economics from the University College Dublin and a Masters in Business Administration from Trinity College Dublin. He is a member of the Law Society of Ireland and the Canadian Institute of Mining and Metallurgy. Mr. Kearney is a member of the Audit Committee.

**Patrick D. Downey** – Mr. Downey is a Canadian Chartered Professional Accountant and an Institute of Corporate Directors Certified Director with over 35 years of experience in the mining industry. He has been a director, CEO and CFO of Toronto Stock Exchange and New York Stock Exchange listed companies, including Northgate Minerals Corp., The companies he has been associated with have been involved in numerous mining operations, primarily involving gold and copper mines in Australia, Canada, Chile, Mexico and the USA. Mr. Downey is Chairman of the Audit Committee.



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**Terence N. McKillen** – Mr. McKillen is a retired professional geologist with 47 years of experience in the mining industry. He was Chief Executive of Xtierra and Minco from 2007 until April 2013. He holds degrees in geology from the University of Dublin (Trinity College) and the University of Leicester. He is a lifetime honorary member of the Association of Professional Geoscientist of Ontario. Mr. McKillen is a director of Xtierra Inc. and Conquest Resources Limited. He has extensive experience in exploration and development projects in Ireland, Europe, Africa, Southeast Asia, as well as North, Central and South America.

**Peter McParland** – Mr. McParland is the founder and Managing Director of Quarry and Mining Equipment (QME) with over 40 years experience in the Mining and Tunnelling industries. QME is an International Mining Contractor, and is also a long-established Global Equipment Supplier of both new, and reconditioned, Mining and Tunneling Equipment. QME headquarters are in Navan, Ireland and also operate from offices in Toronto, Canada and Perth, Australia. He is also a Director of several private companies, both in the mining and medical and health care fields.

**Michael Power** – Mr. Power is a director of Greencastle Resources Ltd., Moydow Resources Limited, Conroy Gold and Natural Resources Plc, and Minerex Drilling Contractors Limited. He is a Professional Engineer registered in Ontario and is also a Chartered Financial Analyst with 50 years of experience in the mining industry in Canada and worldwide. Based in Toronto, Mr. Power was formerly Vice-President and Secretary of Moydow Mines International Inc., Vice-President of Corporate Development at Hemlo Gold Mines Ltd. and previously Noranda Mines. Mr. Power is a member of the Audit Committee.

**Danesh Varma** – Mr. Varma, Chief Financial Officer, is a Chartered Professional Accountant with over 31 years of experience in the mining finance industry, having been a director of American Resource Company, Northgate Exploration Ltd. and Westfield Minerals Ltd. Mr. Varma holds directorships with Labrador Iron Mines Holdings Limited, Brookfield Infrastructure Partners L.P. and Anglesey Mining Plc.

## Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No proposed Director is, or within the ten years prior to the date hereof has been, a Director, or executive officer of any company that, while that person was acting in the capacity of a Director or executive officer of that company or within a year of that of person ceasing to act in that capacity, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days, or became bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except as follows:

- a. John F. Kearney and Danesh Varma are directors and/or officers of Labrador Iron Mines Holdings Limited which on April 2, 2015, instituted proceedings in the Ontario Superior Court of Justice for a financial restructuring by means of a plan of arrangement under the Companies' Creditors Arrangement Act which plan was approved on December 6, 2016 and sanctioned by the Court on December 14, 2016.
- b. Michael Power was a Director of San Gold Corporation which on December 22, 2014, filed a Notice of Intention to Make a Proposal under the Bankruptcy and Insolvency Act (Canada). On December 23, 2014, trading of the common shares and subordinated unsecured convertible debentures was suspended by the Investment Industry Regulatory Organization of Canada and the Toronto Stock Exchange. On March 5, 2015, San Gold Corporation obtained Court approval to conduct a Sale and Investor Process (SIPA). Mr. Power resigned as a director of San Gold Corporation on June 22, 2015.



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## **Personal Bankruptcies**

No proposed Director has within the ten years prior to the date hereof become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed Director.

## **Conflicts of Interest**

There are no material transactions with or involving the Directors, executive officers, promoters or principal holders of securities of the Corporation that have occurred since incorporation. Some of the Directors and officers of the Corporation are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations, and situations may arise where these Directors and officers will be in direct competition with the Corporation. Certain of the Corporation's Directors and officers also serve as Directors and/or officers of companies which may enter into contracts with the Corporation in the future. In the event that this occurs, a conflict of interest will exist. Directors in a conflict of interest position are required to disclose such conflicts to the Corporation.

The Directors of the Corporation are required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interests that they may have in any material contract or material transaction. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict is required to disclose his interest and abstain from voting on such matter.

The Directors and officers of the Corporation are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest in respect of the Corporation and are required to comply with such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Named Executive Officers**

During the year ended December 31, 2018, the Corporation had two Named Executive Officers ("NEOs") as defined under applicable Canadian securities regulations; namely, John F. Kearney; Chief Executive Officer and Danesh Varma, Chief Financial Officer.

### **Compensation Discussion and Analysis**

Given the stage of development and scale of its operations, the Corporation has not paid any salary to its Chief Executive Officer in his capacity as an executive officer during the last financial year. In December 2017, on the recommendation of an Independent Committee, the Board of Directors approved the issue of 833,333 shares valued at \$0.30 per share to John Kearney, Chairman and Chief Executive, as compensation for management services in the equivalent amount of \$250,000, which shares were issued in 2018.

### **Summary of Compensation**

Except as noted below, the NEOs have received no compensation from the Corporation during its fiscal period from incorporation until December 31, 2018. The Corporation does not plan to provide regular compensation to its executive officers during the next 12 months, however, it is anticipated that certain of its officers will be engaged from time to time to provide services as consultants to the Corporation and they will be compensated at standard industry rates on the basis of the actual time spent and the nature of the services provided.

## Director and Named Executive Officer Compensation

Particulars of compensation earned by each NEO and Director in the two most recently audited financial years are set out in the summary compensation table below:

Table of compensation excluding compensation securities							
Name and Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
John F. Kearney Chairman & Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	250,000	250,000
Patrick D. Downey Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Terence McKillen Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Peter McParland Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Michael Power Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Danesh Varma Chief Financial Officer & Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	36,000	Nil	Nil	Nil	Nil	36,000

No bonuses were paid to the Named Executive Officers during the financial year ended December 31, 2018. The Corporation does not have a formal annual incentive bonus plan in place. Any award of a bonus to executive officers would be entirely at the discretion of the Board.

## Stock Options and Other Compensation Securities

During the most recently completed financial year, there were no incentive stock options and SARs (stock appreciation rights) granted to or exercised by the Directors or NEO's.

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The following table sets out incentive option-based awards granted or issued to each Director and Named Executive Officer during the financial year ended December 31, 2018. No incentive option based awards were granted or issued.

Compensation Securities							
Name	Type of Compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
John F. Kearney Chairman & Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Patrick D. Downey Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Terence McKillen Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Peter McParland Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Michael Power Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Danesh Varma Chief Financial Officer & Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A

## Defined Benefit or Actuarial Plan

The Corporation does not have a defined benefit, actuarial or pension plan.

## Compensation Governance

The Corporation does not have a Compensation Committee. Compensation matters are reviewed by the full Board of Directors. An interested board member is required to abstain from voting on matters concerning their own compensation. Currently, the Directors of the Corporation do not receive fees in their capacities as Directors, as described under “Directors Compensation”. See “Directors Compensation”.

The Board relies on the general knowledge and experience of its members, and recommendations from the Chief Executive Officer, in reviewing appropriate levels of compensation for Named Executive Officers and the implementation of, or amendment to, any other aspects of compensation that the Board may review from time to time. Members of the Board have relevant general, but not direct, experience in executive compensation and compensation policies and practices in the mineral resources business gained through current and prior experience in business and in the minerals industry. The Corporation has not had any contractual arrangement with any compensation consultant at any time during 2018.

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The Board as a whole is responsible for considering the risks associated with the Corporation's compensation policies and practices and has not identified any specific risks associated with the Corporation compensation policies and practices that are reasonably likely to have a material adverse effect.

Because of the current scale and scope of the Corporation's operations, and the limited number of senior management and employees, and the oversight by the Board of all significant activities, including risk management, the Board does not believe that the Corporation's compensation policies and practices would encourage any executive officer to take inappropriate or excessive risk.

The Corporation's NEOs or Directors are not prohibited from purchasing financial instruments, including, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive or Director.

## **Termination and Change of Control Benefits**

There are no compensatory plans or arrangements with respect to the NEOs, which result or will result from the resignation, retirement or any other termination of employment of a Named Executive's employment with the Corporation or any subsidiary, or from a change of control of the Corporation or a subsidiary, or a change in the Named Executive's responsibilities following a change in control.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the Directors, officers, or associates of such persons have been indebted to the Corporation or any of its subsidiaries at any time since the commencement of the Corporation's most recently completed financial year. No such person has been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation or any of its subsidiaries in respect of the purchase of securities or otherwise.

## **INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed person of the Corporation, proposed Director of the Corporation, or associate or affiliate of any informed person or proposed Director of the Corporation has or has had any material interest, direct or indirect, in a transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

## **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

The by-laws of the Corporation provide that the Corporation is required to indemnify a Director or officer, or former director or officer, or a person who acts or acted at the request of the Corporation as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his or her heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal or administrative action or proceeding to which he or she is made a party by reason of having been a director or officer of such body corporate if (a) he or she acted honestly and in good faith with a view to the best interests of the Corporation, and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful.

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The Corporation has purchased insurance for the benefit of the Corporations directors and officers against liability incurred by them in their capacity as directors and officers. The policy provides coverage on a claim-by-claim made basis in respect of a maximum total liability of \$3 million, subject to a deductible of \$25,000 per event. The premium which was paid in 2018 was \$15,840. The policy contains standard industry exclusions.

## CORPORATE GOVERNANCE

The Directors of the Corporation are committed to maintaining high standards of corporate governance and to managing the Corporation in an honest and ethical manner. The Board believes that its corporate governance policies and procedures are appropriate in light of the size, nature and stage of development of the Corporation. The Board is accountable to shareholders for good corporate governance and has adopted the following procedures in this regard.

### Board of Directors

The Board currently comprises six members, four of whom the Board has determined are "independent" within the meaning of Canadian National Instrument 58-101, Disclosure of Corporate Governance Practices (the "NI 58-101").

A Director who has no direct or indirect material relationship with the Corporation is independent within the meaning of NI 58-101. A "material relationship" is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Chairman of the Board, John F. Kearney, is not considered independent in that he is also Chief Executive Officer of the Corporation. Danesh Varma, Chief Financial Officer is also considered non-independent.

Messrs. Downey, McKillen, McParland, and Power are considered independent Directors since they are all independent of management and free from any material relationship with the Corporation. The basis for this determination is that none of the independent Directors has been employed by the Corporation, received direct remuneration from the Corporation or had any material contracts with or material interests in the Corporation which could interfere with their ability to act with a view to the best interests of the Corporation.

### Directorships

The following Directors of the Corporation are at present directors of reporting issuers (or equivalent):

Director	Name of Reporting Issuer
John Kearney	Anglesey Mining Plc (LSE:AYM) Conquest Resources Limited (TSXV:CQR) Labrador Iron Mines Holdings Limited (OTC: LBRMF) NorZinc Ltd (TSX:NZC) (retired June 2019) Xtierra Inc. (TSXV:XAG)
Terence McKillen	Conquest Resources Limited (TSXV:CQR) Xtierra Inc. (TSXV:XAG)

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Michael Power	Conroy Gold and Natural Resources Plc (AIM:CGNR) Greencastle Resources Ltd. (TSXV:VGN)
Danesh Varma	Anglesey Mining Plc (LSE:AYM) Brookfield Infrastructure Partners L.P. (TSX:BIP; NYSE:BIP) Labrador Iron Mines Holdings Limited (OTC: LBRMF) Xtierra Inc. (TSXV:XAG)

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## **Orientation and Continuing Education**

The Board recognizes the importance of continuing education to ensure that members of the Board maintain the skill and knowledge for them to meet their obligation as directors. The Corporation currently has no formal orientation and education program for Board members. Information (such as recent reports, technical reports and various other operating, property and budget reports) is provided to Board members to ensure that Directors are familiarized with the Corporation's business and the procedures of the Board. In addition, directors are encouraged to visit the Corporation's properties at least once per year. The Corporation also encourages continuing education of its Directors by distributing information on industry and regulatory matters and by facilitating attendance at industry conferences, seminars or courses.

## **Ethical Business Conduct**

The Board has considered adopting a written code of business conduct and ethics however due to the small size of the Corporation and the limited scale of its operations, the Corporation has not adopted such a code to date.

In addition, as some of the Directors of the Corporation also serve as Directors and officers of other companies engaged in similar business activities, the Directors must comply with the conflict of interest provisions under the Business Corporation Act (Ontario), as well as the relevant securities regulatory instruments, in order to ensure that Directors exercise independent judgment in considering transactions and agreements in respect of which a Director or officer has a material interest. Any interested Director is required to declare the nature and extent of his or her interest and is not entitled to vote at meetings of Directors where such a conflict arises.

The Board believes that the fiduciary duties placed on individual directors by the Corporation governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the Director has an interest have been sufficient to ensure that the Board operates in the best interests of the Corporation.

## **Nomination of Directors**

The Board does not have a separate nominating committee. The Board performs the functions of a nominating committee with responsibility for the appointment and assessment of Directors. In view of the current size of the Corporation and the current scale of its operations, the composition of the current Board and the service of the current members of the Board, a separate nominating committee has not as yet been considered necessary by the Corporation.

While there are no specific criteria for Board membership, the Corporation attempts to attract and maintain Directors with business experience and a particular knowledge of mineral exploration, project development and mining or other areas such as finance which would assist the Corporation. As such, nominations to the Board have been the result of recruitment efforts by the Corporation and discussions among the Directors prior to the consideration by the Board as a whole.

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## **Compensation**

Given the current stage of development of the Corporation, the Directors of the Corporation do not currently receive fees in their capacities as Directors.

No cash compensation was paid to Directors for the most recently completed financial year. Directors who also provide professional or consulting services to the Corporation may be compensated based upon the invoiced value of the services provided. Directors are entitled to be reimbursed for all reasonable expenses incurred in attending meetings of the board or any committee of the board.

## **Other Board Committees**

The Board has not established any committees, other than the Audit Committee.

## **Assessments**

Given the size of the Corporation and the current stage of development and scale of its operations, the Board believes that its structure and composition is appropriate and that the Board is functioning effectively at the current time. The Board assesses the contributions and effectiveness of the Board as a whole, and each individual Director, to determine whether each is functioning effectively.

## **Board and Corporate Diversity**

The Corporation currently does not have any women Board members or in executive officer positions (as such term is defined in the Canadian Securities Administrators guidelines for effective corporate governance). The Corporation recognizes the value of individuals with diverse attributes on the Board and in executive officer positions and the desirability of representation of women on the Board and in executive officer positions.

The Corporation has not adopted a written policy relating to the identification and nomination of women directors or regarding the number of women in executive positions because it does not believe that a written policy is the best way to achieve the Corporation's business objectives.

The Corporation believes that the interests of the Corporation would be best served by ensuring that new directors or executives are identified and selected from the widest possible group of potential candidates. A formalized written diversity policy governing the identification and selection of potential women candidates may unduly restrict the Corporation's ability to select the best and most suitable candidate.

The Board is responsible for establishing qualifications and skills necessary for an effective Board and various committees of the Board and for senior executive positions, including factors such as professional experience, particular areas of expertise, personal character, potential conflicts of interest, diversity and other commitments.

Although diversity, which includes diversity in gender, age, ethnicity and cultural background, is one of the factors considered in the Corporation's identification and selection process, other factors, including knowledge and relevant experience, or particular areas of expertise, are given greater consideration in the identification and selection process. In light of the Corporation's view that candidates should be selected from the widest possible group of qualified individuals, the level of representation of women may be considered but is not a major factor in identifying and appointing individuals to the Board.



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The Corporation's policy with respect to the representation of women in executive officer positions is the same as its views on the representation of women in the director identification and selection process. In making decisions as to executive officer appointments, the Corporation believes that decisions to hire or promote an individual should be based on that person's knowledge and experience, particular areas of expertise, character and merit. Accordingly, the representation of women in executive officer positions may be considered but is not a major factor and is not an issue when making executive officer appointments.

The Corporation has not adopted a target regarding the representation of women on the Board or in executive officer positions for the reasons set out above. The Corporation believes that adopting such a target would unduly restrict its ability to select, hire or promote the best and most suitable candidate for the position in question.

## APPOINTMENT OF AUDITORS

The Directors propose to nominate McGovern Hurley LLP, as the Auditors of the Corporation to hold office until the close of the next annual meeting of shareholders.

In the past, the Directors have negotiated with the Auditors of the Corporation on an arm's length basis in determining the fees to be paid to the Auditors. Such fees have been based on the complexity of the matters in question and the time incurred by the Auditors. The Directors believe that the fees negotiated in the past with the auditors of the Corporation were reasonable and, in the circumstances would be comparable to fees charged by other auditors providing similar services.

In order to appoint McGovern Hurley LLP as auditors of the Corporation to hold office until the close of the next annual meeting, a majority of the votes cast at the Meeting must be voted in favour thereof.

**The management representatives named in the attached form of Proxy intend to vote in favour of the appointment of McGovern Hurley LLP as auditors of the Corporation and in favour of authorizing the directors to fix the remuneration of the auditors, unless a shareholder specifies in the Proxy that his or her Common Shares are to be withheld from voting in respect of the appointment of auditors and the fixing of their remuneration.**

## AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

### Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its responsibilities for oversight of financial and accounting matters. The committee recommends the auditors to be nominated and reviews the compensation of the auditors. The committee is directly responsible for overseeing the work of the auditors, must pre-approve non-audit services, be satisfied that adequate procedures are in place for the review of Buchans' public disclosure of financial information extracted or derived from Buchans' financial statements and must establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters. The current independent members of the Audit Committee are Messrs. Downey and Power. Mr. Kearney is not independent as he is Chairman of the Corporation. All of the members are financially literate in accordance with National Instrument 52-110 (NI 52-110) – *Audit Committees*.



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The Audit Committee has adopted a Charter, the text of which is set out below:

## PURPOSE

The Audit Committee (the “**Committee**”) is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for Buchans Resources Limited (the “**Corporation**”). The Committee’s primary duties and responsibilities are to:

- review the quarterly and annual financial statements and management's discussion and analysis of the Corporation and report thereon to the Board;
- select and monitor the independence and performance of the outside auditors of the Corporation (the “**Independent Auditors**”), including meetings with the Independent Auditors;
- conduct such reviews and discussions with management and the independent auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- provide oversight to related party transactions entered into by the Corporation; and
- if necessary, assess the integrity of internal controls and financial reporting procedures of the Corporation and review the internal control report prepared by management required to be included with the annual report of the Corporation;

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee’s duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

## COMPOSITION AND MEETINGS

1. The Committee and its membership shall meet all applicable legal and listing requirements.
2. The Committee shall be composed of three or more directors, one of whom shall serve as the Chair; both the members and the Chair shall be designated by the Board from time to time.
3. A majority of the members of the Committee shall be “independent” as defined by National Instrument 58-101 - Disclosure of Corporate Governance Practices, and all of whom shall be financially literate in accordance with National Instrument 52-110 – Audit Committees.
4. The Committee shall meet at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements, and a majority of the members of the Committee shall constitute a quorum.
5. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
6. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee.

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7. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
8. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
9. The Committee may invite such officers, directors and employees of the Corporation, and its subsidiaries as it may see fit, from time to time, to attend at meetings of the Committee.
10. The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.
11. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose; actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.

The Committee members will be elected annually at the first meeting of the Board following the annual meeting of shareholders.

## RESPONSIBILITIES

### A Financial Accounting and Reporting Process and Internal Controls

1. The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
2. The Committee shall review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management’s response.
3. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements, management’s discussion and analysis and interim financial press releases, and periodically assess the adequacy of these procedures.

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4. The Committee shall review management's discussion and analysis relating to annual and interim financial statements and any other public disclosure documents, including interim financial press releases, that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information.
5. The Committee shall meet no less frequently than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of the Corporation in charge of financial matters, deem appropriate.
6. The Committee shall inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management, has taken to minimize such risks.
7. The Committee shall review the post-audit or management letter containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
8. The Committee shall establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
9. The Committee shall provide oversight to related party transactions entered into by the Corporation.

## **B Independent Auditors**

1. The Committee shall recommend to the Board the external auditors to be nominated, shall set the compensation for the external auditors, provide oversight of the external auditors and shall ensure that the external auditors report directly to the Committee.
2. The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
3. The Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the external auditors in accordance with the terms of this charter.
4. The Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the external auditors.
5. The Committee shall review the external auditors' audit plan, including the scope, procedures and timing of the audit.
6. The Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.

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7. The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within IFRS that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Corporation and the external auditors.
8. The Committee shall review fees paid by the Corporation to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.
9. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.
10. The Committee shall monitor and assess the relationship between management and the external auditors and monitor the independence and objectivity of the external auditors.

## C. Other Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

## Composition of the Audit Committee

During the year ended December 31, 2018, the members of the Audit Committee were Patrick Downey, John Kearney, and Michael Power. Each has an in-depth understanding of the accounting principles used by Buchans to prepare its financial statements and has the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves.

**Patrick Downey** - Mr. Downey is a Canadian Professional Accountant and Institute of Corporate Directors Certified Director with over 35 years of experience in the mining industry. He has been a director, CEO and CFO of Toronto Stock Exchange and New York Stock Exchange listed companies, including Northgate Minerals Corp.

**John Kearney** - Mr. Kearney is a mining and business executive with over 43 years of experience in the mining industry internationally. He holds law and economics degrees from University College Dublin, a Masters Degree in Business Administration from Trinity College, Dublin and obtained the designation Associate of the Chartered Institute of Secretaries and Administrators (ACIS) in which he completed advanced accounting courses. He is a member of the Law Society of Ireland.

**Michael Power** - Mr. Power is a Professional Engineer registered with the Professional Engineers of Ontario, Canada, with over 50 years of experience in the mining industry in Canada and internationally. Mr. Power is a Chartered Financial Analyst.

Each of Messrs. Downey, Kearney and Power has been an officer and/or Director of public companies for a number of years. Each has an in depth understanding of internal controls and procedures for financial reporting.

Messrs. Downey and Power are considered independent of Buchans within the meaning of Canadian NI 52-110.

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The Corporation is relying upon exemptions contained in Section 6.1 of Canadian NI 52-110 which exempts the Corporation from the requirements in Part 3 of NI 52-110 with regard to the composition of the Audit Committee, including the requirement that all members of the Committee must be independent.

## Relevant Education and Experience

The education and experience of each Audit Committee member is described above under the section entitled "Composition of the Audit Committee".

## Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year have any recommendations by the Audit Committee respecting the appointment and/or compensation of the Corporation's external auditors not been adopted by Buchans' Board of Directors.

## Pre-Approval Policies and Procedures

The Corporation's Audit Committee Charter provides that the Audit Committee must pre-approve all non-audit services to be provided to the Corporation by the independent auditor and monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and the Corporation and all non-audit work performed for the Corporation by the independent auditor.

## External Auditor Service Fees

The aggregate amounts billed by Auditors for the two fiscal years ended December 31, 2018 and 2017 for audit fees, audit related fees, tax fees and all other fees are set forth below:

	Fiscal Year Ended 2018	Fiscal Year Ended 2017
Audit Fees	\$37,740	\$45,000
Audit-Related Fees	Nil <sup>(1)</sup>	Nil <sup>(1)</sup>
Tax Fees	\$Nil <sup>(2)</sup>	\$Nil <sup>(2)</sup>
All Other Fees	\$6,324 <sup>(3)</sup>	\$22,000 <sup>(3)</sup>

Notes:

- (1) Audit-related fees comprise fees for assurance and related services that are reasonably related to the performance of the audit or review of the financial statements and are not reported under "Audit Fees".
- (2) Tax fees comprise fees for tax compliance, tax advice and tax planning.
- (3) All other fees relate to services provided by the external auditor other than those described in "Audit Fees", "Audit-Related Fees" and "Tax Fees".

The Audit Committee has adopted procedures requiring Audit Committee review and approval in advance of all particular engagement for services provided by the Auditors. Consistent with applicable laws, the procedures permit limited amounts of services, other than audit services, to be approved by the Audit Committee provided the Audit Committee is informed of each particular service. All of the engagements and fees for Fiscal 2018 and 2017 were approved by the Audit Committee. The Audit Committee reviews with the auditors whether the non-audit services to be provided are compatible with maintaining the Auditor's independence.

## PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

### THE ARRANGEMENT

#### CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Circular contains or refers to certain "forward-looking information" as defined under Canadian securities laws and other applicable securities laws. Forward-looking information includes, but is not limited to, the expectations, intentions, plans and beliefs of the Corporation, Canadian Manganese and Minco, (the "**Parties**") as applicable. Forward-looking information can often be identified by forward-looking words such as "anticipate", "does not anticipate", "believe", "expect", "does not expect", "goal", "plan", "intend", "estimate", "project", "potential", "scheduled", "forecast", "budget" and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. Forward-looking information may include but is not limited to statements and information relating to:

- the Arrangement and the timing of approvals related thereto;
- the financial impact of the Arrangement;
- the activities, events or developments that either of the Corporation, Canadian Manganese or Minco expect or anticipate will or may occur in the future; and
- the proposed business, operation and financial performance and condition of Canadian Manganese or Minco.

The forward-looking statements contained in this Circular are based on current expectations and beliefs concerning future developments and their potential effects on the Parties and are based on certain assumptions, including among other things, that the Corporation's Shareholders will approve the Arrangement Resolution and that all third party regulatory and governmental approvals will be obtained, and that all the conditions to the completion of the Arrangement will be satisfied or waived.

Although the Parties believe that the expectations and assumptions are reasonable, there can be no assurance that forward-looking information included herein will prove to be accurate. Forward-looking information is subject to a number of known and unknown risks, uncertainties (some of which are beyond the control of the Parties) and other factors that could cause actual results or performance to be materially different from those expressed or implied by such forward-looking information.

Factors that could cause actual results to differ materially from any forward-looking information include, but are not limited to: operating risks; reliance on and retention of management and key personnel; competition in industry; risks associated with permits and business licenses; stock market volatility and ability to access sufficient capital from internal and external sources; the economy generally; exposure to potential litigation and other factors beyond the control of the Corporation, Canadian Manganese or Minco. In addition, there are risks and hazards associated with the business of developing technology including trademarks, copyrights and other intellectual property rights; inability to adapt to technological change, new products and standards; competition from new or existing technologies; reliance on third-party specialist agencies, brokers and intermediaries reduces control over company performance; and, government regulation changes.

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You are cautioned not to place undue reliance on the forward-looking information contained herein. 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.

All subsequent written and oral forward-looking information attributable to the Corporation, Canadian Manganese or Minco or persons acting on their behalf are expressly qualified in their entirety by this notice.

These factors are not intended to represent a complete list of the general or specific factors that could affect the Corporation, Canadian Manganese or Minco after giving effect to the transactions contemplated by the Arrangement. Additional factors are noted elsewhere in this Circular and may be noted in any documents incorporated by reference herein, and there may be other factors that cause actions, events or results to occur that have not been anticipated, estimated or intended.

All forward-looking information attributable to the Corporation, Canadian Manganese or Minco, or persons acting on their behalf, is expressly qualified in their entirety by the cautionary statements set forth above. Readers of this Circular are cautioned not to place undue reliance on the forward-looking information contained in this Circular which reflect the analysis of the management of the Corporation, Canadian Manganese or Minco, as applicable, as of the date of this Circular. The Corporation, Canadian Manganese or Minco do not undertake any obligation to update forward-looking information except as required by applicable securities laws.

## GLOSSARY

"**Act**" or "**OBCA**" means the *Business Corporations Act*, R.S.O. 1990, c. B16, of Ontario, as amended;

"**Arrangement**" means an arrangement under the provisions of Section 182 of the Act, on the terms and conditions set forth in the Plan of Arrangement;

"**Arrangement Agreement**" means the Arrangement Agreement dated October 28, 2019 among Buchans, Canadian Manganese and Minco, as the same may be amended, supplemented or otherwise modified from time to time;

"**Arrangement Resolution**" means the special resolution approving the Arrangement to be voted on by Shareholders at the Meeting, the full text of which is attached as Schedule "A" to this Circular;

"**Board**" means the board of directors of Buchans;

"**Buchans Exchangeable Warrants**" means a non-transferrable warrant to be issued by Buchans entitling the holder thereof to exchange such warrant for either (i) one Minco Share; or (ii) 0.25 New Buchans Shares at the holder's sole discretion at any time on or before the date which is one (1) year following the Effective Date, and if not exchanged by that time automatically exchanged for one Minco Share;

"**Buchans Shares**" means the common shares without par value of Buchans;

"**Canadian Manganese Financing**" means a proposed private placement of Canadian Manganese Shares to be completed or as soon as possible after completion of the Arrangement;

"**Canadian Manganese Shares**" means common shares without par value of Canadian Manganese;

"**Companies**" or the "**Parties**" means Buchans, Canadian Manganese and Minco;



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"**Computershare**" means Computershare Trust Company of Canada, Toronto, Ontario, the transfer agent and registrar of the Corporation;

"**Court**" means the Superior Court of Justice of Ontario (Commercial List) sitting in Toronto;

"**CSE**" means the Canadian Securities Exchange, a securities exchange operating in Toronto, Canada;

"**Distribution Record Date**" means the day that is the Effective Date;

"**Dissent Rights**" has the meaning ascribed to it in Section 4.1 of the Plan of Arrangement;

"**Dissenting Shareholder**" means a registered holder of Buchans Shares who has properly exercised his or her Dissent Rights and has not withdrawn or been deemed to have withdrawn such Dissent Rights;

"**Effective Date**" means the effective date set forth on the certificate and articles of arrangement of Buchans that are filed with or issued by the Director, Business Corporations Act, (Ontario) regarding the Arrangement;

"**Effective Time**" means 12:01 a.m. on the Effective Date, unless otherwise set forth on the certificate and articles of arrangement of Buchans that are filed with or issued by the Director, Business Corporations Act, (Ontario) in connection with the amendments to the authorized share structure of Buchans under the Plan of Arrangement;

"**Final Order**" means the final order to be made by the Court approving the Arrangement;

"**Interim Order**" means the interim order of the Court dated November 4, 2019 pursuant to Section 182(5) of the OBCA, providing for, among other things, the calling of the Meeting;

"**Minco**" means Minco Exploration Limited, a corporation incorporated under the laws of the Republic of Ireland and currently a wholly-owned subsidiary of Buchans;

"**Minco Financing**": means a proposed private placement of Minco Shares to be completed as soon as possible after completion of the Arrangement;

"**Minco Shares**": means the ordinary shares of Minco;

"**New Buchans Shares**" has the meaning assigned thereto in Section 3.01(c) of the Plan of Arrangement;

"**Old Buchans Shares**" means the Buchans Shares, after being altered by changing their identifying name to "Class A" common shares pursuant to Section 3.01(c) of the Plan of Arrangement;

"**Plan of Arrangement**" means the plan of arrangement attached to the Arrangement Agreement as Exhibit 1 and any amendment or variation thereto (a copy of the Plan of the Arrangement is attached as Schedule "H" to this Circular);

"**Shareholder**", "**securityholder**" or "**holder of shares**" means a registered or beneficial holder of Buchans Shares;

"**Tax Act**" means the *Income Tax Act* (Canada);

"**TSXV**" means the TSX Venture Exchange, a securities exchange operating in Toronto, Canada; and

"**U.S. Securities Act**" means the United States *Securities Act of 1933*, as amended.



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## SUMMARY OF THE ARRANGEMENT

As mineral exploration and development companies without any producing mines or operating revenue, Buchans, Canadian Manganese and Minco (sometimes collectively referred to as the “**Companies**”) must look to and are dependent upon the equity capital markets to secure financing of their ongoing operations. Management is of the view that an essential element of success in securing such equity investment is to offer potential investors well defined and geographically focussed projects in which to invest.

To better achieve this goal, management has concluded that each of Buchans’ three geographically and operationally distinct project groups located in Newfoundland, New Brunswick and Ireland should be held by separate public companies.

Completion of the Arrangement will accomplish this objective and position each of the Companies to identify and negotiate for future financing for their respective qualitative and geographically diverse mineral exploration projects.

Shareholders will retain their existing shares of Buchans and Buchans will distribute to its shareholders, pro rata, (i) all of the shares of Canadian Manganese on the basis of one share of Canadian Manganese for each share of Buchans held; and (ii) Buchans Exchangeable Warrants entitling shareholders to receive one share of Minco or 0.25 additional shares of Buchans, at their option, for each share of Buchans held. Any Buchans Exchangeable Warrants which remain unexercised on the first anniversary of the date the Plan of Arrangement becomes effective will be automatically exchanged for shares of Minco.

Shareholders will be asked at the Meeting to approve the Arrangement involving Buchans, its securityholders, Canadian Manganese and Minco. The Arrangement will involve, among other things, certain exchanges of securities resulting in Shareholders at the Effective Date receiving their pro rata portion of 59,868,716 Canadian Manganese Shares (being one Canadian Manganese Share for every Buchans Share held) and their pro rata portion of 59,868,716 Buchans Exchangeable Warrants (exchangeable by the holders, at their sole discretion, for up to 59,868,716 Minco Shares or up to 14,967,179 additional Buchans Shares), being one Buchans Exchangeable Warrant for every Buchans Share held.

It is intended that following the Arrangement, each of the Companies will seek separate stock exchange listings, subject to market and trading conditions and obtaining any necessary approvals. Buchans will seek a listing of its shares on the TSXV or the CSE, or complete another transaction whereby Buchans would acquire or be acquired by a company listed on the TSXV or CSE, as soon as possible following the Effective Date.

It is intended that following the Arrangement, Canadian Manganese will seek to complete the Canadian Manganese Financing and will seek a listing of the Canadian Manganese Shares on the TSXV or CSE.

It is further intended that following the Arrangement, Minco will seek to complete the Minco Financing and, assuming a sufficient number of Minco Shares are issued upon the exchange of Buchans Exchangeable Warrants, will seek the admission to trading of the Minco Shares on the Irish Stock Exchange.

The disclosure of the principal features of the Arrangement, as summarized below, is qualified in its entirety by reference to the full text of the Arrangement Agreement including the Plan of Arrangement, which is attached as Schedule "H" to this Circular.

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Shareholders will be asked at the Meeting to approve the Arrangement Resolution as a Special Resolution pursuant to section 182 of the OBCA and in accordance with the terms of the Arrangement Agreement, the full text of which is reproduced in Schedule "A" of this Circular.

## STEPS IN THE ARRANGEMENT

At the Effective Time, the following shall occur and be deemed to occur in the following order without any further act or formality:

- (a) each issued Buchans Share held by a Dissenting Shareholder is acquired by Buchans in consideration for Buchans agreeing to pay the amount to be paid as determined in accordance with Article 4 of the Plan of Arrangement in respect of the dissenting shares;
- (b) the authorized capital of Buchans is amended by:
  - (i) the alteration of the Old Buchans Shares by changing their identifying name to "Class A" common shares; and
  - (ii) the creation of an unlimited number of common shares without par value having attached thereto the rights and restrictions set out in Schedule A of the Plan of Arrangement.
- (c) each issued Old Buchans Share (designated as a Class A Share) held by a Shareholder (other than a Dissenting Shareholder) will be transferred to Buchans in exchange for:
  - (i) one New Buchans Share;
  - (ii) one Canadian Manganese Shares; and
  - (iii) one Buchans Exchangeable Warrant.
- (d) the stated capital of the New Buchans Shares shall be initially an amount equal to the stated capital of the Old Buchans Shares and then immediately reduced by an amount equal to those portions of the stated capital of the Old Buchans Shares attributable to Buchans' investment in Canadian Manganese and Minco, respectively; and
- (e) the authorized capital of Buchans will be amended by the cancellation of the Old Buchans Shares and their elimination from the authorized share structure of Buchans and the Articles of Incorporation of Buchans will be amended accordingly.

The Board of Directors of Buchans may, in its absolute discretion, determine whether or not to proceed with the Arrangement without further approval, ratification or confirmation by the Shareholders.

Pursuant to Article 4 of the Plan of Arrangement, Shareholders who duly exercise the Dissent Rights and who:

- (a) are ultimately to be paid fair value for their Old Buchans Shares by Buchans shall be deemed to have had their Old Buchans Shares transferred to Buchans for such value on the Effective Date; or
- (b) are ultimately not entitled to be paid fair value for any reason for their Old Buchans Shares shall be deemed to have participated in the Arrangement on the same basis as any non-dissenting holder of Old Buchans Shares and shall receive New Buchans Shares, Canadian Manganese Shares and Buchans Exchangeable Warrants on the basis determined in accordance with Section 3.1 of the Plan of Arrangement.

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If a Shareholder exercises the Dissent Rights, Buchans shall on the Effective Date set aside and not transfer that portion of the Canadian Manganese Shares and the Buchans Exchangeable Warrants which are attributable to the Old Buchans Shares for which Dissent Rights have been exercised (such shares are referred to in this paragraph as "**dissenting Buchans Securities**"). If the dissenting Shareholder is ultimately not entitled to be paid for their dissenting Buchans Shares, Buchans shall distribute to such Shareholder his or her pro rata portion of the New Buchans Shares, Canadian Manganese Shares and the Minco Shares. If the dissenting Shareholder duly exercises the Dissent Rights and is ultimately to be paid fair value for their dissenting Buchans Shares, then Buchans shall retain the portion of the Canadian Manganese Shares and the Buchans Exchangeable Warrants attributable to such dissenting Buchans Shares and such shares will be dealt with as determined by the board of directors of Buchans in its discretion.

## **EFFECT OF THE ARRANGEMENT**

As a result of the Arrangement, as of the Effective Date, Shareholders will continue to hold common shares of Buchans and will also receive one Canadian Manganese Share and one Buchans Exchangeable Warrant for every Old Buchans Share held as soon as possible following the Effective Date.

Each Buchans Exchangeable Warrant is exchangeable, at the option of the holder, for one Minco Share or 0.25 Buchans Shares at any time up to the first anniversary of the effective date of the Arrangement. Any Buchans Exchangeable Warrant not exercised by that time will be automatically exchanged for one Minco Share.

If no additional Buchans shares are issued prior to the Effective Date, Shareholders will receive 59,868,716 Canadian Manganese Shares and 59,868,716 Buchans Exchangeable Warrants.

It is expected that the issued capital of Canadian Manganese on the Effective Date and after giving effect to the Arrangement will be 59,868,716 Canadian Manganese Shares (before giving effect to any Canadian Manganese Shares which may be issued pursuant to the Canadian Manganese Financing).

It is further expected that the issued capital of Minco on the Effective Date and after giving effect to the Arrangement will be 59,868,716 Minco Ordinary Shares (before giving effect to any Minco Shares which may be issued pursuant to the Minco Financing). All of such Minco Shares will initially be held by Buchans but will be subject to reduction depending how many Buchans Exchangeable Warrants are exchanged for Minco Shares. Any Buchans Exchangeable Warrants which remain unexercised on the first anniversary of the date that the Plan of Arrangement becomes effective will be automatically exchanged for shares of Minco.

Under the Arrangement Agreement, Buchans has agreed to sell to purchasers to be identified by Minco any Minco Shares which it remains holding as a result of the exchange by shareholders of the Buchans Exchangeable Warrants for additional shares of Buchans.

Canadian Manganese will be a reporting issuer in British Columbia, Alberta, Nova Scotia and Newfoundland and Labrador. It is the intention of Canadian Manganese to apply for listing of the Canadian Manganese Shares on the TSXV or CSE following completion of the Arrangement.

It is also intended that Minco will apply for admission of the Minco Shares to trading on the Irish Stock Exchange following completion of the Arrangement

Additional information relating to Canadian Manganese is contained in Schedule "B" to this Circular. The audited carve-out financial statements of Canadian Manganese for the financial years ended December 31,

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2018, 2017 and 2016 and the unaudited interim carve-out financial statements for the three and six months ended June 30, 2019 are attached as Schedule “C” to this Circular.

Additional information relating to Minco is contained in Schedule "D" to this Circular. The audited carve-out financial statements of Minco for the carve-out consolidated financial years ended December 31, 2018, 2017 and 2016 and the unaudited interim carve-out consolidated financial statements for the three and six months ended June 30, 2019 are attached as Schedule “E” to this Circular.

## RECOMMENDATION OF THE BOARD

The Board of Directors of Buchans has reviewed the terms and conditions of the proposed Arrangement and has concluded that the Arrangement is fair and reasonable to its shareholders and in the best interests of Buchans.

In arriving at this conclusion, the Directors of Buchans considered, among other matters:

1. the financial condition, business and operations of Buchans, on a geographic, historical and prospective basis, and information in respect of Canadian Manganese and Minco on a pro-forma basis;
2. the pro rata interest of Buchans Shareholders in each of Buchans, Canadian Manganese and Minco will become a direct interest and investment in each of such companies;
3. the relative value of the assets of each of Buchans, Canadian Manganese and Minco, which is based on their respective book values from prior transactions, which underpin the determination of the number of Canadian Manganese Shares and Minco Shares to be distributed upon completion of the Arrangement or upon exchange of the Buchans Exchangeable Warrants;
4. the procedures by which the Arrangement is to be approved, including the requirement for approval of the Arrangement by the Court after a hearing at which fairness to Buchans Shareholders will be considered;
5. the availability of rights of dissent to Shareholders with respect to the Arrangement;
6. the anticipated Canadian tax treatment of Buchans security holders under the Arrangement;
7. Shareholders will own securities of three publicly listed companies, assuming the intended listing of the New Buchans Shares, the Canadian Manganese Shares and the Minco Shares is completed;
8. Buchans will be able to concentrate its efforts on the development of its base metals properties in Newfoundland and Labrador, which the directors believe will appeal to prospective investors in Buchans;
9. Canadian Manganese will be able to concentrate its efforts on the development of the Woodstock Manganese Property and study the impact of new battery metal applications for its manganese resource, which the directors believe will appeal to prospective investors in Canadian Manganese;
10. Minco will be able to pursue the further exploration of its base metals property interests in Ireland and the United Kingdom which the directors believe will appeal to prospective investors in Minco, particularly those located in Ireland and the United Kingdom; and
11. Buchans, Canadian Manganese and Minco will each have a focused Board of Directors and management team.

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The Board also identified disadvantages associated with the Arrangement including the fact that there will be the additional costs associated with running three companies instead of one, that Buchans will incur significant expenses in connection with the Arrangement, the uncertainty surrounding the funding of Canadian Manganese and Minco and the listing of the Canadian Manganese Shares on the TSXV or CSE stock exchange, the admission of the Minco Shares on the Irish Stock Exchange, and that there is no assurance that the proposed Arrangement will result in positive benefits to Shareholders.

See "*Particulars of Matters to be Acted Upon – The Arrangement – Arrangement Risk Factors*".

The foregoing summary of the information, factors and disadvantages considered by the Board are not intended to be exhaustive. In view of the variety of factors, the amount of information and the appropriate risk factors considered in connection with its evaluation of the Arrangement, the Board did not find it practical to, and did not, quantify or otherwise attempt to assign any relative weight to each specific factor or risk factor considered in reaching its conclusion and recommendation. The Board's recommendation was made after considering all of the above-noted factors as well as the information and risk factors referred to elsewhere herein and in light of the Board's knowledge of the business, financial condition and prospects of the Corporation.

**Based on its review of these and other factors, the Board considers the Arrangement to be in the best interests of Buchans and fair and reasonable to the Shareholders, and recommends that the Shareholders vote IN FAVOUR of the Arrangement Resolution.**

**Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote FOR the approval of the Arrangement Resolution.**

Each Director of Buchans who owns Buchans Shares has indicated his intention to vote his Buchans Shares in favour of the Arrangement Resolution.

## **NO COLLATERAL BENEFITS**

No Director or officer of Canadian Manganese, Minco or Buchans is entitled to receive, directly or indirectly, as a consequence of the Arrangement, an increase in salary, a lump sum payment, a payment for surrendering securities, or other enhancement in benefits related to past or future services as an employee, director or consultant. The Directors and officers will receive a distribution per security in the Arrangement that is identical in amount and form to the entitlement of the general body of holders in Canada of Buchans Shares.

## **ARRANGEMENT RISK FACTORS**

Buchans, Canadian Manganese and Minco should each be considered highly speculative investments and the transactions contemplated herein should be considered of a high-risk nature. Shareholders should carefully consider all of the information disclosed in this Circular and Schedules B (Canadian Manganese) and D (Minco) hereto under the headings "*Risk Factors*" prior to voting on the Arrangement Resolution. In addition to the other information presented in this Circular, the following specific risk factors should be considered:

1. The shares of Buchans are not currently listed on any stock exchange and, as a result, there is no published market for such shares. Buchans intends to seek a listing of its shares on the TSXV or the CSE, or complete another transaction whereby Buchans would acquire or be acquired by a company listed on a Canadian stock exchange, as soon as reasonably practicable as soon as possible following the Effective Date. Accordingly, the value assumptions used by the Board to determine the relative

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value of Canadian Manganese Shares to be distributed pursuant to the Arrangement and the relative value of Buchans Shares or Minco Shares to be distributed pursuant to the exchange of the Buchans Exchangeable Warrants are based upon their assessment of the relative values and the respective book values of the assets of Buchans, Canadian Manganese and Minco. There can be no assurance that such relative values will be reflected in the future trading price of the shares of Buchans, Canadian Manganese or Minco, if listing of such shares is successfully secured.

2. There is no assurance that the Arrangement will be completed or, if it is completed, that the Buchans Shares, Canadian Manganese Shares or Minco Shares will be listed for trading on a stock exchange.
3. There is no assurance that the Arrangement can be completed as proposed or without Shareholders exercising their dissent rights in respect of a substantial number of Buchans Shares.
4. Canadian Manganese's working capital after the completion of the Arrangement is dependent upon the successful closing of the Canadian Manganese Financing. There is no assurance that the Canadian Manganese Financing will be completed. If the Canadian Manganese Financing is not completed, the Canadian Manganese Shares may not be listed for trading on any stock exchange.
5. Minco's working capital after the completion of the Arrangement is dependent upon the successful closing of the Minco Financing. There is no assurance that the Minco Financing will be completed. If the Minco Financing is not completed, the Minco Shares may not be listed for trading on any stock exchange.
6. There is no assurance that the businesses of Buchans, Canadian Manganese or Minco, after completing the Arrangement, will be successful.
7. The Companies have not achieved profitable operations, have an accumulated deficit since inception and expect to incur further losses in the development of their business. The Companies have relied on equity financing to fund their working capital requirements. The Companies will need to generate additional financial resources in order to fund their planned programs. There is a risk that additional financing will not be available to the Companies on a timely basis or on acceptable terms.
8. While Buchans believes that the Canadian Manganese Shares and the Minco Shares to be issued to Shareholders pursuant to the Arrangement will not be subject to any resale restrictions (save securities held by control persons and save for any restrictions flowing from current restrictions associated with a Shareholder's Buchans Shares, none of which are known as at the date of this Circular), there is no assurance that this is the case and each Shareholder is urged to obtain appropriate legal advice regarding applicable securities legislation.
9. The transactions may give rise to adverse tax consequences to Shareholders and each such Shareholder is urged to consult his own tax advisor.

## EFFECTS OF THE ARRANGEMENT ON SHAREHOLDERS' RIGHTS

As a result of the Arrangement, Shareholders will continue to be shareholders of Buchans and will also be shareholders of Canadian Manganese and holders of Buchans Exchangeable Warrants which are exchangeable, at the holder's option, for Minco Shares or additional Buchans Shares. If the Buchans Exchangeable Warrants are exchanged for Minco Shares, shareholders of Buchans will also become shareholders of Minco.



## CONDUCT OF MEETING AND OTHER APPROVALS

Shareholders at the Meeting will be asked to consider and, if thought advisable, adopt the Arrangement Resolution. The Arrangement Resolution is a special resolution that must be approved by not less than two thirds of the votes cast by the Shareholders present, in person or by proxy, at the Meeting.

Under the OBCA, Buchans is required to obtain the approval of the Court to the calling of the Meeting and to the Arrangement. On November 4, 2019, prior to mailing the Circular and other materials in respect of the Meeting, Buchans obtained an Interim Order providing for the calling and holding of the Meeting and other procedural matters. A copy of the Interim Order and the Notice of Application are attached as Appendices "F" and "G" respectively, to this Circular. As set out in the Notice of Application, the Court hearing in respect of the Final Order is scheduled to take place on December 19, 2019, or as the Court may otherwise direct, at 330 University Avenue, 7<sup>th</sup> Floor, Toronto, Ontario, M5G 1R7, subject to the approval of the Arrangement Resolution at the Meeting. **Buchans securityholders who wish to participate in or be represented at the Court hearing should consult with their legal advisors as to the necessary requirements.**

At the Court hearing, securityholders of Buchans who wish to participate or to be represented or to present evidence or argument may do so, subject to the Rules of Civil Procedure, R.R.O. 1990, Reg. 194, as amended, (the "**Court Rules**"). Although the authority of the Court is very broad under the OBCA, Buchans has been advised by counsel that the Court will consider, among other things, the fairness and reasonableness of the terms and conditions of the Arrangement and the rights and interests of every person affected. The Court may approve the Arrangement as proposed or as amended in any manner as the Court may direct. The Court's approval is required for the Arrangement to become effective.

The Court will be informed prior to the hearing that if such approval is obtained, this will constitute the basis for an exemption from the registration requirements of the U.S. Securities Act under section 3(a) (10) thereunder with respect to the issuance of Canadian Manganese Shares and Minco Shares to be distributed, as described below under "Securities Laws Considerations – U.S. Securities Laws and Resale of Securities". In addition, it is a condition of the Arrangement that the Court will have determined, prior to approving the Final Order, that the terms and conditions of the exchanges of securities comprising the Arrangement are fair to those security holders to whom securities will be issued upon completion of the Arrangement.

Under the terms of the Interim Order, each Buchans securityholder will have the right to appear and make representations at the application for the Final Order. Any person desiring to appear at the hearing to be held by the Court to approve the Arrangement pursuant to the Notice of Application is required to file with the Court and serve upon Buchans at the addresses set out below, at least five days prior to the date set for the Court hearing, a notice of appearance ("**Appearance**"), in the form prescribed by the Court Rules, including his, her or its address for service, together with any evidence or materials which are to be presented to the Court. The Appearance and supporting materials must be delivered, within the time specified, to the Buchans' counsel at the following address:

Paliare Roland Rosenberg Rothstein LLP  
Attention: Massimo Starnino  
155 Wellington St. W., 35<sup>th</sup> floor  
Toronto, Ontario  
M5V 3H1  
Fax: (416) 646.4301

## REGULATORY APPROVALS

If the Arrangement Resolution is approved by the requisite majority of Shareholders, the Final Order must be obtained before the Arrangement may proceed.

Buchans is a reporting issuer in the provinces of British Columbia, Alberta, Nova Scotia and Newfoundland and Labrador. The Buchans Shares are not currently listed for trading on any stock exchange in Canada. It is the intention of Buchans to apply for listing of the Buchans Shares on the TSXV or CSE, or complete another transaction whereby Buchans would acquire or be acquired by a company listed on a Canadian stock exchange, as soon as possible following completion of the Arrangement.

It is the intention of Canadian Manganese to apply for listing of the Canadian Manganese Shares on the TSXV or CSE following completion of the Arrangement provided that the proposed Canadian Manganese Financing has closed. It is also the intention of Minco to apply for admission of the Minco Shares on the Irish Stock Exchange following completion of the Arrangement provided that the proposed Minco Financing has closed.

## SIGNIFICANT POSITIONS AND SHAREHOLDINGS

The following table discloses the number of shares currently owned, controlled or directed, directly or indirectly, by the directors and senior officers of Buchans and Canadian Manganese, as well as their positions and shareholdings in Canadian Manganese and Minco upon completion of the Arrangement assuming no changes to the number of Buchans Shares currently held.

To the knowledge of the Directors and executive officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares.

<b>Insider Shareholder</b>	<b>Buchans Relationship &amp; Shares held</b>	<b>Post-Arrangement Canadian Manganese Relationship &amp; Shares held</b>	<b>Post-Arrangement Minco Relationship &amp; Shares held</b>
John F. Kearney	Chairman, Chief Executive and Director 2,546,969 Buchans Shares	Chairman and Director 2,546,969 Canadian Manganese Shares	Chairman and Director 2,546,969 Buchans Exchangeable Warrants
Patrick D. Downey	Director 186,500 Buchans Shares	N/A 186,500 Canadian Manganese Shares	Director 186,500 Buchans Exchangeable Warrants
Terence McKillen	Director 213,050 Buchans Shares	N/A 213,050 Canadian Manganese Shares	Director 213,050 Buchans Exchangeable Warrants
Peter McParland	Director 473,000 Buchans Shares	N/A 473,000 Canadian Manganese Shares	Chief Executive & Director 473,000 Buchans Exchangeable Warrants
Michael Power	Director Nil Buchans Shares	N/A Nil Canadian Manganese Shares	Director Nil Buchans Exchangeable Warrants
Danesh Varma	Chief Financial Officer and Director 2,505,548 Buchans Shares	Director 2,505,548 Canadian Manganese Shares	Secretary and Director 2,505,548 Buchans Exchangeable Warrants



## PROCEDURE FOR RECEIPT OF CANADIAN MANGANESE AND MINCO SHARES

The following information is a summary only. For full details of procedures for the delivery of certificates see Article 5 "Certificates and Documentation" of the Plan of Arrangement.

As soon as practicable after the Effective Date, Computershare will forward to each registered and beneficial Buchans Shareholder of record at the Distribution Record Date who has not dissented to the Arrangement, a direct registration advice ("DRA") evidencing the electronic registration in such shareholder's name of the Canadian Manganese Shares and a certificate representing the Buchans Exchangeable Warrants to which they are entitled under the Arrangement.

**Shares of Buchans are registered in electronic form only and no share certificates have or will be issued. Since no Buchans Shares are being exchanged pursuant to this Arrangement no further action by Shareholders of Buchans is required.**

## FEES AND EXPENSES

Buchans will pay the costs, fees and expenses of the Arrangement.

## EFFECTIVE DATE OF THE ARRANGEMENT

If: (1) the Arrangement Resolution is approved by Shareholders; (2) the Final Order of the Court is obtained approving the Arrangement; (3) every requirement of the OBCA relating to the Arrangement has been complied with; and (4) all other conditions disclosed under "*Arrangement Agreement – Conditions to the Arrangement Becoming Effective*" are met or waived, the Arrangement will become effective on the Effective Date.

The full particulars of the Arrangement are contained in the Plan of Arrangement attached as Schedule "H", and incorporated by reference into this Circular.

Notwithstanding receipt of the above approvals, the Board may, at its sole discretion, abandon the Arrangement without further approval from the Shareholders.

## ARRANGEMENT AGREEMENT

The Arrangement, which will be carried out pursuant to the OBCA, will be effected in accordance with the Arrangement Agreement.

The general description of the Arrangement Agreement which follows is qualified in its entirety by reference to the full text of the Arrangement Agreement, a copy of which is available for review by Shareholders during normal business hours at the executive office of the Corporation at Suite 1805, 55 University Avenue, Toronto, Ontario, M5J 2H7 and will also be available for review at the Meeting.

## Representations and Warranties

In the Arrangement Agreement, the Companies provide representations and warranties to one another regarding certain customary commercial matters, including corporate, legal and other matters, relating to their respective affairs.

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## Covenants

In the Arrangement Agreement, each of Buchans, Canadian Manganese and Minco covenants and agrees that it shall take such steps and do all such other acts and things, as may be necessary or desirable in order to give effect to the transactions contemplated by the Arrangement Agreement, subject to shareholder and regulatory approval, and, without limiting the generality of the foregoing, shall:

- (a) apply for and obtain the Interim Order and the Final Order;
- (b) obtain written consents from any persons who are parties to agreements with Buchans or a subsidiary of Buchans where consents to the transactions contemplated by the Arrangement are required under those contracts or agreements, none of which are known as at the date of this Circular;
- (c) ensure that the Circular shall contain appropriate disclosure respecting Buchans, Canadian Manganese or Minco, respectively, and the information and consolidated financial statements related to Buchans, Canadian Manganese or Minco, respectively, contained in the Circular and any related documentation to be distributed in connection with the solicitation of proxies by the management of Buchans in connection with the meeting of shareholders of Buchans shall be true, correct and complete in all material respects and shall not contain any untrue statement of any material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading in light of the circumstances in which they are made and shall comply with applicable securities laws;
- (d) obtain all required certifications and consents of their respective auditors in respect of the respective financial statements to be provided in the Circular; and
- (e) have the respective authorized and issued share capital at the closing of the Arrangement, save as contemplated by the Arrangement or as may be consented to by Buchans, Canadian Manganese or Minco, as the case may be, such consent not to be unreasonably withheld.

Canadian Manganese also agreed to use its commercially reasonable best efforts after the completion of the Arrangement to apply for and obtain a listing of the Canadian Manganese Shares on the TSXV, the CSE or other stock exchange or quotation system. Minco also agreed to use its commercially reasonable best efforts after the completion of the Arrangement to apply for and obtain admission to trading of the Minco Shares on the Irish Stock Exchange.

Under the Arrangement Agreement, Buchans has agreed to sell to purchasers to be identified by Minco any Minco Shares which it continues to hold as a result of the exchange by shareholders of the Buchans Exchangeable Warrants for additional shares of Buchans.

## Termination

The Arrangement Agreement will terminate:

- (a) if the Arrangement has not been completed by the close of business on January 31, 2020, at the election of any of Buchans, Canadian Manganese or Minco;

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- (b) in the event that the conditions to the Arrangement are not satisfied or waived by the Parties to whom they are of benefit prior to the Effective Date, or any earlier date contemplated herein, the Arrangement Agreement will terminate and be of no further force or effect on the Effective Date, or such earlier date;
- (c) at any time prior to the Effective Date by unanimous agreement of the parties thereto without further action on the part of their respective shareholders; or
- (d) upon the later of a final determination from the Court or an appeal court which denies the granting of the Final Order.

## **Conditions to the Arrangement Becoming Effective**

The respective obligations of the Companies to complete the transactions contemplated by the Arrangement Agreement are subject to the satisfaction, on or before the Effective Date, of a number of conditions precedent, which may be waived in accordance with the Arrangement Agreement.

The parties' obligations to complete the transactions contemplated in the Arrangement Agreement are subject to satisfaction of the following conditions on or before the Effective Date:

- (a) the Interim Order and Final Order shall have been obtained from the Court on terms acceptable to each of the parties and shall not have been set aside or modified in a manner unacceptable to any of the parties, on appeal or otherwise;
- (b) receipt by Buchans, Canadian Manganese and Minco of all required approvals including approval by Buchans Shareholders of the Arrangement at the Meeting; approval by their respective boards of directors; and approval of the Arrangement by the Court;
- (c) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by the Arrangement Agreement or the Plan of Arrangement;
- (d) none of the consents, orders, regulations or approvals contemplated by the Arrangement Agreement shall contain terms or conditions or require undertakings or security deemed unsatisfactory or unacceptable by any of the parties hereto, acting reasonably;
- (e) the allotment and issue of Canadian Manganese Shares and Minco Shares pursuant to the Arrangement will have been approved by all necessary corporate action to permit the Canadian Manganese Shares and Minco Shares to be issued as fully paid and non-assessable;
- (f) no adverse material change shall have occurred in the business, affairs, financial condition or operations of any of the Parties which would have a material adverse effect on the business, assets, financial condition or results of operations of any Party and any subsidiary, taken as a whole;
- (g) the representations and warranties of each party as set out in the Arrangement Agreement shall be true and correct on and as of the Effective Date as if they were made on and as of such date, except as affected by transactions contemplated or permitted by the said agreement and except for any failures or breaches of representations or warranties which would not have a material adverse effect on the business, assets, financial condition or results of operations of the other party and its subsidiaries, if any, taken as a whole;
- (h) the Arrangement Agreement shall not have been previously terminated; and
- (i) the obligation of each party to complete the Arrangement is subject to the further condition that the covenants of the other party shall have been duly performed.

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The obligations of Buchans to complete the transactions contemplated in the Arrangement Agreement are subject to satisfaction of the following conditions on or before the Effective Date:

- (a) the Arrangement shall have been approved and adopted by Shareholders at the Meeting in accordance with the terms of the Interim Order;
- (b) receipt by Buchans of tax advice satisfactory to Buchans, in its sole discretion, respecting the structuring of the Arrangement (which advice has been received); and
- (c) dissent rights shall not have been exercised prior to the Effective Date by holders of Buchans Shares representing 5% or more of the Buchans Shares outstanding at such time.

The obligations of each of Canadian Manganese and Minco to complete the transactions contemplated in the Arrangement Agreement are subject to the condition that no adverse material change will have occurred in the business, affairs, financial condition or operations of Buchans prior to the Effective Date.

## **Amendments**

The Arrangement Agreement and the Plan of Arrangement may, at any time and from time to time before the Effective Date, subject to applicable law and any requirements of the Court, be amended by written agreement of the parties without further notice to or authorization on the part of their respective shareholders. Without limiting the generality of the foregoing, any such amendment may:

- (a) change the time for performance of any of the obligations or acts of Buchans or Canadian Manganese;
- (b) waive any inaccuracies or modify any representation contained herein or any document to be delivered pursuant to the Arrangement Agreement;
- (c) change non-material terms;
- (d) waive compliance with or modify any of the covenants therein contained or waive or modify performance of any of the obligations of the parties; and
- (e) amend the terms of Section 3.1 of the Plan of Arrangement and Sections 5.1, 5.2 and 5.3 of the Arrangement Agreement and the sequence of transactions described in the Plan of Arrangement subject to any required approval of the Shareholders, given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

The Arrangement Agreement and the Plan of Arrangement may be amended in accordance with the Final Order, but if the terms of the Final Order require any such amendment, the rights of the parties thereto under Sections 5.1, 5.2, 5.3, 5.4, and 6.1 of the Arrangement Agreement shall be modified accordingly.

## **RIGHT OF DISSENT TO THE ARRANGEMENT**

As indicated in the notice of the Meeting, any holder of Buchans Shares is entitled to be paid the fair value of his or her shares in accordance with the OBCA and the Interim Order if such holder dissents to the Arrangement and the Arrangement becomes effective. A Shareholder is not entitled to dissent with respect to such holder's shares if such holder votes any of those shares in favour of the Special Resolution authorizing the Arrangement.

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The text of Section 185 of the OBCA is set out in Schedule I hereto. Holders of Buchans Shares who may wish to dissent should refer to this Schedule. A Shareholder may only exercise the right to dissent under Section 185 of the OBCA in respect of Buchans Shares which are registered in that Shareholder's name. Shareholders who hold their Buchans Shares through a broker or other intermediary must either instruct such broker or other intermediary to deliver a dissent notice on the Shareholder's behalf or arrange to have their Buchans Shares registered in their own name.

A dissenting Shareholder has until 10:00 a.m. (Toronto time) on the day which is two business days immediately preceding the date of the Meeting to send to Buchans a written notice of dissent pursuant to Section 185 of the OBCA with respect to the Special Resolution authorizing the Arrangement.

Within ten days after the Arrangement Resolution is approved, Buchans must send a notice of the adoption of the Arrangement Resolution and containing a summary of the dissenting Shareholder's rights to each dissenting Shareholder.

The dissenting Shareholder must then send Buchans a written notice and demand for payment of the fair value of the Buchans Shares with respect to which he or she dissents within twenty days after receipt of Buchans' notice referred to above or, if no such notice is given, after the dissenting Shareholder learns of the adoption of the Arrangement Resolution. Within thirty days thereafter, the dissenting Shareholder must send to Buchans the certificate or DRA, if any, representing those shares, whereupon the dissenting Shareholder is bound to sell and Buchans is bound to purchase those shares.

Failure by a Dissenting Shareholder to adhere strictly to the requirements of Section 185 of the OBCA may result in the loss of such Dissenting Shareholder's rights under that section. A Shareholder who might desire to exercise the dissenter's rights should carefully consider and comply with the provisions of the Interim Order, the full text of which is set out in Schedule "F" to this Circular, and Section 185 of the OBCA. Any Shareholder seeking to exercise such rights should obtain legal advice as to the manner of exercising such rights and the implications for such Shareholder.

A dissenting Shareholder who has complied with the OBCA, or Buchans may apply to the Court for an order determining the price of the shares or ordering that the price be determined by arbitration, and the Court may make consequential orders or give directions as the Court considers appropriate. There is no obligation on Buchans to make application to the Court. The dissenting Shareholder will be entitled to receive the fair value that the Buchans Shares held by such holder had immediately before the passing of the Special Resolution to authorize the Arrangement.

All notices to Buchans of dissent to the Arrangement pursuant to Section 185 of the OBCA should be addressed to Buchans at its executive office as follows:

Buchans Resources Limited  
Suite 1805, 55 University Avenue  
Toronto, Ontario M5J 2H7  
Attention: Chief Executive

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The foregoing summary does not purport to provide a comprehensive statement of the procedures to be followed by a dissenting Shareholder who seeks payment of the fair value of his Buchans Shares.

## CANADIAN FEDERAL INCOME TAX CONSEQUENCES

**This summary is of a general nature only, and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any Buchans Shareholder. Accordingly, Buchans Shareholders should consult their own tax advisers for advice as to the income tax consequences to them of the Arrangement in their particular circumstances.**

The following summary fairly describes the principal Canadian federal income tax considerations relating to the Arrangement generally applicable to Buchans Shareholders who, for purposes of the Tax Act, (i) hold their Buchans Shares, and will hold their New Buchans Shares, Canadian Manganese Shares and Minco Shares as capital property; (ii) deal at arm's length with Buchans, Canadian Manganese and Minco; and (iii) are not affiliated with Buchans, Canadian Manganese and Minco.

Buchans Shares, New Buchans Shares, Canadian Manganese Shares and Minco Shares, will generally be considered to be capital property to a holder thereof, unless such securities are held in the course of carrying on a business or were acquired in a transaction considered to be an adventure in the nature of trade. Certain shareholders who are resident in Canada and who might not otherwise be considered to hold their Buchans Shares, New Buchans Shares, Canadian Manganese Shares and Minco Shares as capital property may be entitled to have them treated as capital property by making the irrevocable election provided by subsection 39(4) of the Tax Act. Any person contemplating making a subsection 39(4) election should first consult their tax adviser for advice as the making of such election will affect the income tax treatment of the person's disposition of other Canadian securities.

This summary is not applicable to a Buchans Shareholder (i) that is a "financial institution" as defined in the Tax Act for the purposes of the mark-to-market rules contained in the Tax Act; (ii) that is a partnership or a trust; (iii) that is a "specified financial institution" as defined in the Tax Act; (iv) that is a securityholder an interest in which is a "tax shelter investment" as defined in the Tax Act; (v) that has acquired Buchans Shares, or who acquires New Buchans Shares, Canadian Manganese Shares and Minco Shares upon the exercise of an employee stock option that has entered into or will enter into a "derivative forward agreement", a "synthetic disposition arrangement" or a "synthetic equity arrangement" as those terms are defined in the Tax Act, or (vi) that is a taxpayer whose "functional currency" for the purposes of the Tax Act is the currency of a country other than Canada. **Such shareholders should consult their own tax advisers.**

This summary is based upon the current provisions of the Tax Act, the regulations thereunder (the "**Regulations**"), and counsel's understanding of the current administrative practices and policies of the Canada Revenue Agency (the "**CRA**"). This summary also takes into account all specific proposals to amend the Tax Act and Regulations (the "**Proposed Amendments**") announced by the Minister of Finance (Canada) prior to the date hereof, and assumes that all Proposed Amendments will be enacted in their present form. If the Proposed Amendments are not enacted as presently proposed, the tax consequences may not be as described below in all cases. This summary does not take into account or anticipate any other changes in law or administrative or assessing practice, whether by legislative, governmental, or judicial action or decision, nor does it take into account provincial, territorial or foreign income tax considerations, which may differ from the Canadian federal income tax considerations discussed below.



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The summary assumes that (i) the redesignation of Old Buchans Shares as Class A Common Shares, as contemplated by the Plan of Arrangement, will not, in and of itself, result in Holders being deemed to have disposed of their Old Buchans Shares for the purposes of the Tax Act (for purposes of this summary, Class A Common Shares are hereafter referred to as "**Buchans Shares**"); and (ii) the Share Exchange (as described below) will be considered to occur "in the course of a reorganization of capital" of Buchans such that section 86 of the Tax Act will apply in respect of the Share Exchange. **No tax ruling or legal opinion has been sought or obtained in this regard, or with respect to any of the assumptions made throughout this summary of *Certain Canadian Federal Income Tax Considerations*, and the summary below is qualified accordingly.**

## Holders Resident in Canada

This portion of this summary applies only to Holders who are or are deemed to be resident solely in Canada for the purposes of the Tax Act and any applicable income tax treaty or convention (each a "**Resident Holder**").

## Exchange of Old Buchans Shares for New Buchans Shares and Canadian Manganese Shares

A Resident Holder who exchanges Old Buchans Shares for New Buchans Shares, Canadian Manganese Shares and Minco Shares pursuant to the Arrangement (the "**Share Exchange**") will be deemed to have received a taxable dividend equal to the amount, if any, by which the fair market value of the Canadian Manganese Shares and the Minco Shares distributed to the Resident Holder pursuant to the Share Exchange at the time of the Share Exchange exceeds the "paid-up capital" (as defined in the Tax Act) ("**PUC**") of the Resident Holder's Buchans Shares determined at that time. Any such taxable dividend will be taxable as described below under "*Holders Resident in Canada – Taxation of Dividends*". However, Buchans expects that the fair market value of all Canadian Manganese Shares and Minco Shares distributed pursuant to the Share Exchange will not exceed the PUC of the Buchans Shares. Accordingly, Buchans does not expect that any Resident Holder will be deemed to receive a taxable dividend on the Share Exchange.

A Resident Holder who exchanges Old Buchans Shares for New Buchans Shares, Canadian Manganese Shares and Minco Shares on the Share Exchange will realize a capital gain equal to the amount, if any, by which the fair market value of those Canadian Manganese Shares at the effective time of the Share Exchange, less the amount of any taxable dividend deemed to be received by the Resident Holder as described in the preceding paragraph, exceeds the "adjusted cost base" (as defined in the Tax Act) ("**ACB**") of the Resident Holder's Buchans Shares determined immediately before the Share Exchange. Any capital gain so realized will be taxable as described below under "*Holders Resident in Canada – Taxation of Capital Gains and Losses*".

The Resident Holder will acquire the Canadian Manganese Shares and Minco Shares received on the Share Exchange at a cost equal to their fair market value as at the Effective Time of the Share Exchange, and the New Buchans Shares received on the Share Exchange at a cost equal to the amount, if any, by which the ACB of the Resident Holder's Buchans Shares immediately before the Share Exchange exceeds the fair market value of the Canadian Manganese Shares and Minco Shares as at the effective time of the Share Exchange.

## Disposition of New Buchans Shares, Canadian Manganese Shares or Minco Shares after the Arrangement

A Resident Holder who disposes or is deemed to dispose of a New Buchans Share, Canadian Manganese Share or Minco Share generally will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition therefor are greater (or less) than the ACB of the share to the Resident



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Holder, less reasonable costs of disposition. Any such capital gain or capital loss will be subject to the treatment generally described below under "*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

## Taxation of Dividends

A Resident Holder who is an individual (other than certain trusts) and receives or is deemed to receive a taxable dividend in a taxation year on the Resident Holder's Buchans Shares, New Buchans, Canadian Manganese Shares or Minco Shares will be required to include the amount of the dividend in income for the year, subject to the dividend gross-up and tax credit rules applicable to taxable dividends received by a Canadian resident individual from a taxable Canadian corporation, including the enhanced dividend gross-up and tax credit that may be applicable if and to the extent that Buchans, Canadian Manganese or Minco, as the case may be, designates the taxable dividend to be an "eligible dividend" in accordance with the Tax Act. Buchans, Canadian Manganese and Minco have made no commitments in this regard. Dividends received by an individual may also give rise to alternative minimum tax.

A Resident Holder that is a corporation and receives or is deemed to receive a taxable dividend in a taxation year on its Buchans Shares, New Buchans Shares, Canadian Manganese Shares or Minco Shares must include the amount in its income for the year, but generally will be entitled to deduct an equivalent amount from its taxable income, subject to all restrictions under the Tax Act and the Proposed Amendments. A Resident Holder that is a "private corporation" or a "subject corporation" (as defined in the Tax Act) may also be liable under Part IV of the Tax Act to pay a special tax (refundable in certain circumstances) on any such dividends to the extent that the dividend is deductible in computing the corporation's taxable income.

## Taxation of Capital Gains and Capital Losses

A Resident Holder who realizes a capital gain or capital loss in a taxation year on the actual or deemed disposition of a share, including a Buchans Share, New Buchans Share, Canadian Manganese Share or Minco Share, generally will be required to include one half of any such capital gain (a "**taxable capital gain**") in income for the year, and entitled to deduct one half of any such capital loss (an "**allowable capital loss**") against taxable capital gains realized in the year and, to the extent not so deductible, in any of the three preceding taxation years or any subsequent taxation year, to the extent and in the circumstances specified in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on the share (or on a share substituted therefor) to the extent and in the circumstances described in the Tax Act. Similar rules may apply where the corporation is a member or beneficiary of a partnership or trust that held the share, or where a partnership or trust of which the corporation is a member or beneficiary is itself a member of a partnership or a beneficiary of a trust that held the share. Affected Resident Holders should consult their own tax advisors in this regard.

A Resident Holder that is a "Canadian controlled private corporation" (as defined in the Tax Act) throughout the relevant taxation year may be liable to pay an additional tax (refundable in certain circumstances) on its "aggregate investment income", which includes taxable capital gains, for the year.

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## Alternative Minimum Tax on Individuals

A Resident Holder who is an individual (including certain trusts) and receives a taxable dividend on, or realizes a capital gain on the disposition of, a share, including an Old Buchans Share, New Buchans Share, Canadian Manganese Share or Minco Share, may thereby be liable for alternative minimum tax to the extent and within the circumstances set out in the Tax Act.

## Dissenting Shareholders

A Resident Holder who validly exercises Dissent Rights (a "**Dissenting Resident Holder**") and who consequently transfers or is deemed to transfer Buchans Shares to Buchans for payment by Buchans will be deemed to receive a taxable dividend in the taxation year a payment equal to the amount, if any, by which the payment (excluding interest) exceeds the PUC of the Dissenting Resident Holder's Buchans Shares determined immediately before the Arrangement. Any such taxable dividend will be taxable as described above under "*Holders Resident in Canada – Taxation of Dividends*". The Dissenting Resident Holder will also realize a capital gain (or capital loss) equal to the amount, if any, by which the payment (excluding interest), less any such deemed taxable dividend, exceeds (is exceeded by) the ACB of the Dissenting Resident Holder's Buchans Shares determined immediately before the Arrangement. Any such capital gain or loss will generally be taxable or deductible as described above under "*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

The Dissenting Resident Holder will be required to include any portion of the payment that is on account of interest in income in the year received.

## Eligibility for Investment – New Buchans Shares, Canadian Manganese Shares and Minco Shares

A New Buchans Share will be a "qualified investment" for a trust governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a deferred profit sharing plan, a registered education savings plan ("**RESP**"), a registered disability savings plan ("**RDSP**") or a tax-free savings account ("**TFSA**") as those terms are defined in the Tax Act (collectively, "**Registered Plans**") at any time at which the New Shares are listed on a "designated stock exchange" as defined in the Tax Act (which includes the TSXV and the CSE), or Buchans is a "public corporation" as defined in the Tax Act. Buchans has made the necessary filings with the Canada Revenue Agency to elect to be a "public corporation" as defined in the Tax Act.

A Canadian Manganese Share will be a qualified investment for a Registered Plan at any time at which the Canadian Manganese Shares are listed on a "designated stock exchange" (which includes the TSXV and the CSE), or Canadian Manganese is a "public corporation", as those terms are defined in the Tax Act. **Management of Buchans believes that Canadian Manganese should meet the relevant listing requirements of the TSXV or the CSE once the requisite distribution and other requirements are achieved as of the Effective Date, and intends to request that the TSXV or the CSE issue a listing bulletin or similar communication deeming the Canadian Manganese Shares to be listed as of the Effective Time. Management of Canadian Manganese also intends to make the necessary filings with the Canada Revenue Agency to elect to be a "public corporation" as defined in the Tax Act contemporaneously with the Arrangement becoming effective. However, CRA's acceptance of such listing bulletin or filing for purposes of the potential "qualified investment" status of the Canadian Manganese Shares as of any particular time, cannot be guaranteed.**

A Minco Share will be a qualified investment for a Registered Plan at any time at which the Canadian Manganese Shares are listed on a "designated stock exchange" (which includes the Irish Stock Exchange), or Minco is a "public corporation", as those terms are defined in the Tax Act.

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Management of Minco intends to make the necessary filings with the Canada Revenue Agency to elect to be a "public corporation" as defined in the Tax Act contemporaneously with the Arrangement becoming effective. However, CRA's acceptance of such filing for purposes of the potential "qualified investment" status of the Minco Shares as of any particular time, cannot be guaranteed.

**There can be no assurance as to if, or when, the Canadian Manganese Shares or the Minco Shares will be listed or traded on any stock exchange. Should shares be distributed to or otherwise acquired by a Registered Plan other than as "qualified investments", adverse tax consequences not described in this summary should be expected to arise for the Registered Plan and the annuitant thereunder. Resident Holders that hold Buchans Shares and will or may hold Canadian Manganese Shares within a Registered Plan should consult with their own tax advisors in this regard.**

Notwithstanding that the New Buchans Shares, Canadian Manganese Shares and/or Minco Shares may be qualified investments at a particular time, the holder of a TFSA or the annuitant of a RRSP or RRIF will be subject to a penalty tax in respect of a New Buchans Share or a Canadian Manganese Share and/or Minco Shares held in the TFSA, RRSP or RRIF, as applicable, if the share is a "prohibited investment" under the Tax Act. A New Buchans Share, a Canadian Manganese Share or an Minco Share generally will not be a prohibited investment for a TFSA, RRSP or RRIF of a holder or annuitant thereof, as applicable, provided that (i) the holder or annuitant of the account does not have a "significant interest" within the meaning of the Tax Act in Buchans, Canadian Manganese or Minco, as applicable; and (ii) Buchans, Canadian Manganese or Minco, as applicable, deals at arm's length with the holder or annuitant for the purposes of the Tax Act. Pursuant to Proposed Amendments, the rules in respect of "prohibited investments" are also proposed to apply to (i) RESP's and the subscribers thereof and (ii) RDSP's and the holders thereof. **Buchans Shareholders should consult their own tax advisors to ensure that the New Buchans Shares, Canadian Manganese Shares and Minco Shares would not be a prohibited investment for a trust governed by a TFSA, RRSP or RRIF in their particular circumstances.**

## **Holders Not Resident in Canada**

**Shareholders of Buchans who are not resident in Canada for tax purposes should consult their own tax advisers concerning their particular tax position in the jurisdiction in which they are resident or deemed to be resident for tax purposes.**

This portion of this summary applies only to Holders each of whom at all material times for the purposes of the Tax Act

- (i) has not been and is not resident or deemed to be resident in Canada for purposes of the Tax Act, and
- (ii) does not and will not use or hold Buchans Shares, New Buchans Shares, Canadian Manganese Shares or Minco Shares in connection with carrying on a business in Canada (each a "**Non-resident Holder**").

**The following summary of taxation consequences is not intended to be, and should not be construed to be, legal or taxation advice to any particular Buchans shareholder not resident in Canada. All Buchans shareholders are advised to consult their professional advisors on their particular tax position, based on their own particular circumstances, before taking any action in respect of the Arrangement.**

# BuchansResources

Special rules, which are not discussed in this summary, may apply to a Non-resident Holder that is an insurer carrying on business in Canada and elsewhere, or an "authorized foreign bank" as defined in the Tax Act. Such Non-resident Holders should consult their own tax advisers with respect to the Arrangement.

## **Exchange of Old Buchans Shares for New Buchans Shares, Canadian Manganese Shares and Minco Shares**

The discussion of the tax consequences of the Share Exchange for Resident Holders under the heading "*Holders Resident in Canada – Exchange of Buchans Shares for New Buchans Shares and Canadian Manganese Shares*" generally will also apply to Non-resident Holders in respect of the Share Exchange. The general taxation rules applicable to Non-resident Holders in respect of a deemed taxable dividend or capital gain arising on the Share Exchange are discussed below under the headings "*Holders Not Resident in Canada – Taxation of Dividends*" and "*Holders Not Resident in Canada – Taxation of Capital Gains and Capital Losses*" respectively.

### **Taxation of Dividends**

A Non-resident Holder to whom Buchans or Canadian Manganese pays or credits (or is deemed to pay or credit) an amount as a dividend in respect of the Holder's Old Buchans Shares, New Buchans Shares or Canadian Manganese Shares, will be subject to Canadian withholding tax equal to 25% (or such lower rate as may be available under an applicable income tax convention, if any) of the gross amount of the dividend.

### **Taxation of Capital Gains and Capital Losses**

A Non-resident Holder will not be subject to Canadian federal income tax in respect of any capital gain arising on an actual or deemed disposition of a Buchans Share, New Buchans Share, Canadian Manganese Share or Minco Share unless, at the time of disposition, the share is "taxable Canadian property" as defined in the Tax Act, and is not "treaty-protected property" as so defined.

Generally, a Buchans Share, New Buchans Share, Canadian Manganese Share or Minco Share, as applicable, of the Non-resident Holder will not be taxable Canadian property of the Holder at any time at which the share is listed on a "designated stock exchange" as defined in the Tax Act (which includes the TSXV and the CSE) unless, at any time during the 60 months immediately preceding the disposition of the share,

- (a) the Non-resident Holder, one or more persons with whom the Non-resident Holder did not deal at arm's length, partnerships in which the Non-resident Holder or persons with whom the Non-resident Holder did not deal at arm's length held membership interests (directly or indirectly), or any combination of the foregoing, owned 25% or more of the issued shares of any class of the capital stock of Buchans, Canadian Manganese or Minco, as applicable, and
- (b) the share derived more than 50% of its fair market value directly or indirectly from, or from any combination of, real property situated in Canada, "Canadian resource properties", "timber resource properties" (as those terms are defined in the Tax Act), and interest, rights or options in or in respect of any of the foregoing.

Shares may also be deemed to be "taxable Canadian property" under other provisions of the Tax Act.

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A Non-resident Holder who disposes or is deemed to dispose of a Buchans Share, New Buchans Share, Canadian Manganese Share or Minco Share that, at the time of disposition, is taxable Canadian property and is not treaty-protected property will realize a capital gain (or capital loss) equal to the amount, if any, by which the Holder's proceeds of disposition of the share exceeds (or is exceeded by) the Non-resident Holder's ACB in the share and reasonable costs of disposition. The Non-resident Holder generally will be required to include one half of any such capital gain (taxable capital gain) in the Holder's taxable income earned in Canada for the year of disposition, and be entitled to deduct one half of any such capital loss (allowable capital loss) against taxable capital gains included in the Holder's taxable income earned in Canada for the year of disposition and, to the extent not so deductible, against such taxable capital gains realized in any of the three preceding taxation years or any subsequent taxation year, to the extent and in the circumstances set out in the Tax Act.

**Shareholders of Buchans who are not resident or deemed to be resident, in Canada for tax purposes should consult their own tax advisers concerning their particular tax position in the jurisdiction in which they are resident or deemed to be resident for tax purposes.**

**Non-resident Holders who may hold shares as "taxable Canadian property" should consult their own tax advisors in this regard.**

## **Dissenting Non-Resident Holders**

The discussion above applicable to Resident Holders under the heading "*Holders Resident in Canada – Dissenting Shareholders*" will generally also apply to a Non-resident Holder who validly exercises Dissent Rights in respect of the Arrangement. In general terms, the Non-resident Holder will be subject to Canadian federal income tax in respect of any deemed taxable dividend arising as a consequence of the exercise of Dissent Rights generally as discussed above under the heading "*Holders Not Resident in Canada – Taxation of Dividends*" and subject to the Canadian federal income tax treatment in respect of any capital gain or loss arising as a consequence of the exercise of Dissent Rights generally as discussed above under the heading "*Holders Not Resident in Canada – Taxation of Capital Gains and Capital Losses*".

**The foregoing summary of taxation consequences is not intended to be, and should not be construed to be, legal or taxation advice to any particular Buchans shareholder not resident in Canada. All Buchans shareholders are advised to consult their professional advisors on their particular tax position, based on their own particular circumstances, before taking any action in respect of the Arrangement.**

## **CANADIAN SECURITIES LAWS AND RESALE OF SECURITIES**

The following summary is not comprehensive. Each Shareholder is urged to consult such holder's professional advisers to determine the Canadian conditions and restrictions applicable to trades in the Canadian Manganese Shares and Minco Shares. There may also be restrictions placed on resale of the Canadian Manganese Shares by the rules and policies of the TSXV or CSE in the event of any listing of these securities on such exchanges. There may also be restrictions placed on resale of the Minco Shares by the rules and policies of the Irish Stock Exchange. Resale of any securities acquired in connection with the Arrangement may be required to be made through properly registered securities dealers.

Canadian Manganese will be a reporting issuer in British Columbia, Alberta, Nova Scotia and Newfoundland and Labrador on completion of the Arrangement, and it is the intention of Canadian Manganese to apply for listing of the Canadian Manganese Shares on the TSXV or CSE following completion of the Arrangement provided that Canadian Manganese meets the working capital and other requirements for such listing. It is also the intention of Minco to apply admission of the Minco Shares to



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trading on the Irish Stock Exchange following completion of the Arrangement provided that Minco meets the working capital and other requirements for such admission.

The issuance of the Canadian Manganese Shares and Minco Shares to Buchans securityholders pursuant to the Arrangement will constitute a distribution of securities which is exempt from the registration and prospectus requirements of Canadian securities legislation. The Canadian Manganese Shares and Minco Shares received by Shareholders pursuant to the Arrangement may be resold in each of the provinces and territories of Canada provided that (i) the trade is not a "control distribution" as defined in National Instrument 45-102 *"Resale of Securities"* of the Canadian Securities Administrators, (ii) no unusual effort is made to prepare the market or create a demand for those securities, (iii) no extraordinary commission or consideration is paid in respect of that sale, and (iv) if the selling securityholder is an insider or officer of Canadian Manganese or Minco, the selling securityholder has no reasonable grounds to believe that Canadian Manganese or Minco is in default of securities legislation.

## U.S. SECURITIES LAWS AND RESALE OF SECURITIES

The Canadian Manganese and Minco securities to be issued in connection with the Arrangement have not been approved or disapproved by the United States Securities and Exchange Commission or securities regulatory authorities of any state of the United States, nor has the United States Securities and Exchange Commission or securities authority of any state in the United States passed on the adequacy or accuracy of this Circular. Any representation to the contrary is a criminal offence.

Buchans is a "foreign private issuer" under the U.S. Exchange Act. Buchans' common shares are not registered under the United States *Securities Exchange Act of 1934*, as amended (the "**U.S. Exchange Act**") and, therefore, Buchans is not subject to the reporting requirements of the U.S. Exchange Act. Upon completion of the Arrangement, Canadian Manganese and Minco are expected to also be foreign private issuers. The Canadian Manganese Shares and the Minco Shares have not been and will not be registered under the U.S. Exchange Act. There is currently no trading market for any Canadian Manganese Shares or Minco Shares in the United States and no assurance can be given that any such market will develop.

The issuance of the Canadian Manganese Shares and Minco Shares to Buchans Shareholders and the subsequent resale of the Canadian Manganese Shares and Minco Shares (collectively the "**Distributed Securities**") held by persons in or subject to the securities laws of the United States ("**U.S. Securityholders**") will be subject to U.S. securities laws, including the U.S. Securities Act and applicable state securities laws. The following discussion is a general overview of certain requirements of U.S. securities laws applicable to U.S. Securityholders. **All U.S. Securityholders are urged to consult with legal counsel to ensure that the resale of Distributed Securities issued to them under the Arrangement complies with applicable securities legislation.**

The following discussion does not address the Canadian securities laws that will apply to the issue of the Distributed Securities or the resale of the Distributed Securities by U.S. Securityholders within Canada. U.S. Securityholders reselling their Distributed Securities in Canada must comply with Canadian securities laws, as outlined elsewhere in this Circular.

### Exemption from the Registration Requirements of the U.S. Securities Act

If the Arrangement is completed, the Distributed Securities to be issued pursuant to the Arrangement will be issued pursuant to an exemption under Section 3(a)(10) of the U.S. Securities Act. Accordingly, the issuance of the Distributed Securities pursuant to the Arrangement will not be registered under the U.S. Securities Act and will be effected in reliance upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act. In addition, such Distributed Securities have not been and will not be registered under the securities laws of any state of the United States and will be issued only in reliance upon such exemptions as may be available under the securities laws of the applicable states of the United States.

## **Resale of Distributed Securities within the United States after the Completion of the Arrangement**

Persons who are not affiliates of Canadian Manganese or Minco within 90 days of the Closing of the Arrangement and will not be "affiliates" of Canadian Manganese or Minco after the Arrangement may resell the Distributed Securities that they receive in connection with the Arrangement in the United States without restriction under the U.S. Securities Act.

Distributed Securities received by a holder who was an affiliate within 90 days of the Closing of the Arrangement or will be an "affiliate" of Canadian Manganese or Minco after the Arrangement will be subject to certain restrictions on resale imposed by the U.S. Securities Act. As defined in Rule 144 under the U.S. Securities Act, an "affiliate" of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the issuer. In general, under Rule 144, persons who are affiliates of Canadian Manganese or Minco after the Arrangement will be entitled to sell in the United States, during any three-month period, a portion of the Canadian Manganese Shares or Minco Shares that they receive in connection with the Arrangement, provided that the number of such shares sold does not exceed one percent of the then outstanding securities of such class.

## **Resale of Securities Pursuant to Regulation S**

U.S. Securityholders receiving Distributed Securities on completion of the Arrangement may, under the U.S. Securities Act, resell their Distributed Securities in an "offshore transaction" in accordance with Regulation S under the U.S. Securities Act provided the conditions imposed by Rule 904 of Regulation S for offshore resales are satisfied. An "offshore transaction" includes a transaction executed using the facilities of the Toronto Stock Exchange or TSXV, provided the offer of the securities is not made to a person in the United States and, to the knowledge of the seller or any person acting on the seller's behalf, the transaction has not been pre-arranged with a buyer in the United States.

The conditions imposed by Regulation S will depend on whether the U.S. Securityholder is an "affiliate" of Canadian Manganese or Minco upon completion of the Arrangement.

U.S. Securityholders who are not affiliates of Canadian Manganese or Minco after completion of the Arrangement will be entitled to resell their Distributed Securities pursuant to Rule 904 of Regulation S in transactions that are "offshore transactions" provided neither the U.S. Securityholder nor any person acting on the U.S. Securityholder's behalf engages in "directed selling efforts" in the United States. "Directed selling efforts" means any activity undertaken for the purpose, or that could reasonably be expected to have the effect, of conditioning the market in the United States for any of the securities being offered in the resale transaction.

The offshore resale provisions of Rule 904 of Regulation S are also available to affiliates of Canadian Manganese or Minco, upon completion of the Arrangement, provided the U.S. Securityholder is an affiliate of Canadian Manganese solely by virtue of his or her status as an officer or director of Canadian Manganese or Minco. These affiliate U.S. Securityholders may sell their Distributed Securities by complying with the requirements for offshore resales by non-affiliates, subject to the additional condition that no selling concession, fee or other remuneration is paid in connection with such offer or sale other than the usual and customary broker's commission that would be received by a person executing such transaction as agent.

The offshore resale provisions of Rule 904 of Regulation S are not available to U.S. Securityholders who are affiliates of Canadian Manganese or Minco as a consequence of being a major shareholder (a shareholder who beneficially owns 10 percent or more of an issuer's shares) of Canadian Manganese or Minco, as the case may be.



# BuchansResources

## Proxy Solicitation Requirements

The solicitation of Proxies pursuant to this Circular is not subject to the requirements of section 14(a) of the U.S. Exchange Act. Accordingly, this Circular has been prepared in accordance with the disclosure requirements of Canadian securities law. Such requirements are different than those of the United States applicable to registration statements under the U.S. Securities Act and proxy statements under the U.S. Exchange Act.

The carve-out financial statements of Canadian Manganese and Minco included herein have been prepared in accordance with IFRS, are subject to Canadian auditing and auditor independence standards, and may not be comparable in all respects to financial statements of United States companies.

## ADDITIONAL INFORMATION

Financial information is provided in the Corporation's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2018 which is also available on SEDAR and on the Corporation's website at [www.BuchansResources.com](http://www.BuchansResources.com).

Shareholders may also contact the Secretary of the Corporation to request copies of the Corporation's Financial Statements and Management's Discussion and Analysis.

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## APPROVAL

**The contents and the sending have been approved by the Directors of the Corporation.**

**Dated: November 8, 2019**

*"John F. Kearney"*

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John F. Kearney, Chairman

**SCHEDULE "A"**

**ARRANGEMENT RESOLUTION**

BE IT RESOLVED, as a Special Resolution, THAT:

1. The arrangement, as it may be or has been amended (the "**Arrangement**") under section 182 of the *Business Corporations Act* (Ontario) involving Buchans Resources Limited ("**Buchans**"), its securityholders, Canadian Manganese Company Inc. ("**CMC**") and Minco Exploration Limited ("**Minco**") is hereby authorized, approved and adopted;
2. The plan of arrangement, as it may be or has been amended (the "**Plan of Arrangement**"), involving Buchans, its securityholders, CMC and Aimco, the full text of which is set out in Appendix "H" to the information circular of Buchans dated November 8, 2019, is hereby authorized, approved and adopted;
3. The arrangement agreement dated October 28, 2019 (the "**Arrangement Agreement**") between Buchans CMC and Minco, and all the transactions contemplated therein, the actions of the directors in approving the Arrangement and the actions of the officers in executing and delivering the Arrangement Agreement and any amendments thereto are hereby ratified and approved;
4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of Buchans or that the Arrangement has been approved by the Ontario Superior Court of Justice – Commercial List, the directors are hereby authorized and empowered, without further notice to, or approval of, the shareholders:
  - (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; and
  - (b) not to proceed with the Arrangement; and
5. Any one or more of the directors and officers be authorized and directed to perform all such acts, deeds and things and execute all such documents and other writings, as they may deem necessary, desirable or useful for the purpose of giving effect to these resolutions.

# BUCHANS RESOURCES LIMITED

## PLAN OF ARRANGEMENT

under Section 182 of the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B16, as amended

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## INFORMATION CONCERNING CANADIAN MANGANESE COMPANY INC.

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### IMPORTANT NOTE:

This document is intended to provide disclosure in accordance with Canadian securities laws concerning Canadian Manganese Company Inc. (“**Canadian Manganese**”) to Canadian resident holders of shares of Buchans Resources Limited (“**Buchans**”) who will receive, among other things, common shares of Canadian Manganese upon the approval and implementation of the proposed plan of arrangement (the “**Plan**”) involving Buchans, Canadian Manganese and Minco Exploration Limited (“**Minco**”) pursuant to the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B16, as amended.

This document should be read in conjunction with the document dated November 8, 2019 entitled:

**“Annual and Special Meeting of  
Shareholders  
to be held  
December, 10, 2019**

**Management Information Circular”  
(the “Circular”)**

To which this document is attached as Schedule B.

The disclosure contained in this document supplements the disclosure contained in the Circular.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Circular.

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## **CORPORATE STRUCTURE**

Canadian Manganese Company Inc. (“**Canadian Manganese**” or the “**Company**”) is an exploration and development company currently engaged in evaluating a manganese project in New Brunswick, Canada.

The head office of the Company is located at 55 University Avenue, Suite 1805, Toronto, Ontario, Canada M5J 2H7.

Canadian Manganese was incorporated by Articles of Incorporation dated June 13, 2011 under the Canada Business Corporations Act, is currently a wholly-owned subsidiary of Buchans Resources Limited (“**Buchans**”)

## **THE BUSINESS OF THE COMPANY**

Canadian Manganese holds mineral assets located in New Brunswick, Canada.

Further information on these mineral properties and interests can currently be found on Canadian Manganese’s parent corporation’s website at [www.BuchansResources.com](http://www.BuchansResources.com). Further corporate, financial and other publicly available information on the Company can be found under Buchans’ profile at [www.sedar.com](http://www.sedar.com).

Buchans proposes to reorganize its mineral assets and investments by way of a plan of arrangement involving Buchans, Canadian Manganese and Minco Exploration Limited pursuant to section 182 of the Business Corporations Act (Ontario), R.S.O. 1990, c. B16, as amended, under the supervision and subject to the sanction of the Ontario Superior Court of Justice – Commercial List.

Upon the Plan becoming effective, Canadian Manganese will have 59,868,716 common shares issued which will then be held by the current shareholders of Buchans.

Upon the Plan becoming effective, and subject to obtaining any necessary approvals, Canadian Manganese has agreed to use its respective, reasonable commercial efforts to either (i) make an application to list the its shares on a Canadian stock exchange, or (ii) complete another transaction whereby Canadian Manganese will acquire or be acquired by a third party which third party shall itself be listed on a Canadian stock exchange, as soon as reasonably practicable, subject to market and trading conditions, provided however that neither Buchans nor Canadian Manganese can guarantee that such a listing or acquisition will be obtained or completed.

As at the date hereof, neither Buchans nor Canadian Manganese has any of its securities listed or quoted, has not applied to list or quote any of its securities and does not intend to apply at this time to list or quote any of its securities, on the Toronto Stock Exchange, Aequis NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America.

## MINERAL EXPLORATION PROPERTIES

Canadian Manganese's principal exploration and development project is the **Woodstock Manganese Project**, located in west-central New Brunswick, Canada.

The following technical disclosure discussion of the mineral properties currently held by Canadian Manganese and the exploration activities carried out on these properties is derived from public disclosure documents prepared and published by Buchans, its subsidiary, Buchans Minerals Corporation or Buchans' predecessor corporation, Minco plc. These documents include the following technical report prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators (“**NI 43-101**”):

- Technical report dated July 10, 2014 and entitled “*Preliminary Economic Assessment on the Woodstock Manganese Property, New Brunswick Canada*” (the “**Woodstock Technical Report**”) by Dharshan Kesavanathan, P.Eng., Laszlo Bodi, P.Eng., Michael Cullen, M.Sc., P.Geo, Mike McLaughlin, P.Eng. and Wenchang Ni, P.Eng.

The Woodstock Technical Report can be found under Buchans' profile at [www.sedar.com](http://www.sedar.com).

### Woodstock Manganese Project

The Woodstock Project, which contains the Plymouth Mn-Fe deposit, is located in Carleton County, west-central New Brunswick, Canada, approximately 5 km west of the town of Woodstock, New Brunswick.

The Woodstock Project consists of Mineral Claim 5472 comprising 232 mineral claims that cover approximately 5,800 ha of surface area. The Plymouth Mn-Fe deposit is located in the southwestern area of the northernmost claim block, less than one km north of Highway 95 to Houlton, Maine, and is accessed by the Plymouth Road, which is located just west of the deposit.

In July 2014, a preliminary economic assessment (“**PEA**”) of the Woodstock electrolytic manganese metal (“**EMM**”) project was completed by Tetra Tech WEI Inc. (“**Tetra Tech**”), the results of which are contained in the Woodstock Technical Report.

The results of the PEA show that the Plymouth deposit has good potential to become an economically attractive future mining and processing operation, and that a prefeasibility-level study should be completed to further define and optimize this potential.

*The information relating to the Woodstock property and Plymouth deposit in the following sections has been largely extracted from the Woodstock Technical Report dated July 10, 2014 that was prepared by Dharshan Kesavanathan, P.Eng., Laszlo Bodi, P.Eng., Michael Cullen, M.Sc., P.Geo, Mike McLaughlin, P.Eng. and Wenchang Ni, P.Eng., Qualified Persons defined by NI 43-101, as filed on SEDAR on July 22, 2014.*

*The Woodstock Technical Report is intended to be read as a whole document, and sections should not be read or relied upon out of context. The technical information is subject to the assumptions and qualifications contained in the Woodstock Technical Report. For readers to understand the technical information on Woodstock in this document, they should read the Woodstock Technical Report filed under Buchans' profile on [www.sedar.com](http://www.sedar.com) in its entirety, including all qualifications, assumptions and exclusions that relate to the technical information set out in this document.*

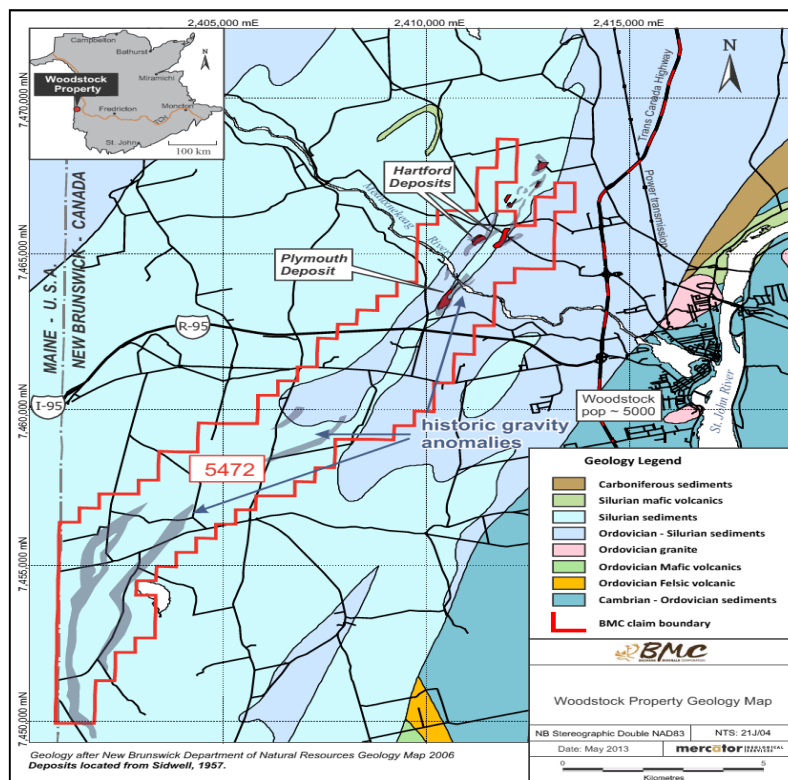
### **Accessibility, Climate, Local Resources, Infrastructure and Physiography:**

Canadian Manganese has the exclusive right to explore for minerals within the Woodstock Project boundaries, and has acquired the surface rights over an area measuring 52 hectares in size that covers the northern portion of the Plymouth deposit. Land access with surface right holders has been secured, as and when necessary, for the purpose of mineral exploration on those areas where Canadian Manganese does not already own the surface rights. The

portion of the property for which Canadian Manganese purchased surface rights is subject to a 1% gross sales royalty payable upon commencement of commercial production, with Canadian Manganese retaining certain rights to buy back one half of the royalty.

The mineral rights were acquired by purchasing the original claim block of 21 claim units covering the Plymouth Mn-Fe deposit and most of the Hartford Mn-Fe deposit on August 4, 2010 from Mineral Resource Research Ltd. ("MRR"), a private company based in Fredericton, New Brunswick. After acquiring the initial MRR property, additional mineral claims were staked in 2010 and 2011 to cover previously documented Mn-Fe occurrences plus extensions of associated gravity and magnetic anomalies that extend for up to 20 km along strike to the southwest. Extending the land position provided coverage of a 20 km long corridor extending from the known deposits to the border with the State of Maine (USA). Mineral Claim 5472 is in good standing with sufficient excess assessment credits to retain mineral rights without additional property expenditures required before November 14, 2024. The Mineral Claims requires annual renewal fees that increase periodically. Renewal fees in 2016 were \$4,640.

The Woodstock Project is easily accessible, with the Trans-Canada Highway being located approximately 4 km to the east and Highway 95 in Canada, which extends westward to the U.S. border, being located less than 1 km north of the Plymouth Road that crosses the property.



The property is well-positioned with respect to infrastructure. A railway line is accessible in Houlton, Maine, 16 km to the west, and electrical grid power is readily available within the limits of the Woodstock Project. The town of Woodstock is located approximately 5 km to the east, accessible year-round by paved roads, and has a population of approximately 5,000. It offers basic amenities and is a regional hub of commerce. The city of Fredericton is located 105 km along the Trans-Canada Highway to the south and is a large centre that has a population of 56,224 people which could supply a trained workforce, and has a university, hospital and all amenities and supplies necessary to support a potential mining operation.

The climate in northern New Brunswick is characterised by relatively cool, northern Atlantic temperate conditions with a short summer season from July through early September and a long winter period from November through



late March or early April. Environment Canada records show the daily mean temperature during the winter months to be  $-5^{\circ}\text{C}$ , ranging from  $0^{\circ}\text{C}$  to  $-11.5^{\circ}\text{C}$ , and daily mean temperature from May to October is  $10^{\circ}\text{C}$ , range from  $6.4^{\circ}\text{C}$  to  $19.3^{\circ}\text{C}$ . Daily winter minimums can exceed  $-30^{\circ}\text{C}$  and summer daily maximum values in the  $25^{\circ}\text{C}$  or higher range also occur. Average annual precipitation ranges from 77 cm to 107 cm with much of this occurring as snow. Exploration activities can be carried out in all seasons in this area, assuming that appropriate allowances are made for heavy snow conditions during winter months and thawing ground during spring break-up. The latter period can present substantial challenges due to wet and soft ground conditions that can make certain less developed roads temporarily impassable.

For the most part, the terrain is gently rolling with wooded hills covered by stands of predominantly mixed deciduous and evergreen trees being present, and the elevation of the property is approximately 124 m above mean sea level. Low-lying and low relief areas are commonly cleared and used for farming. While most residential properties are limited to homesteads established prior to the mid-1900s, there are also local housing developments comprised of modern suburban housing, particularly within the most northern portions of the property near Hartford. Several rivers transect the properties and typically have incised gorges in the otherwise gently rolling topography, the largest of these is the Meduxnekeag River that flows east to the St. John River.

### ***History:***

The history of exploration and mining at the Woodstock Project was poorly recorded for the period prior to 1970, but historical operations at Iron Ore Hill and in the Woodstock area included development and production of approximately 70,000 tons (63,497 tonnes) of iron ore between 1848 and 1884. It is understood that this ore was locally smelted. The Mn potential of these occurrences may not have been fully appreciated until 1936, when the Geological Survey of Canada ("GSC") published geological mapping for the area. This work highlighted several occurrences of Fe formation including some of the main deposits in the Moody Hill and Iron Ore Hill areas. This work included chemical analyses of several of the Fe formations and highlighted the high Mn contents of the material with reported ranges between 10.48% and 15.0% Mn. In 1943, the ores were assessed by Noranda Mines Limited using flotation technology to produce a Mn and Fe concentrate. Also in that year, regional scale mapping was completed in (1943) for the State of Maine and in 1947, the Maine Geological Survey published a review of the Mn deposits of Aroostook County.

In 1952, the New Brunswick Resources Development Board completed a review of New Brunswick Mn occurrences and in 1954, the GSC completed a preliminary review of the Woodstock area Mn occurrences. The United States Bureau of Mines and Maine Geological Survey also initiated studies of similar Mn deposits in Aroostook County, Maine in 1952 and work undertaken between 1952 and 1962 included metallurgical studies on mineralization from the Maple Mountain-Hovey Mountain deposits, description of ores from the Littleton Ridge Mn deposit, bulk sampling of the Dudley Mn deposit, investigation of various Aroostook County occurrences, and detailed geological investigation of the Maple and Hovey Mountain area deposits.

Between 1953 and 1960, the deposits were held by Strategic Manganese Corporation, a subsidiary of Stratmat Limited ("**Stratmat**"). While conducting a gravity survey southwest from the Iron Ore Hill area to the Maine border, Stratmat discovered the North and South Hartford deposits, as well as the Plymouth Mn-Fe Deposit. Over the period of 1953 to 1957, Stratmat completed various metallurgical investigations and geological and magnetic surveys, and 34,021 feet (10,370 m) of drilling, including 17,388 feet (5,300 m) on the Plymouth Mn-Fe Deposit. From this exploration, Stratmat produced a historical resource estimate for the Plymouth deposit of 51,000,000 tons (46,266,421 tonnes) of 13.3% Fe and 10.9% Mn. They also estimated the Woodstock deposits to a depth of 500 feet (152.4 m) to contain 214 million tons (194,137,534 tonnes) of 13% Fe and 9% Mn. See "*Historical Estimates*" below.

Over the period 1965 to 1968, the Chemical Engineering Department of the University of New Brunswick undertook three investigations of the Mn ores. These investigations included examination of possible chemical processing techniques of the ore that included chemical leaching with sulfuric acid and sulfidation, as well as upgrading by agglomeration as an alternative to flotation.

In 1968, the Geological Survey published a Memoir on the Woodstock area that included a regional geological map showing locations of the various Mn-Fe prospects in the area. This report provides detailed descriptions of the main Woodstock Property deposits and documents the location of several Mn-Fe occurrences located southwest of the Plymouth deposit and extending to the Maine border.

In the early 1970's, Mandate Refining Company held the claims and worked towards development of a method of roasting pyritic waste and Mn-Fe ore. This was unsuccessful and the claims were abandoned.

In 1972, the New Brunswick Department of Natural Resources published a geological report on the stratigraphy and structure of the area. This report included several geological maps showing locations of Mn-Fe occurrences throughout the area, including those covered by the current Woodstock Project held by Buchans.

Between 1976 and 1980, Minuvar Limited held the claims and undertook geological mapping and geochemical sampling of available trenched and outcropping bedrock exposures in 1976. It also subsequently conducted magnetometer and very low frequency electromagnetic ("**VLF-EM**") ground geophysical surveys over the Plymouth deposit. In 1978 and 1979, one inch to quarter mile geology maps for the area were published by the New Brunswick Geological Survey.

In 1984, MRR staked the Mn-Fe deposits and in 1985, completed detailed geological mapping and trenching over the Plymouth deposit and drilled one hole to test the known deposit. This hole missed the zone as it was drilled sub-parallel to strike.

In the fall of 1985, the NBDNRE collected samples from the Plymouth deposit for submission to the New Brunswick Research and Productivity Council ("**RPC**") for mineralogy studies and chemical analysis.

In 1986, a sampling program was completed over the Plymouth and Hartford deposits funded by the Canada-New Brunswick Mineral Development Agreement. Work was completed by Atlantic Analytical Services ("**Atlantic Analytical**") and the RPC. Five samples from Plymouth and three samples from South Hartford were collected for mineralogy and grade determinations, including five 200 kg samples collected from five trenches excavated and sampled in January of 1986. The "original trench" previously sampled by the NBDNRE in 1985 was not sampled during this sampling campaign. This work was reportedly undertaken during a period of "heavy snow fall" that hindered the program.

Results showed that all of the Plymouth samples were of inferior quality, assaying an average of only 5.13% Mn, and one of the samples assayed as low as 0.46% Mn and "contained substantial quantities of mud and soil". These same samples were used in a follow-up study by the Process Studies Group of the Mineral Resources Branch of NBDNRE that included various leach tests. The reported head grade of the sample was 7.29% Mn and 11.3% Fe (O'Donnell, 1988).

In 1986, funded by the Canada-New Brunswick Mineral Development Agreement, Witteck Development Inc. ("**Witteck**") of Mississauga, Ontario was contracted by the Department of Supply and Services of the Government of Canada to undertake a detailed processing study using the Atlantic Analytical samples collected from the Plymouth deposit. Witteck completed a detailed investigation that included metallurgical test work and an economic evaluation of selected processing options. Head assays for the Plymouth samples were determined to range from 6.27% to 8.41% Mn and averaged 7.2% Mn.

In 1987, MRR also completed a ground magnetometer and VLF-EM survey over the Plymouth deposit. The magnetometer survey was successful in outlining the Plymouth deposit with results obtained being comparable to those of earlier surveys.

In 1988, MRR undertook a comprehensive technical program to evaluate the Plymouth deposit in an attempt to establish an accurate description of the deposit, including potential grade and tonnage aspects. This program included bulk sampling, trenching, core drilling and geochemical analyses. Highlights include excavation of two

trenches across the deposit and drilling of two drill holes beneath each trench to allow interpretation of sections across the deposit at depth.

A total of five holes (DDH-87-1 to DDH-87-5) were drilled, totaling 2,086 feet (636 m). Based on this work, MRR completed a resource estimate for part of the deposit that totaled 10,078,875 tons (9.1 million tonnes) averaging 11.89% Mn (Roberts and Prince, 1988).

In 1991, an interim report was prepared on an investigation to evaluate the use of microwave-hydrochloric acid digestion processing of the Woodstock ores. In 1991, MRR contracted Industrial Research and Development Company Ltd. to evaluate the use of microwave-hydrochloric acid digestion processing of the Woodstock ores.

In 2007, a thesis study of the Woodstock deposits was initiated by Mr. Bryan Way in pursuit of a Master of Science degree in geology at the University of New Brunswick under the supervision of Dr. David Lentz. This research lead MRR to reacquire claims over the Plymouth and Hartford deposits by staking in 2008 and MRR made various archived samples and drill cores available to Mr. Way for sampling and study.

The project was acquired by Canadian Manganese in August 2010. The mineral rights were acquired by purchasing the original claim block of 21 claim units covering the Plymouth Mn-Fe deposit and most of the Hartford Mn-Fe deposit on August 4, 2010 from Mineral Resource Research Ltd. ("MRR"), a private company based in Fredericton, New Brunswick.

**Historical Estimates:** The above summary of the history of the Woodstock Project contains historical estimates, including estimates of the quantity and grade of deposits on the Woodstock Project.

*Readers are cautioned that the historical estimates contained in the above summary are based on data obtained and prepared by previous operators and neither Canadian Manganese nor its predecessors have located original assay sheets or details of the estimation methodology, nor the key assumptions or parameters, underlying the estimates. A qualified person has not done sufficient work to verify or classify the historical estimates as current mineral resources. Canadian Manganese is not treating the historical estimates as current mineral resources in accordance with NI 43-101, and these estimates should not be relied upon.*

### **Geological Setting, Mineralization and Deposit Types:**

Government mapping in the area of the Woodstock Project shows it to be underlain by a belt of Ordovician and Silurian siltstones and slates collectively referred to as the Aroostook-Perce belt. Late Ordovician to Early Silurian sediments of the Matapedia Group's Whitehead Falls Formation are overlain by Early Silurian sediments of the Perham Group's Smyrna Falls Formation and are laterally extensive throughout the property and over much of western and northwestern New Brunswick and Maine.

The Woodstock Project Mn-Fe deposits are interpreted to represent a series of Early Silurian manganiferous banded iron formations ("BIFs"). Six main Mn-Fe deposits were identified by gravimetric survey results from the mid-1950s and are defined as being large, lenticular-shaped bodies within the Silurian Smyrna Mills Formation. These deposits are interpreted to have formed in a shallow marine basin during the Taconic Orogeny and are in sharp contact with units of red or green shale. Stratigraphic lensing and compositional variation of the manganiferous BIFs has been interpreted to indicate that the deposits are stratigraphically separated and not one continuous unit. The current orientation of bedrock units is primarily a function of two folding generations. F1 folds trend northeast, are slightly overturned south of the Plymouth Mn-Fe Deposit and have axial planes ranging from nearly vertical to 85° northwest. Fold axes plunge shallowly (less than 5 degrees) to the northeast or southwest. F2 folds overprint F1 structures and have axial planes trending northwest (approximately 320°) and dipping steeply (approximately 80°) north. Both sets of folds were generated during the mid-Devonian Acadian Orogeny and were affected by associated regional sub-greenschist metamorphism.

The White Head Formation consists of dark grey to bluish-grey fine-grained argillaceous limestone with interbedded calcareous shale. The Smyrna Mills Formation is composed of dark grey non-calcareous silty shale with minor layers of green and red mudstone, and associated ferro-manganiferous siltstone. There is great variation in shale and/or siltstone in the Smyrna Mills Formation and this is interpreted to indicate variable ocean redox conditions during deposition of the host sequence. This is evidenced by the occurrences of BIFs at Plymouth, Iron Ore Hill, South Hartford, and Green Road that are commonly in sharp contact with units of red or green shale, or a combination of the two.

The Plymouth Mn-Fe Deposit has been described as an assemblage of Fe and Mn oxide and carbonate-silicate-oxide facies rocks that formed within a shallow marine basin, an interpretation supported by the presence of asymmetrical ripple marks within the surrounding strata initially described the Plymouth BIF as a series of sedimentary-volcanic units, but alternative hypotheses suggest the Mn-Fe could have originated from a variety of sources including oceanic Mn-Fe hydroxides and/or the weathering of terrestrial bedrock.

Historical interpretation of the mineralization of the Plymouth Mn-Fe Deposit indicated that the Mn-Fe mineralization can be subdivided into Mn-Fe oxide, silicate-carbonate-oxide, and carbonate facies. These stratiform deposits are analogous to the Type IIA deposits of bedded Mn oxides and carbonates. The Fe-Mn oxide facies present on the Woodstock Property is represented by red to maroon siltstone and red chert and is characterized by the mineral assemblage magnetite, hematite, braunite ( $\text{Mn}+2\text{Mn}+36[\text{O}_8\text{SiO}_4]$ ) and bixbyite ( $[\text{Mn,Fe}]_2\text{O}_3$ ) and ranges between 30% and 80% Fe-Mn oxides. Fe and Mn mineralization is also present in the form of rhodochrosite ( $\text{MnCO}_3$ ) and minor sursassite ( $\text{Mn}_2\text{Al}_3[(\text{SiO}_4)(\text{Si}_2\text{O}_7)(\text{OH})_3]$ ) crosscuts syngenetic Fe-Mn mineralization in the Plymouth deposit. Layers of Fe-Mn mineralization are also locally observed to be crosscut by veins of quartz, quartz-carbonate, chlorite, and sulfide.

Following the work completed by Canadian Manganese and consultants on the Plymouth deposit since 2011, it has been found that the manganese mineralization in both the red and grey siltstones is dominated by manganese carbonate in the form of rhodochrosite. The iron mineralization in both the red and grey siltstones was found to be different, with the dominant iron minerals in the red siltstone found to be predominantly oxides, in the form of hematite, magnetite and ilmenite; whilst the dominant iron mineral in the grey siltstone was found to be predominantly carbonate, in the form of siderite.

The manganese contained in the Plymouth deposit is predominantly in the form of a carbonate (rhodochrosite) whilst the iron exists in both oxide (hematite, magnetite and ilmenite) and carbonate minerals (siderite). The deposit type is sedimentary in origin and of the stratiform, banded Mn-Fe formation (BIF) type. The host sequence consists of Silurian red and grey siliciclastic to calcareous siltstones and shales that have been metamorphosed under lower greenschist facies conditions. In addition to the main oxide, silicate and carbonate facies Mn-Fe concentrations, host rocks contain minor magnetite and traces pyrite in grey siltstone and black shale intervals. The Mn rich iron formation deposits occur in stratiform bodies and represent spatially distinct deposits that accumulated contemporaneously with surrounding sedimentary strata. Fe and Mn are considered to have been deposited from seawater in an oxidising environment and host strata have subsequently been structurally thickened through Mid-Devonian folding and faulting related to the Acadian Orogeny. Some subsequent remobilization of Mn has occurred and resulted in re-deposition of Mn oxides in fracture zones.

### ***Exploration and Drilling***

In 2011, Canadian Manganese carried out a five-hole (1,040 m) core drilling program on the project in 2011 consisting of five holes.

These holes were designed to assess the historic Plymouth deposit, as identified by a magnetic survey carried out by MRR in 1987, and to confirm assay results reported by MRR in 1988. The program was managed by employees of BMC with logging and sampling conducted by a Canadian Manganese geologists and technicians.

Assays from the initial three holes demonstrated grade and continuity over large widths. Significant intercepts of the program included 11.41% manganese over 45.0 m in Hole 11-006, 11.43% manganese over 89.0 m in Hole PL-11-007, and 9.22% manganese over 63.0 m in Hole PL-11-008. Additional drill results included results for two intersections in Hole PL-11-009. The upper intercept from a depth of 10 m to 54 m returned 8.61% manganese over 44.0 m and the lower intercept from 69 m to 147 m returned 12.51% manganese over 78.0 m. Hole PL-11-010 also included two intersections with an upper intercept from 10 m to 111 m returning 11.27% manganese over 101.0 m and a lower intercept from 153 m to 231 m returning 11.67% manganese over 78.0 m.

True widths of the mineralized intercepts are estimated to be approximately 87% of the reported drill core lengths. Drilling was completed on two sections spaced approximately 100 m apart and was designed to confirm the deposit's grade and thickness and to collect fresh core samples for metallurgical testing.

In 2013, Canadian Manganese completed 15 diamond drillholes totaling 4,082 m along 7 sections transecting the mineralization, spaced at approximately 100 m intervals over the length of the deposit across the deposit as a basis for resource estimation of the Plymouth deposit to the Inferred category. The program was planned by Mercator with input from BMC technical staff to provide drill hole information sufficient for the purposes of completing a NI43-101 compliant resource estimate.

The resulting 2014 resource estimate was compiled from available verifiable historic data, including data collected by previous trenching and drilling by MRR in 1987 (5 holes totaling 636 m) as well as drilling data collected by Canadian Manganese in 2011 (5 holes totaling 1,040 m) and during 2013 (4,082 m).

Canadian Manganese staff was responsible for management and supervision of all aspects of the Woodstock drilling programs in both 2011 and 2013.

### ***Sample Preparation, Analyses, and Security***

Various levels of documentation were available for the historic programs, the most useful being sourced in the Government of New Brunswick assessment reporting archives. Detailed information is not consistently present for work carried out prior to 2011, with respect to the reporting of drill logs, sample records, laboratory assay certificates, verifiable location data, sample preparation, analysis and security. Detailed support documentation for historic drilling during the 1950s is largely absent and only rudimentary information is available for the small programs carried out in 1985 and 1987. In contrast, BMC and BMC-Minco programs, carried out in 2011 and 2013 respectively, include good descriptions of procedures and associated protocols.

In 2011 Canadian Manganese completed five NQ drill holes and in 2013 Canadian Manganese completed an additional 15 NQ holes. All core from both programs was logged and sampled by Canadian Manganese staff at rented facilities located in Woodstock, New Brunswick. Core sample intervals were marked by the logging geologist and core was then cut by staff technicians to create half core splits. One split was retained in the wooden core box for archival purposes, with a sample tag affixed at each sample interval and the other was placed in a labelled plastic bag along with a corresponding sample number tag and placed in the shipment queue. Quality control samples were inserted at this time and sample batches were then shipped by commercial courier to the Sudbury preparation laboratory operated by ALS Limited (ALS). After preparation in Sudbury, sample pulps were analysed at the ALS laboratory in Vancouver, BC. ALS is an independent, commercial analytical firm with operations throughout the world. ALS is ISO 9001: 2008 and ISO/International Electrotechnical Commission (IEC) 17025:2005 certified.

Each sample was crushed to  $\geq 70\%$  at 6 mm size, followed by a 250 g riffle split which was pulverized, such that  $\geq 85\%$  of the material passed through a 75  $\mu\text{m}$  sieve. ALS inserted blanks (one per 20 samples) and certified standards (nominally one per 20 samples) for preparation and assay. In addition, BMC submitted blank samples, (nominally one per 20 samples) and certified reference standards (one per 20 samples) for preparation and assay in keeping with QA/QC protocols. The 2011 samples were analyzed by ALS in Vancouver using its ME-ICP06 analytical package, while sulphur and specific gravity determinations were carried out using the Leco (S-IR08) and pycnometer (OG-GRA08B) methods, respectively. ALS's ME-ICP06 analytical package employs the use of a

lithium metaborate, or tetraborate, fusion followed by acid digestion and ICP-AES analysis. In addition to the ICP analyses, ALS also re-assayed all samples using the XRF (ALS code ME-XRF06) method as a check on the ICP method. The latter dataset reflects slightly higher extraction of both manganese and iron from the sample matrix and was chosen for all future core analysis, as well as incorporation into the current resource estimation described here in.

Drilling during 2011 and 2013 was contracted to Maritime Diamond Drilling of Stewiacke, Nova Scotia, Canada and was completed using a Longyear 38 drilling rig supported by bulldozer and Timberjack equipment for drill moves and day to day support. NQ sized core (47.6 mm diameter) was recovered and drilling was carried out on a two shifts per-day basis. Site supervision, logging, sampling and project record keeping were the responsibility of BMC personnel in accordance with BMC field operations and quality assurance (QA) and quality control (QC) protocols that are discussed below. Drill core was descriptively logged on site, aligned, marked for sampling, and then longitudinally split in half using a diamond saw blade. Samples consisted of half NQ sized core. The remaining half of the core was preserved in core boxes for future reference. In accordance with BMC protocols, half core samples were placed in numbered plastic bags, along with a sample record tag, and were sealed. After insertion of QA/QC materials in the sample stream, bagged samples were shipped by commercial carrier to ALS's preparation laboratory in Sudbury, Ontario, Canada. Samples were typically collected using a nominal three metre core length, except where specific geologic parameters required lesser length samples be collected. Sample lengths were determined and marked by the logging geologist.

The 2013 samples were logged, sampled, and prepared in the same manner as those in 2011 but the XRF method (ALS code ME-XRF06) was the primary analytical method applied. Additionally, sulphur and specific gravity determinations were carried out using Leco (S-IR08) and pycnometer (OG-GRA08B) methods, respectively. An independent check sample pulp was prepared for every 20th sample and analysed at SGS Canada Inc. (SGS) using XRF methods (SGS XRF-76 code). Security and quality control and assurance programs were integral to both the 2011 and 2013 drilling campaigns.

### Security

Security for core, samples, and related documentation during both field programs was the responsibility of Canadian Manganese site staff, under overall direction of Paul Moore, P. Geo., Vice-President of Exploration for BMC. BMC staff was responsible for transport of core boxes by pick-up truck from drill sites to Canadian Manganese's secure logging facility located in Woodstock, where clean up, tag checking, logging and sampling were carried out. Complete photographic records of core from all drill holes were created prior to logging and half-core sampling, using diamond saws. Sampling was carried out after lithologic, geotechnical and magnetic susceptibility logging procedures were completed.

Mineralized zones encountered in the 2011 and 2013 drilling were additionally assessed, in 2013, through collection of qualitative manganese and iron values at 1.5 to 3.0 m intervals using a hand-held XRF unit (Niton XL3t-950 XRF Analyzer) to establish sampling intervals.

In addition to the standard logging procedures described above, BMC staff also quantitatively logged assayed intervals according to their colour with respect to percentage of red coloured mineralization compared to non-red mineralization, as it was deemed to have potential implications to future mineral processing. This was done by measuring the combined core length of preserved red coloured core and dividing by the combined length of total preserved core. This allowed calculation of a percentage of red per each assayed interval. The red percentage measurement was also recorded in the assay database used for resource estimation. All logging data were recorded digitally in the project drill hole database, which was subject to scheduled off-site backup.

After insertion of quality control samples in the sample stream, the bagged samples were grouped in batches of six to 10 and placed in a plastic mesh bags for shipment to the ALS preparation laboratory in Sudbury, Ontario. All samples bagged for shipment remained in the locked, logging facility, until shipment by commercial carrier to ALS. Sample shipment forms were used to list all samples in each shipment and laboratory personnel cross-checked samples received against this list and reported any irregularities by fax, or email, to Canadian Manganese.

Based on the above, Mercator is of the opinion that sample preparation, security and analytical procedures used in the 2011 and 2013 drilling programs are acceptable and consistent with industry standards.

#### Quality Control and Assurance Programs

Canadian Manganese applied an internal QA/QC program in 2011 that consisted of insertion of certified reference materials and blank samples. ALS was the primary laboratory used for the programs. A modified approach was used for the 2013 drilling program, which included addition of a ¼ core field duplicate and duplicate pulp split components, analysis of check samples at an independent, third party laboratory, and modification of some sampling frequencies. SGS provided independent check sample analysis services in 2013. Duplicate splits, blanks, certified reference materials and in-house standard samples were routinely analyzed by both laboratories for their own internal QA/QC purposes. As noted previously, both ALS and SGS are independent, fully accredited, ISO registered firms that provide analytical services domestically and internationally.

The 2011 internal QA/QC for Woodstock drill core samples included the following components:

- certified reference materials: 1 in every 20 samples
- blanks samples: 1 in every 20 samples.

The 2013 internal QA/QC for Woodstock drill core samples included the following, nominally applied components:

- certified reference materials: 1 in every 20 samples
- blanks samples: 1 in every 20 samples
- field ¼ core duplicate: 1 in every 20 samples
- pulp duplicate: 1 in every 20 samples
- check assay pulp: 1 in every 20.

#### ***Mineral Resource Estimate***

The Mineral Resource Estimate described in the Woodstock Technical Report is based on validated results of the 2011 and 2013 drilling programs, plus validated results of five drill holes and two trenches completed by MRR in 1987.

On the basis of poor support documentation, Mercator did not include results from 1950s era drilling programs in the project database used in the current resource estimate reported in the Woodstock Resource Report. Only data from the MMR programs in 1985 and 1987, plus the Canadian Manganese programs in 2011 and 2013 are included in the current resource estimate database, which is addressed below.

The Plymouth deposit was modeled as a folded, stratiform manganese-iron deposit occurring within a northeast striking, steeply dipping host sequence of red and grey siliciclastic sedimentary rocks using GEOVIA (formerly Gemcom) Surpac™ (Surpac™) v. 6.4.1 deposit modeling software. Drilling-defined mineralization within the resource estimate block model occurs along a 700 m strike length and reaches a maximum width of approximately 200 m in the central deposit area. Inverse Distance Squared (“ID2”) interpolation methods and 3 m downhole assay composites were used to assign manganese, iron, and specific gravity values within the block model, with block dimensions of 10 m (x) by 10 m (y) by 10 m (z). The predominant manganese compound in the Plymouth deposit is manganese carbonate (MnCO<sub>3</sub>). Metal grade assignment was peripherally constrained by two separate wireframed solid models based on sectional geological interpretations for the Plymouth deposit and a minimum included grade of 5% manganese over 12 m in the respective downhole direction of each drill hole.

The main resource solid defines a folded geometry, with near vertical to steeply dipping eastern and western limbs, and a broad interpreted closure zone. The eastern fold limb is recognizable for only 400 m of block model strike length. The second resource solid was developed along the peripheral limits of the western limb of the main solid to constrain additional stratiform mineralization that shows less continuity and lower average manganese grade than that of the main solid. To assess the distribution of reduced and oxidized host stratigraphy an Inverse Distance Cubed (“ID3”) interpolated model was developed from logged BMC numeric values for a percentage of red rock. Results from 639 separate laboratory determinations of specific gravity were composited at a 3-m downhole support



length and were then used to develop the interpolated specific gravity model. The resource estimate and supporting block model were checked by comparison with geological and assay sections, as well as against results of grade interpolation using Ordinary Kriging (“OK”) methods. A very good correlation exists between results of the two interpolation methods and the results of section checking showed good model correlation to drill hole datasets.

The Mineral Resource Estimate for the Plymouth deposit, contained in the Woodstock Technical Report, reflects a 3.5% manganese cut-off value and has an effective date of July 10, 2014. The 3.5% cut-off, updated from the 5% manganese cut-off used in a previous May 6, 2013 Plymouth deposit resource statement (Cullen 2013), is based on parameters established by the Woodstock PEA and reflects a reasonable expectation of economic viability based on market conditions and open pit mining methods.

#### **Plymouth Manganese-Iron Deposit Resource Estimate – July 10, 2014**

<b>Mn Cut-off (%)</b>	<b>Resource Category</b>	<b>Rounded Tonnes</b>	<b>Mn (%)</b>	<b>Fe (%)</b>
3.5	Inferred	44,770,000	9.85	14.15

Notes: Tonnages have been rounded to the nearest 10,000 t.

Mineral resources that are not mineral reserves do not have demonstrated economic viability.

This estimate of mineral resources may be materially affected by environmental permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.

#### **Total Contained Manganese at the 3.5% Inferred Resource Statement Cut-off Value**

<b>Mn Cut-off (%)</b>	<b>Resource Category</b>	<b>Rounded Tonnes</b>	<b>Mn (%)</b>	<b>Mn (Blb)</b>
3.5	Inferred	44,770,000	9.85	9.72

The Plymouth deposit, as currently defined by a 3.5% manganese cut-off value, remains open, both along strike and down dip. Further core drilling to assess deposit extensions along strike and down dip in these areas is warranted. Infill drilling within current resource model limits, at a 50-m intercept spacing, would be necessary to upgrade much of the currently defined Inferred Mineral Resource to Indicated Mineral Resource status.

An earlier mineral resource estimate of Inferred Resources was issued by Mercator on May 6, 2013 comprising 43.7 Mt, grading 9.98% manganese, and 14.29% iron at a 5% manganese cut-off in the inferred category (or 9.62 Blb of contained manganese). This estimate was superseded by the Mineral Resource Estimate contained in the Woodstock Technical Report. The only difference between the 2013 estimate and the 2014 estimate is that a 3.5% manganese cut-off value was used to define the 2014 estimate contained in the Woodstock Technical Report.

#### ***Mining Methods***

In the 2014 PEA, TetraTech evaluated two mining operation scenarios—1,500 t/d mill throughput and 3,000 t/d mill throughput—based on the same resource model and overall slope angle. The 3,000 t/d scenario was utilized as the base case for this study.

The mining operation will use a conventional open pit mining method, off-highway haul trucks, and hydraulic excavator. The waste rock and Mineral Resource will be drilled and blasted using typical grade-control methods and blast hole sampling. The open pit has been designed using a two-stage approach. The first stage identified the optimum pit shell using the Lerchs-Grossman pit optimization algorithm in GEOVIA (formerly Gemcom) Whittle™ v.4.5 software (Whittle™). The second stage involved developing the preliminary ultimate pit design, phase planning, and production schedule; selecting equipment; and estimating the capital and operating costs.

A buffer stockpile strategy has been proposed as an effective solution to improve the economic outcomes for both operational scenarios. A total of eight separate stockpiles are included in the mine plan and consist of four red mineralized stockpiles and four grey mineralized stockpiles, both varying by grade range. In Years 1 to 13 the most

economical mineralized material available, either from direct mining activity during mine Phase 1 to 3 or from stockpile depletion, is utilized to supply the mill. In the post-mining years beyond Year 13, only stockpile depletion material is used to supply the mill. The most economical mineralized material is prioritized as defined by the mine schedule. In general, the red mineralized material stockpiles are depleted first until their grade drops to a level which permits the introduction of grey mineralized stockpile material depletion to begin.

#### *3,000 t/d Throughput (Base Case)*

Feed will be provided to the mill at a rate of 3,000 t/d (1.05 Mt/a). A total of 96.96 Mt of material will be mined at an average strip ratio of 1.34 over a 13-year life-of-mine (LOM). The total material to be moved includes 41.41 Mt of Inferred Mineral Resources with an average manganese grade 9.92%, 51.61 Mt of waste rock, and 3.94 Mt overburden.

The following major equipment will be used for the proposed open pit operation:

- two, 152 mm diameter down-the-hole (DTH) track drills for Mineral Resource material and waste rock
- two, 6.0 m<sup>3</sup> (bucket capacity) hydraulic excavators
- a fleet of eight, 56 t, off-highway hauls trucks.

The Project would have a life of up to 40 years in this scenario, and the mill would continue to process mineral resource reclaimed from the stockpiles once the pit is depleted.

#### *1,500 t/d Throughput*

Feed will be provided to the mill at a rate of 1,500 t/d (0.525 Mt/a). A total of 57.1 Mt of material will be mined at an average strip ratio of 0.78 over a 20-year LOM. The total material to be moved will include 32.01 Mt of Inferred Mineral Resources with an average manganese grade of 10.12%, 22.43 Mt of waste rock, and 2.66 Mt of overburden.

The following major equipment will be used for the proposed open pit operation:

- one, 152 mm diameter DTH track drill for Mineral Resource material and waste rock
- one, 4.6 m<sup>3</sup> (bucket capacity) hydraulic excavator
- a fleet of six, 38 t, off-highway hauls trucks.

The Project would have a life of up to 61 years in this scenario, and the mill would continue to process mineral resource reclaimed from the stockpiles once the pit is depleted.

### ***Metallurgical Testing***

Metallurgical and hydrometallurgical testing was carried out on core samples from the 2011 drilling program for the Plymouth deposit. From the 2011 drill core samples, a weighted average composite sample of all five drill holes was split and blended to represent the general properties of the Plymouth deposit has been carried out. This sample is referred to as the “bulk” composite sample. Two additional weighted average composite samples were split and blended to generate a brick-red siltstone hosted composite sample, referred to as the “red” sample and a green-grey siltstone hosted composite sample, referred to as the “grey” sample. Along with the bulk composite sample, the red and grey composite samples were tested to assess the variability of certain process parameters with respect to these sections of the Plymouth deposit.

X-ray diffraction (“XRD”) analysis was completed on each of the composite samples to identify major and minor mineral phases present in each of the samples. Rhodochrosite or manganese carbonate was the only manganese mineral detected by the scan in all three samples, indicating that manganese in the Plymouth deposit exists in the reduced manganese (II) carbonate state. Iron was also reported as having a strong presence in all composite samples and was found to be present in both oxide form (hematite, magnetite, ilmenite) and as a carbonate (siderite). Oxide forms of iron minerals were generally dominant in the red composite sample, while the grey composite sample contained a higher proportion of siderite. Gangue minerals generally include quartz, dolomite, hydroxylapatite, and various phyllosilicate type minerals.

### Metallurgical Test Program Samples

The occurrence of manganese in the Plymouth deposit primarily as manganese carbonate (manganese occurs as manganese II valence state) represents an economic advantage for the project as a reduction step to convert manganese as manganese IV to manganese II (e.g. high-temperature reduction roast or addition of a reducing agent such as sulphur dioxide in hydrometallurgical processing) is not required and direct sulphuric acid leaching may be employed to generate a manganese sulphate solution for electrolysis.

Iron mineral speciation varied between the red and grey composite samples and is an important characteristic for hydrometallurgical processing. Oxide forms of iron minerals were generally dominant in the red composite sample, while the grey composite sample contained a higher proportion of siderite (iron carbonate). Carbonate forms of iron are more readily soluble in sulphuric acid than oxides, which affect the extent of iron leaching and reagent consumption for hydrometallurgical processing of the red and grey mineralization types. Due to the lower solubility of iron in the red mineralization type, the specific sulphuric acid consumption for leaching and neutralization requirements for iron precipitation are lower, reducing the overall operating cost for processing of the red mineralization type.

The range of manganese and iron head assays compiled throughout various phases of the bench scale test program for the bulk, red, and grey composite samples are considered to be suitably representative of the average life-of-project head grades defined by the mine production schedule for the 3,000 t/d processing scenario as 9.86% manganese and 14.20% iron (average over 40-year project life) and for the 1,500 t/d processing scenario as 10.11% manganese and 14.45% iron (average over 61-year project life).

As an alternative to conventional pyro-metallurgical processing methods, which are typically applied to higher-grade (i.e. greater than 40% manganese) oxide-type manganese mineralization, test programs have focused on development of more economic and commercially proven hydrometallurgical processing methods for processing of carbonate-type manganese mineralization for production of EMM.

As a result of bench scale test programs completed to date, a block diagram has been developed for processing mineralized material from the Plymouth deposit that includes pre-concentration by magnetic separation, direct leaching of manganese with sulphuric acid, multiple stages of manganese sulphate solution purification, and electrolysis of manganese from the purified solution for product recovery in the form of EMM.

Preliminary bench scale testing for pre-concentration of manganese and rejection of acid consuming gangue minerals through a combination of low-gradient magnetic separation (LGMS) and high-gradient magnetic separation (HGMS) techniques was completed on the bulk composite sample and showed that 85.7% recovery of manganese into a concentrate product containing 15.6% manganese was achievable at a grind specification of approximately 80% passing 20 µm. A net rejection of acid consuming gangue minerals such as iron, aluminum, magnesium, and silica was also achieved, with an overall sample mass rejection of 34% being reported across the high-gradient portion of the magnetic separation circuit. Furthermore, the magnetic product from the single pass low-intensity magnetic separation stage (LIMS) assayed 54.6% iron, indicating that there is potential for minor production of a saleable grade iron ore product from the LIMS circuit.

Hydrometallurgical process development test programs completed to date have identified appropriate process conditions and operating parameters for operation of the sulphuric acid leach, primary and secondary iron precipitation stages, tertiary solution purification by sulphide precipitation and carbon adsorption, and electrowinning. Bench scale flowsheet simulation tests have been completed on each of the bulk, red, and grey composite samples for assessment of overall manganese recovery and reagent consumption rates, the key results of which are summarized the following table.

## Key Results of Leach-Primary Iron Precipitation Flowsheet Run-through Tests on Bulk, Red, and Grey Composite Samples

Sample Description	Sulphuric Acid Consumption (g/g Mn Recovered)	Pulverized Limestone Consumption (g/g Mn Recovered)	Solid Residue Generation Ratio (g Residue/g Feed)	Manganese Recovery (wt%)
Red Composite	4.59 (range of 4.54 to 4.62)	1.64 (range of 1.60 to 1.73)	1.06 (range of 1.05 to 1.07)	86.51 (range of 86.25 to 86.69)
Bulk Composite	5.34 (range of 5.27 to 5.39)	2.67 (range of 2.37 to 3.01)	1.20 (range of 1.15 to 1.25)	87.99 (range of 86.94 to 88.84)
Grey Composite	6.21 (range of 6.15 to 6.26)	5.59 (range of 5.40 to 5.84)	1.65 (range of 1.62 to 1.69)	89.09 (range of 88.39 to 90.10)

In addition to the bench scale flowsheet tests, a bulk flowsheet run-through on a blend of the red and grey composite samples was completed to generate a sufficient volume of advance electrolyte representative of the process flowsheet for preliminary bench scale testing of the manganese electrowinning unit operation. The bulk flowsheet run through test included leaching, primary and secondary iron precipitation, and tertiary solution purification unit operations and resulted in the production of approximately 25 L of purified advance electrolyte that met the maximum tolerable impurity concentrations defined as target specifications for electrowinning of manganese based on operating data from commercial EMM operations.

Bench scale electrowinning tests consistently produced EMM with a metallic manganese content (based on trace metal impurity analysis) of greater than 99.99% (greater than 4N grade) and with a total manganese content (based on trace metal and non-metallic trace element analysis) ranging from 99.70 to 99.76% manganese, which complies with typical end-user EMM product specifications.

For the purpose of the PEA, reagent consumptions in the hydrometallurgical circuit for processing of a HGMS concentrate product have been estimated based on the process chemistry (stoichiometry) relative to the rejection of acid consuming gangue as defined by the bench scale HGMS testing completed by Metso Minerals Process Engineering Laboratory (Metso). Leach extraction of manganese for this study is based on preliminary bench scale test program results for leaching of red and grey HGMS concentrate samples, which demonstrated leach extractions of 89.75% and 91.11%, respectively, for manganese. The overall manganese recovery in the hydrometallurgical portion of the process block diagram has therefore been defined as 90% for the PEA, and accounts for internal recycle and recovery of waste streams containing manganese as identified in the block diagrams.

Combining the manganese recovery rate of 85.7% defined for pre-concentration by magnetic separation with an estimated recovery of 90.0% in the hydrometallurgical portion of the process, an overall process recovery of manganese of 77.1% has been defined for the PEA.

### ***Mineral Processing and Recovery Methods***

The production of highly-purified manganese sulphate solution using hydrometallurgical processing technologies provides alternative production options for the primary production of EMM from the Plymouth deposit, with opportunities for co-production of alternative manganese products such as electrolytic manganese dioxide (“**EMD**”), chemical manganese dioxide (“**CMD**”), manganese sulphate and other manganese chemicals.

The selection of EMM as the final product from hydrometallurgical processing of the Plymouth deposit for the PEA is based on manganese product market factors; however, it is noted that the hydrometallurgical block diagram developed for recovery of EMM from processing of material from the Plymouth deposit is readily amendable to reconfiguration for production or co-production of alternative manganese products as listed above with limited impact on the overall operating and capital costs for the Project.

The presence of manganese predominately as manganese (II) carbonate in the Plymouth deposit precludes the requirement, as in the case of manganese oxide feedstocks, for a reduction step to convert manganese (IV) to manganese (II) using high-temperature pyrometallurgical systems, which are subject to significant operating costs associated with fuel and environmental controls, or hydrometallurgical methods involving the addition of a reducing

agent into the leaching stage, which increases operating costs and generates dithionate ions in the leach solution, requiring advanced treatment methods for effluent disposal.

The hydrometallurgical process proposed for the production of EMM from the Plymouth deposit is similar to that used by commercial plants in China for hydrometallurgical processing of manganese carbonate feedstocks; however, the proposed process incorporates improved measures for environmental sustainability and a novel arrangement of unit operations for iron precipitation to accommodate the high iron content of the Plymouth deposit. Pre-concentration of the Plymouth deposit using magnetic separation technology to upgrade the manganese content and selectively reject acid-consuming gangue minerals has been included as an integral part of the preliminary process block diagram. For the base case on average over the life of the project, the manganese content of the mill feed is upgraded from 9.86% to 13.35% at 85.7% recovery while rejecting just over 35% of the overall mass.

An overview of the proposed hydrometallurgical process for production of EMM from the Plymouth deposit is as follows:

- conventional two-stage crushing circuit
- conventional two-stage grinding circuit to meet target grind specification for preconcentration of 80% passing 20  $\mu\text{m}$
- dual-stage wet LIMS circuit to remove ferromagnetic iron from the HGMS circuit feed and concentrate it into a saleable iron ore fines product
- filtering, drying, and packaging of the iron ore product for shipment to an end user
- dual-stage (rougher and cleaner) HGMS circuit for pre-concentration of manganese and rejection of acid-consuming gangue
- dewatering of the HGMS concentrate product prior to hydrometallurgical processing
- sulphuric acid leaching of the HGMS concentrate product in heated, continuously stirred tank reactors
- two-stage leach solution neutralization/iron precipitation unit operations conducted in heated, continuously stirred tank reactors
- solid-liquid separation, dewatering, washing and neutralization of the combined leach/primary iron precipitation solid residue prior to disposal within the tailings disposal area
- tertiary solution purification by sulphide precipitation followed by adsorption of excess reactive sulphides using activated carbon
- recovery of manganese by electrolysis of the purified manganese sulphate solution to produce EMM
- washing, drying, and packaging of the EMM product for shipment to an end user
- unit operations for recovery of soluble manganese from process effluent streams by precipitation
- unit operations for process wastewater treatment and removal and recovery of ammonia from both liquid process effluent and process off-gas streams
- fully-integrated limestone calcination and pulverizing facility for on-site production of powdered limestone and quicklime
- fully-integrated facility for on-site production of sulphuric acid from elemental sulphur and co-production of low-pressure steam and electricity to offset process heating and power requirements (base case and alternate case “A” only – alternate cases “B” and “C” are based on direct purchase of sulphuric acid)
- dust collection systems for crushing, limestone processing, and EMM packaging circuits
- reagent make-up, distribution and metering systems
- compressed natural gas (CNG) fired boiler for steam production to satisfy process and building heat loads
- water treatment systems to satisfy process water, boiler feed water, and cooling water requirements.

#### *Pre-Concentration of Mill Feed*

On this basis, pre-concentration of the Plymouth deposit using a combination of low intensity and high gradient magnetic separation was demonstrated as being technically viable and has been included as an integral part of the mineral processing block diagram that forms the basis for preliminary economic assessment of the project.

Based on preliminary bench scale testing of the proposed magnetic separation circuit, a manganese recovery rate of 85.7% has been defined for the pre-concentration portion of the mineral processing plant. On average for the base case over the life of the project, the manganese content of the mill feed is upgraded from 9.86 to 13.35% through the pre-concentration circuit, reducing the overall mass flow of material to be treated in the hydrometallurgical circuit by over 35%.

#### *Sulphuric Acid Leach Economics Relative to Acid Consumption*

The hydrometallurgical testing has consistently demonstrated that high recoveries of manganese in excess of 95% (up to 99%) are achievable with direct sulphuric acid leaching.

Combining the pre-concentration recovery of manganese with the 90% manganese recovery rate defined for the hydrometallurgical portion of the block diagram, an overall process recovery of manganese of 77.1% has been selected as the basis for the PEA.

#### *Iron Removal from Hydrometallurgical Solutions*

Development of the hydrometallurgical process to achieve an optimum removal of iron from the leach solution is based on dual stage selective precipitation of iron. The selection of a dual stage system for iron removal is unique to the Project and is designed to accommodate the relatively high iron content of the Plymouth deposit to maximize iron removal efficiency and optimize on the cost of neutralization reagents by employing low cost pulverized limestone in the primary iron precipitation stage. Bench scale testing has consistently demonstrated the ability to reduce iron concentrations from several thousand parts per million in the leach solution to less than five ppm in the secondary iron precipitation stage filtrate.

#### *Heavy Metal Impurity Removal from Hydrometallurgical Solutions*

A multi-stage approach for purification of manganese sulphate solution produced from direct sulphuric acid leaching of the Plymouth deposit has been developed that includes primary and secondary iron precipitation stages and tertiary solution purification by sulphide precipitation followed by activated carbon adsorption for removal of excess reactive sulphides from the final advance electrolyte solution. The technical viability of the proposed solution purification processes has been demonstrated for each of the bulk, red and grey test program samples through bench scale, batch flowsheet simulation tests in which the solution generated from each stage of processing is passed to the subsequent stage to produce a purified advance electrolyte solution that is representative of processing the alternative mineralization types using the CMC hydrometallurgical process. The final purified solutions generated from bench scale simulation of the CMC hydrometallurgical process meet typical guidelines for advance electrolyte solution quality used by commercial EMM producers. The multi-stage solution purification process is considered to be robust and has been successfully tested at the bench scale under a wide variety of process conditions and operating parameters. The proposed solution purification circuit has a high degree of process flexibility and has been consistently demonstrated to produce high quality advance electrolyte solution under differing conditions of impurity loading, which are characteristic of the red and grey mineralization types.

#### *Electrowinning of EMM*

The bench scale electrowinning tests were based on a preliminary assessment of operating parameters using a standard cell design for EMM electrowinning. The results of the bench scale tests, process conditions and operating parameters for manganese electrowinning were similar to commercial scale operations.

Bench scale electrowinning tests provide an indication of EMM plate quality relative to the electrowinning cell operating conditions and typical quality of the purified manganese sulphate solution (produced by the bench flowsheet simulation at optimum process conditions). Several tests completed using advance electrolyte solution representative of the proposed CMC hydrometallurgical process have defined operating conditions to achieve a metallic manganese content (based on trace metal impurity analysis) of greater than 99.99% (greater than 4N grade) and with a total manganese content (based on trace metal and non-metallic trace element analysis) ranging from 99.70 to 99.76% manganese, which complies with typical end-user EMM product specifications.

Semi-continuous bench scale electrowinning tests over an eight hour duration have consistently produced EMM with a metallic manganese content (based on trace metal impurity analysis) of greater than 99.99% (greater than 4N grade) and with a total manganese content (based on trace metal and non-metallic trace element analysis) ranging from 99.70% to 99.76% manganese. Typical specifications for commercially produced EMM state the minimum total manganese content as 99.70%. Commercial specifications for maximum trace element concentrations can vary widely based on the intended end use of the EMM product and are often tailored to suit a specific end user's requirements. Analysis of the EMM flake product produced from the final eight-hour duration bench scale electrowinning tests are given in the Table below.

**Table 1 - Analysis of Final EMM Flake Products Produced from Bench Scale Electrowinning Tests**

Element	EMM Flake Product #1	EMM Flake Product #2	EMM Flake Product #3	EMM Flake Product #4
Carbon (wt%)	0.013	0.013	0.010	0.001
Sulphur (wt%)	0.043	0.037	0.047	0.041
Oxygen (wt%)	0.197	0.195	0.148	0.155
Nitrogen (wt%)	0.008	0.005	0.007	0.005
Hydrogen (wt%)	0.0302	0.0339	0.0275	0.0305
Copper (wt%)	<0.0005	<0.0005	0.0017	<0.0005
Iron (wt%)	0.0030	0.0020	0.0028	0.0010
Total Metallic Manganese (wt%)	99.99	99.99	99.99	99.99
Total Manganese (wt%)	99.70	99.71	99.75	99.76

#### EMM Product Purity

The target quality of the EMM was based on standard EMM market quality specifications and was not end-user specific. The bench scale tests produced high-quality metal with trace impurities equivalent to a 4N grade metal (99.99%). Based on electrochemical principles of EMM production, the elimination of certain non-metallic elements such as oxygen, hydrogen, sulphur and nitrogen to meet end-use specific or customer specific quality requirement may require specialized add-on treatment unit operations such as degassing of the plate. Preliminary EMM degassing tests reduced the non-metallic content; however, conditions were not optimized relative to specific end-user quality requirements.

#### Iron By-Product

Pre-concentration of the manganese content of the Plymouth deposit using magnetic separation results in the production of a relatively small tonnage of iron ore, which represents less than 1.5% of the total revenue for the Project and less than 10% of the total contained iron in the feed to the processing plant. A significant portion of the iron in the Plymouth deposit is present as iron carbonate and is a major consumer of sulphuric acid in the leach, forming iron sulphate in solution. The removal of the soluble iron from solution is based on precipitation methods and the conversion of the hydrometallurgical iron residues into a high value end use product has not been studied to date. The add-on production of high purity iron chemicals and/or synthetic iron oxides is subject to further review to improve on the earning potential of the proposed process flowsheet.

#### Manganese Chemical and/or EMD By-Product

The technical viability of co-production of manganese chemicals has been assessed based on a preliminary assessment of flowsheet add-on technologies. The production of a high-purity manganese sulphate product would require slip-stream treatment of the purified leach solution through a crystallizer circuit and is noted as a technically viable opportunity.

It is noted that further purification of the manganese sulphate solution by add-on unit operations and subsequent production of EMD from the ultra-pure manganese sulphate solution is also subject of further review.



Opportunities to optimize on throughput rates include the co-production of alternative manganese products such as EMD, CMD, manganese sulphate and other manganese chemicals.

In general, the process technology developed for production of EMM is easily adaptable to capitalize on co-production opportunities to meet changing market conditions with limited impact on the overall operating and capital costs for the Project.

### ***Infrastructure, Permitting and Compliance Activities***

#### **Project Infrastructure**

Surface infrastructure and service requirements to support the mining and processing operations were assessed on both the 3,000 t/d and 1,500 t/d production rate scenarios.

At the Project site, buildings to support the administrative and operational functions of the Project include the administration building, change facility, truck shop, and warehouse fueling facilities, guardhouse, and an explosives storage area. Approximately 5 km of on-site access and secondary roads as well as 3.5 km of haul roads are included to provide access around the open pit, material stockpiles, overburden stockpile, waste rock stockpile, tailing management facility (“TMF”), and site facilities.

Power supply to support the Project’s anticipated production load, for both the 3,000 t/d and 1,500 t/d scenarios, is proposed to be obtained from the New Brunswick Power Transmission Corp. (NB Power) existing transmission system. Under the 1,500 t/day scenario, an interconnection is proposed at the Woodstock Terminal site, which will entail local upgrades at the Woodstock Terminal site and the construction of a new 10 km, 138 kV transmission line to the Project substation. For the 3,000 t/d scenario, the Project will be serviced from the Woodstock Terminal, similar to the description for the 1,500 t/d scenario; however, reinforcement of the 138 kV system from the Keswick Terminal will be required. This is expected to require the construction of a new 50 km, 138 kV transmission line from the Keswick Terminal to the Woodstock Terminal.

Site services to support operations include a fresh water supply to be drawn from local groundwater sources. The fresh water drawn from the intake system will be collected in an above-grade storage water tank and distributed for potable water feed, process makeup, firewater, and general use water. Other ancillary site services include treatment of sewage at the plant, on-site communication infrastructure, collection, and treatment of surface water runoff on site, management of domestic waste, as well as a service vehicle fleet for the maintenance of roads and other surface infrastructure components.

As part of the PEA, a trade-off evaluation was conducted on material transport alternatives during the post-mining years, when the reclaim of stockpiles will be used exclusively to feed the primary crusher and process mill. The use of overland conveyors was compared against the use of haul trucks, and based on the evaluation, material transport by conveyor was determined to be more cost-efficient than hauling material by truck to the mill.

The conveyor system will be implemented in Year 20 for the 1,500 t/d scenario and Year 13 for the 3,000 t/d scenario.

#### **Tailings Management Facility**

The proposed Woodstock Mine will produce approximately 38.5/50.5 Mt of tailings and 22.3/51.6 Mt of waste rock (by dry mass), during the anticipated LOM. Based on two potential processing rates (1,500 t/d and 3,000 t/d) the mining/processing operation may take 61 or 40 years, respectively. It is proposed to utilize most of the excavated waste rock to build a cross-valley type tailings dam—located immediately west of the open pit—and in order to create an on-land TMF. The seismic activity around the mine site is low-to-moderate, representing low earthquake hazard for the design and construction of the dam.

The capacity of the on-land disposal area is approximately 14 Mm<sup>3</sup>. The remaining approximately 18 Mm<sup>3</sup>/27 Mm<sup>3</sup> of tailings will be deposited into the open pit, once the on-land TMF has been filled and the excavation of the open pit had been completed. The capacity of the open pit will be approximately 19 Mm<sup>3</sup>/32.4 Mm<sup>3</sup> (for 1,500 t/d and 3,000 t/d production rates, respectively). Based on limited space available for tailings disposal, and in order to meet

environmental requirements, it is proposed to produce dewatered/thickened tailings at the process plant and convey that material to the TMFs through a pipeline.

Based on initial evaluations of the acid generating potential of 2011 drill core samples, the waste rock is considered to have low potential for acid generation; however additional acid-base accounting and metal leaching tests will be required on the waste rock during the next phase of the Project. At present, it is assumed that potential leachates from the tailings material may be anticipated and therefore, the TMFs (on land and open pit) will be lined. At the end of mining operation both facilities will be capped and re-graded, with natural drainage re-established across the site.

### Environmental

The Project will be subject to both the provincial and federal environmental assessment (“EA”) processes prior to the issuance of any permits necessary to allow the Project to proceed. There is no formal EA cooperation agreement between New Brunswick and Canada, but the EA requirements are often combined for both jurisdictions, which makes it possible to streamline the processes. An environmental impact statement (“EIS”), prepared following further requirements under the *Canadian Environmental Assessment Act* (CEAA 2012), can be submitted to satisfy both EA processes.

The Project will require Approval to Construct and Approval to Operate certificates from the New Brunswick Department on Environment and Local Governments (“NBDELG”). Other project related approvals may include a Mining Lease, License of Occupation, Crown Land Lease, Harvest Permit, Quarry Permit, Development and Building Permit, Approval and License for Petroleum Storage, Approval to Install an On-site Sewage Disposal System, and a Watercourse and Wetland Alteration Permit. In order to proceed with the EA process, a registration document, similar to an EIS, must be developed and submitted to NBDELG.

Site-specific environmental baseline studies have not yet been initiated for the Project. Adequate, updated environmental baseline information and community engagement will be required for the alternatives assessment during the prefeasibility stage of mine design and for environmental impact assessment (“EIA”) during the development of the registration document and EIS. Formal community engagement programs should be scheduled along with the environmental baseline studies.

The Woodstock Project is expected to have a major positive socio-economic impact on the surrounding communities and on the Province of New Brunswick. The Project is expected to create employment for 223 people during the mining period and 110 people thereafter, for a total project life to 40 years. During the construction phase, levels of employment will be considerably higher.

### ***Market Studies and Contracts***

The primary focus for development of the Plymouth deposit is the production of EMM, which is a commercially important industrial metal commonly used as a steel additive particularly in the production of 200-series stainless steels. Manganese has been defined by the Canadian and US governments as a strategic metal that is essential for national defense, aerospace, technology and energy that is highly susceptible to supply interruptions due to the lack of domestic production. Currently, 100% of the EMM that is consumed in North America and Europe is imported from other countries, most notably from China which controls over 95% of the global supply of EMM, and from South Africa—the only other producer outside of China.

Pre-concentration of the manganese content of the Plymouth deposit using magnetic separation also results in the production of a relatively small tonnage of iron ore, which represents less than 1.5% of the total revenue for the Project and less than 10% of the total contained iron in the feed to the processing plant. To date, process development studies have focused solely on the production of EMM and moving forward opportunity studies are planned to identify processing methods and potential product markets for the balance of the iron within the Plymouth deposit and for production of other manganese chemicals.

### **Economic Analysis**

The PEA reported in the Woodstock Technical Report is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically, on which to apply economic considerations to categorize them as mineral reserves. There is no certainty that this PEA will be realized.

The Woodstock Technical Report is effective as of July 10, 2014. The economic analysis in the PEA reported in the Woodstock Technical Report was based on market studies, commodity prices, costs, sales, revenue, and other assumptions, parameters and projections as at the effective date of the PEA in 2014. Such assumptions and parameters may have changed over the intervening period and consequently the economic analysis does not reflect subsequent changes in the economic assumptions used in the PEA and may no longer be current. The changes include, but are not limited to, changes in commodity prices, costs, sales, revenue and currency exchange rates. The economic analysis in the PEA should not be relied on.

### **Recent Exploration and Development Activity**

Since the date of the Woodstock Technical Report (2014), Canadian Manganese has undertaken limited further evaluation work on the Plymouth property. The results from these programs conducted since the date of the Woodstock Technical Report are not considered material to the Mineral Resource Estimate contained in the Woodstock Technical Report. The Mineral Resource Estimate is still considered relevant and reliable. The inferred mineral resources reported in the Woodstock Technical Report are still considered as current mineral resources.

Canadian Manganese initiated an internal screening level study to assess potential for reducing the capital investment required for the project by processing lower tonnages. In addition, possible alternative measures to improve the project at lower processing rates: have been identified, including:

- The use of sulphur dioxide for leaching of the pre-concentrate material as a means of potentially reducing the capital investment associated with installation of a fully-integrated sulphuric acid plant;
- Production of EMD as an alternative to EMM as a means of potentially reducing the operating cost and/or improving on the revenue to operating cost ratio at lower processing rates;
- Co-production of iron oxide pigment with EMM as a means of increasing the project revenue by recovering a high-value product from the iron associated with the resource, and;
- Assessment of process equipment purchase cost saving that could potentially be realized by procuring the majority of the process equipment from Chinese equipment suppliers.

Given the large capital investment required to build an EMM plant at Woodstock, Canadian Manganese has focused its efforts on attracting a development partner from one of the existing EMM producers in China.

Metallurgical development programs for Woodstock to date have focused on the production of high-grade electrolytic manganese metal and the intermediate production of purified manganese sulphate solution as an interim step, enabling the add-on production of manganese chemicals, manganese catalyst, battery grade manganese dioxide and high-purity manganese metal for electronics. Electrowinning tests described in the Woodstock Technical Report consistently produced electrolytic manganese metal with a metallic manganese content of greater than 99.99% and a total manganese content ranging from 99.70% to 99.76% Mn.

Advancements in electric vehicle manufacturing are transforming the entire global automobile industry driving increased battery demand and NMC (nickel-manganese-cobalt) batteries are becoming increasingly important for next-generation automotive and industrial uses. Manganese is a key component in the formulations of the cathode material used in high-performance lithium-ion batteries and in utility bulk energy storage facilities, which are expected to create strong demand for high-purity manganese products.

## AVAILABLE FUNDS

At June 30, 2019, Canadian Manganese has approximately \$4,609 available to it and had estimated consolidated working capital of \$4,609 as at June 30, 2019.

Buchans has agreed to pay and discharge all of Canadian Manganese's costs and expenses (including professional fees and outlays) in connection with the Plan.

Canadian Manganese's working capital after the completion of the Arrangement is dependent upon the successful closing of a proposed private placement of Canadian Manganese Shares to be completed as soon as possible after completion of the Arrangement. There is no assurance that the Canadian Manganese Financing will be completed. If the Canadian Manganese Financing is not completed, the Canadian Manganese Shares will not be listed for trading on any stock exchange.

## DIVIDEND RECORD AND POLICY

Canadian Manganese has not, since the date of its incorporation, declared or paid any dividends on its common shares and does not currently have a policy with respect to the payment of dividends. The payment of dividends will depend on the earnings, if any, and Canadian Manganese's financial condition and other factors as the directors of Canadian Manganese consider appropriate.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management discussion and analysis ("MD&A") of financial condition and results of operations, provides information that Management believes is relevant to an assessment and understanding of the results of operations and the financial condition of Canadian Manganese.

This MD&A should be read in conjunction with the audited carve-out financial statements of Canadian Manganese for the financial year ended December 31, 2018 and the unaudited condensed interim carve-out financial statements for the three and six months ended June 30, 2019, all of which accompany this document as Schedule C to the Circular. The financial information contained in the discussion of results and operations was prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts in this discussion are expressed in Canadian dollars, unless identified otherwise.

The discussion contains forward-looking statements that involve numerous risks and uncertainties, including those risks set forth herein under the heading "*RISK FACTORS*" elsewhere in this document. Actual results of Canadian Manganese could differ materially from those discussed in such forward-looking statements as a result of these risks and uncertainties.

### **Company Overview**

Canadian Manganese was incorporated under the *Canada Business Corporations Act* on June 13, 2011 for the purpose of acquiring the Woodstock Manganese Project and to pursue the exploration and development of same. Canadian Manganese is a wholly-owned subsidiary of Buchans.

Canadian Manganese holds the Woodstock manganese property containing the Plymouth manganese- iron deposit that hosts an Inferred Resource of 44,770,000 tonnes grading 9.85% manganese as reported in the *Woodstock Technical Report*. The Plymouth Mn-Fe deposit is located 5 km west of the town of Woodstock, in west-central New Brunswick, near the junction of the Trans Canada and US Interstate I-95 highways, and approximately 9 km from the border with the state of Maine, USA.

Details of the exploration activities and results of Canadian Manganese are set out in this document under the section *The Business of the Company – Woodstock Manganese Project*

Metallurgical development programs for Woodstock have focused on the production of high-grade electrolytic manganese metal and the intermediate production of purified manganese sulphate solution as an interim step, enabling the add-on production of manganese chemicals, manganese catalyst, battery grade manganese dioxide and high-purity manganese metal for electronics.

Advancements in electric vehicle manufacturing are transforming the entire global automobile industry driving increased battery demand and NMC (nickel-manganese-cobalt) batteries are becoming the rechargeable battery of choice for next-generation automotive and industrial uses. Manganese is a key component in the formulations of the cathode material used in high-performance lithium-ion batteries and in utility bulk energy storage facilities, which are expected to create strong demand for high-purity manganese products.

Since the date of the *Woodstock Technical Report* (2014), Canadian Manganese has undertaken limited further evaluation work on the Plymouth property. Given the large capital investment required to build an electrolytic manganese metal plant at Woodstock, Canadian Manganese has focused its efforts on attracting a development partner from one of the existing electrolytic manganese metal producers in China

#### EXPLORATION AND EVALUATION ASSETS

	June 30	Additions	Dec. 31	Additions	Dec. 31	Additions	Dec. 31
	2019		2018		2017		2016
	\$	\$	\$	\$	\$	\$	\$
Woodstock	4,641,940	4,607	4,637,333	14,447	4,622,886	184,657	4,438,229

#### RESULTS OF OPERATIONS

The Company recorded no revenue in the years ended December 31, 2018 or December 31, 2017 or in the periods ended June 30, 2019 and June 30, 2018.

For the year ended December 31, 2018, the Company recorded a loss of \$219,880, compared to a loss of \$175,451 for the year ended December 31, 2017.

For the six-month period ended June 30, 2019, the Company recorded a loss of \$81,165, compared to a loss of \$109,986 for the six-month period ended June 30, 2018.

For the three-month period ended June 30, 2019, the Company recorded a loss of \$41,074, compared to a loss of \$54,904 for the three-month period ended June 30, 2018.

Management and administration of the Company was provided by Buchans. The carve-out financial statements include an allocation of general and administrative expenses estimated to relate to the Company and presented as management fees in the statement of loss.

During the year ended December 31, 2018, Canadian Manganese invested \$14,447 (2017 - \$184,657) on exploration of its mineral properties.

#### SELECTED ANNUAL INFORMATION

The following selected annual information has been derived from the financial statements of the Company, which have been prepared in accordance with International Financial Reporting Standards.

Expressed in Canadian dollars Except for per share amounts	Year ended Dec. 31, 2018 \$	Year ended Dec. 31, 2017 \$	Year ended Dec. 31, 2016 \$
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Loss before taxation and other items	(219,880)	(175,451)	(203,979)
Net loss for the period	(219,880)	(175,451)	(203,979)
Net loss per common share	(0.04)	(0.04)	(0.04)
Total assets	4,642,127	4,627,840	4,440,517
Cash and cash equivalents	4,682	4,657	2,020
Shareholders equity	4,642,127	4,627,650	4,440,327

#### SUMMARY OF QUARTERLY RESULTS

Expressed in \$000's, Except for per share amounts	June 30 2019 \$	March 31 2019 \$	Dec. 31 2018 \$	Sept 30 2018 \$	June 30 2018 \$	March 31 2018 \$	Dec. 31 2017 \$	Sept 30 2017 \$	June 30 2017 \$	March 31 2017 \$
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Net (loss) gain	(41)	(41)	(55)	(55)	(55)	(55)	(43)	(43)	(43)	(43)
Net (loss) gain per share - basic and diluted	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Total assets	4,647	4,642	4,642	4,633	4,633	4,628	4,628	4,581	4,529	4,487
Working capital	5	2	5	2	4	2	5	7	2	5

#### LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2019, Canadian Manganese held \$4,384 in cash and cash equivalents and had a working capital surplus of \$4,609, compared to a working capital surplus of \$4,794 at December 31, 2018.

At December 31, 2018 and June 30, 2019, Canadian Manganese held mineral properties with a combined book value of \$4,641,940. The balance sheet values for these assets may not represent that which could be obtained if the assets were to be offered for sale.

At December 31, 2018 and June 30, 2019, the Company had a working capital deficiency, had not achieved profitable operations, had an accumulated deficit since inception and expects to incur further losses in the development of its business. The Company has relied on equity financing and/or advances from its parent Buchans to fund its working capital requirements. The Company will need to generate additional financial resources in order to fund its planned programs. There is a risk that additional financing will not be available to the Company on a timely basis or on acceptable terms.

Canadian Manganese's working capital after the completion of the Arrangement is dependent upon the successful closing of a proposed private placement of Canadian Manganese Shares to be completed as soon as possible after completion of the Arrangement. There is no assurance that the Canadian Manganese Financing will be completed.

#### RELATED PARTY TRANSACTIONS

No fees were paid by the Company to directors for their services as directors of Buchans in the years ended December 31, 2017 or December 31, 2018, or in the six months ended June 30, 2019.

## CRITICAL ACCOUNTING ESTIMATES

Canadian Manganese'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. Canadian Manganese 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 of the December 31, 2018 audited carve-out 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, see under the heading "*RISK FACTORS*" elsewhere in this document, 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 Canadian Manganese may be affected by numerous factors that are beyond the control of Canadian Manganese 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 Canadian Manganese not receiving an adequate return of investment capital. Many of the properties in which Canadian Manganese holds an interest are in the exploration stage only and are without a known body 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 Canadian Manganese' mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of Canadian Manganese' 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 mining and processing facilities and infrastructure at any site chosen for mining. 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 Canadian Manganese' continued existence is dependent upon the preservation of its interests in the underlying properties,



the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of Canadian Manganese to raise additional financing, if necessary, or alternatively upon Canadian Manganese's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

### **No Assurance of Production**

Canadian Manganese 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 Canadian Manganese will have available to it the necessary expertise when and if Canadian Manganese places its resource properties into production and whether it will produce revenue, operate profitably or provide a return on investment in the future.

### **Fluctuating Mineral Prices**

Metal prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of Canadian Manganese. The principal factors include: diminished demand which may arise if economic growth in North America, Europe and/or China are not sustained; supply interruptions due to changes in government policies in base and precious metals, war, or international trade embargos; increases in supply resulting from the alleviation of professional and skilled labour shortages experienced by the world's largest producers; and, increases in supply resulting from the discovery and the development of new sources of metals. The effect of these factors on Canadian Manganese's operations cannot be predicted.

### **Factors beyond Canadian Manganese's 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 Canadian Manganese. 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.

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

Canadian Manganese expects to have sufficient financial resources necessary to undertake its currently planned activities, subject to completion of the Canadian Manganese financing. There can be no assurance that Canadian Manganese will be successful in obtaining any additional required funding necessary to conduct additional exploration or evaluation, if warranted, on Canadian Manganese's 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 Canadian Manganese to forfeit its interest in such properties. If additional financing is raised through the issuance of equity or convertible debt securities of Canadian Manganese, the interests of shareholders in the net assets of Canadian Manganese may be diluted.

### **Environmental Risks and Hazards**

Canadian Manganese's operations are subject to environmental regulations in the various jurisdictions in which it operates. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission

and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

### **Competition**

The mining industry is intensely competitive in all its phases, and Canadian Manganese competes with other mining companies in connection with the acquisition of properties producing or capable of producing metals. Many of these companies have greater financial resources, operational experience and technical facilities than Canadian Manganese. Competition could adversely affect Canadian Manganese' ability to acquire suitable properties or prospects in the future. Consequently, Canadian Manganese's operations and financial condition could be materially adversely 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 carve-out consolidated statements of financial position approximate fair value because of the limited term of these instruments.

### **Liquidity risk**

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

Further details of Canadian Manganese' financial risk management policies are set out in Note 9 of the December 31, 2018 audited carve-out financial statements.

## **OFF-BALANCE SHEET ARRANGEMENTS**

There are no off-balance sheet arrangements.

## **FINANCIAL INSTRUMENTS**

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

The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Fair value estimates of financial assets and liabilities are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates involve uncertainties and are subjective in nature. Other financial instruments included in current assets are classified as loans and receivables, which are measured at amortized costs. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. As at December 31, 2018 and June 30, 2019, the carrying and fair value amounts of the Company's financial instruments were the same.

## **OUTSTANDING SHARE CAPITAL**

Canadian Manganese has an authorized capital consisting of an unlimited number of common shares.

At the date hereof, a total of 59,868,716 common shares were issued and outstanding.

## FORWARD-LOOKING STATEMENTS

*This management's discussion and analysis contains certain forward-looking statements relating to, but not limited to, Canadian Manganese' 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. Canadian Manganese 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.*

## DESCRIPTION OF SECURITIES

### Common Shares

Canadian Manganese is authorized to issue an unlimited number of Common Shares without par value, of which 59,868,716 common shares are issued and outstanding as at the date hereof. All of such shares are currently held by Buchans.

Holders of common shares are entitled to dividends if, as and when declared by the directors, to one vote per common share at meetings of shareholders and to receive the remaining property of Buchans upon the liquidation, dissolution or winding-up of Canadian Manganese, whether voluntary or involuntary.

As at the date hereof, Canadian Manganese does not have any of its securities listed or quoted, and has not applied to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America.

Following the Plan becoming effective, and subject to obtaining any necessary approvals, Canadian Manganese has agreed to use its reasonable commercial efforts to make an application to list the Canadian Manganese Shares on the TSXV or CSE as soon as reasonably practicable, subject to market and trading conditions, provided however that Canadian Manganese does not guarantee that such a listing will be obtained or completed.

### CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of Canadian Manganese as at the dates indicated before and after giving effect to the Arrangement. This table should be read in conjunction with the consolidated financial statements of Canadian Manganese included in the Circular.

Designation of Security	Outstanding as at December 31, 2018 (audited)	Outstanding as at the date hereof (unaudited)	Outstanding as of the date hereof after giving effect to the Plan (unaudited)
Long-term Debt	\$Nil	\$Nil	\$Nil
Shareholders' Equity Owners Net Investment	\$4,642,127	\$4,646,549	\$4,646,549
Common Shares (Authorized – unlimited)	\$500,000 5,000,000 Common Shares	\$5,706,339 59,868,716 Common Shares	\$5,706,339 59,868,716 Common Shares
Retained Earnings (Deficit)	\$4,142,127	(\$1,059,790)	(\$1,059,790)

### OPTIONS TO PURCHASE SECURITIES

#### Incentive Stock Option Plan

Canadian Manganese does not currently have a stock option plan.

#### Outstanding Options

As at the date hereof, no options to purchase securities of Canadian Manganese have been issued or are outstanding.

### PRIOR SALES

On October 28, 2019 an aggregate of 54,868,716 Canadian Manganese Shares were issued to Buchans in consideration for the cancellation of \$5,206,339 of intercompany debt owed to Buchans.

### ESCROWED SECURITIES

As at the date hereof, there are no securities of Canadian Manganese held in escrow or that are subject to a contractual restriction on transfer.

### PRINCIPAL HOLDERS OF COMMON SHARES

As at the date hereof, to the knowledge of the directors and officers of Canadian Manganese, no person beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attaching to all outstanding Common Shares, except as follows:

Name	Designation of Class	Type of Ownership	Number and Percentage of Common Shares owned before the Scheme	Number and Percentage of Common Shares owned after giving effect to the Plan
Buchans Resources Limited	Common Shares	Direct	59,868,716 100%	Nil 0.0%

## DIRECTORS AND OFFICERS

Canadian Manganese currently has two directors, namely John F. Kearney and Danesh Varma, and three executive officers. The following table sets out, for each of Canadian Manganese's directors and executive officers, the individual's name, municipality of residence, positions with Canadian Manganese, principal occupation, and, if a director, the month and year in which such individual became a director. Directors hold office for a term of one (1) year until the next annual meeting of shareholders of Buchans or until their successors are duly elected or appointed.

Following completion of the Arrangement it is intended to invite at least two independent directors to join the Board.

Name and Municipality of Residence	Offices with Buchans	Principal Occupation	Director/Officer Since	Shares held Directly or Indirectly or over which control or direction is exercised	
				Pre-Plan	Post Plan
John F. Kearney Ontario, Canada	Chairman, Chief Executive Officer and Director	Mining Executive  Chairman and CEO of Labrador Iron Mines Holdings Limited, Buchans Resources Limited	December 31, 2017	Nil	2,546,969
Danesh Varma Kingston United Kingdom	Chief Financial Officer and Director	Chartered Professional Accountant  Company Director	October 28, 2019	Nil	2,505,548
Neil J. F. Steenberg Ontario, Canada	Secretary	Lawyer	December 31, 2017	Nil	Nil

As of the date hereof, the directors and executive officers of Canadian Manganese as a group do not beneficially own, directly or indirectly, any Canadian Manganese Shares. Following completion of the Plan, directors and executive officers of Canadian Manganese as a group will beneficially own, directly or indirectly, 5,239,017 Canadian Manganese Shares representing approximately 8.8% of the issued and outstanding Canadian Manganese Shares.

The following relates to the directors and officers of Canadian Manganese. Each of Canadian Manganese directors and executive officers has been engaged for more than five years in his or her present principal occupation.

**John F. Kearney** – Mr. Kearney, Chairman, is a mining executive with over 45 years of experience in the mining industry. He is currently a director or senior officer of numerous mineral ventures including, Labrador Iron Mines Holdings Limited, Anglesey Mining Plc, and is also Chairman of Xtierra. He holds degrees in law and economics from the University College Dublin and a Masters in Business Administration from Trinity College Dublin. He is a member of the Law Society of Ireland.

**Danesh Varma** – Mr. Varma, Chief Financial Officer is a Chartered Professional Accountant with over 31 years of experience in the mining finance industry, having been a director of American Resource Company, Northgate Exploration Ltd. and Westfield Minerals Ltd. Mr. Varma holds directorships with Labrador Iron Mines Holdings Limited, Brookfield Infrastructure Partners L.P. and Anglesey Mining Plc.

**Neil J. F. Steenberg** – Mr. Steenberg, is a lawyer with more than 42 years' experience in securities and mineral exploration law. He is a director and Secretary of Xtierra Inc. and Conquest Resources Limited and Secretary of Labrador Iron Mines Holdings Limited.

## **Penalties or Sanctions**

No director, officer, promoter or other member of Management has, during the ten years prior to the date hereof, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

## **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No proposed director is, or within the ten years prior to the date hereof has been, a director, or executive officer of any company that, while that person was acting in the capacity of a director or executive officer of that company or within a year of that of person ceasing to act in that capacity, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days, or became bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except as follows:

John F. Kearney, Danesh Varma and Neil J.F. Steenberg are directors and/or officers of Labrador Iron Mines Holdings Limited which on April 2, 2015, instituted proceedings in the Ontario Superior Court of Justice for a financial restructuring by means of a plan of arrangement under the Companies' Creditors Arrangement Act which plan was approved on December 6, 2016 and sanctioned by the Court on December 14, 2016.

## **Personal Bankruptcies**

No proposed director has within the ten years prior to the date hereof become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

## **Conflicts of Interest**

The transactions in which directors, senior officers, promoters or principal holders of Canadian Manganese securities have had an interest in are described herein under the headings "*Interest of Management and Others in Material Transactions*" and "*Executive Compensation*". Other than as described under these headings, there are no material transactions with or involving the directors, senior officers, promoters or principal holders of securities of Canadian Manganese that have occurred since incorporation. Some of the directors and officers of Canadian Manganese are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with Canadian Manganese. Certain of Canadian Manganese's directors and officers also serve as directors and/or officers of companies which may enter into contracts with Canadian Manganese in the future. In the event that this occurs, a conflict of interest will exist. Directors in a conflict of interest position are required to disclose such conflicts to Canadian Manganese.

The directors of Canadian Manganese are required by law to act honestly and in good faith with a view to the best interests of Canadian Manganese and to disclose any interests that they may have in any material contract or material transaction. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict is required to disclose his interest and abstain from voting on such matter.

The directors and officers of Canadian Manganese are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest in respect of Canadian Manganese and are required to comply with such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers.

## **EXECUTIVE COMPENSATION**

### **Named Executive Officers**

During the year ended December 31, 2018, Canadian Manganese had two Named Executive Officers (“NEOs”) as defined under applicable Canadian securities regulations; namely, John F. Kearney; Chief Executive Officer and Danesh Varma, Chief Financial Officer.

### **Summary of Executive Compensation**

The NEOs have received no compensation of any kind from Canadian Manganese during the financial year ended December 31, 2018, and subsequently until the date hereof. Canadian Manganese does not plan to provide regular compensation to its executive officers during the next 12 months, however, it is anticipated that certain of its officers will be engaged from time to time to provide services as consultants to Canadian Manganese and they will be compensated at standard industry rates on the basis of the actual time spent and the nature of the services provided.

Canadian Manganese does not have a formal annual incentive bonus plan in place. Any award of a bonus to executive officers would be entirely at the discretion of the Board.

### **Stock Options and Other Compensation Securities**

Canadian Manganese does not currently have an incentive stock option or stock appreciation right plan

During the financial year ended December 31, 2018, there were no incentive stock options and SARs (stock appreciation rights) granted to or exercised by the Directors or NEO’s.

### **Defined Benefit or Actuarial Plan**

Canadian Manganese does not have a defined benefit or actuarial pension plan.

### **Compensation Governance**

Canadian Manganese does not have a Compensation Committee. Compensation matters will be reviewed by the full Board of Directors when required. An interested board member is required to abstain from voting on matters concerning his or her own compensation. Currently, the directors of Canadian Manganese do not receive fees in their capacities as directors.

The Board will rely on the general knowledge and experience of its members, and recommendations from the Chief Executive Officer, in reviewing appropriate levels of compensation for Named Executive Officers and the implementation of, or amendment to, any other aspects of compensation that the Board may review from time to time. The current Board has relevant general, but not direct, experience in executive compensation and compensation policies and practices in the mineral resources business gained through current and prior experience in business and in the minerals industry. Canadian Manganese has not had any contractual arrangement with any compensation consultant at any time since incorporation.

The Board as a whole will be responsible for considering the risks associated with Canadian Manganese compensation policies and practices and has not yet identified any specific risks associated with Canadian Manganese compensation policies and practices that are reasonably likely to have a material adverse effect.

Because of the current scale and scope of Canadian Manganese’s operations, and the limited number of senior management and employees, and the oversight by the Board of all significant activities, including risk management, the Board does not believe that Canadian Manganese’s compensation policies and practices would encourage any executive officer to take inappropriate or excessive risk.



Canadian Manganese NEOs or Directors are not prohibited from purchasing financial instruments, including, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive or Director.

### **Termination and Change of Control Benefits**

Canadian Manganese has no compensatory plan or arrangement in respect of compensation received, or that may be received, by a NEO since incorporation or in Canadian Manganese's current financial year to compensate such NEO in the event of the termination of employment (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of Canadian Manganese or a change in responsibilities of the NEO following a change in control.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the Directors, officers, or associates of such persons have been indebted to Canadian Manganese at any time since incorporation of Canadian Manganese. No such person has been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by Canadian Manganese in respect of the purchase of securities or otherwise.

### **INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed person of Canadian Manganese, proposed Director of Canadian Manganese, or associate or affiliate of any informed person or proposed Director of Canadian Manganese has or has had any material interest, direct or indirect, in a transaction since the commencement of Canadian Manganese's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect Canadian Manganese.

### **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

The by-laws of Canadian Manganese provide that Canadian Manganese is required to indemnify a director or officer, or former director or officer, or a person who acts or acted at the request of Canadian Manganese as a director or officer of a body corporate of which Canadian Manganese is or was a shareholder or creditor, and his or her heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal or administrative action or proceeding to which he or she is made a party by reason of having been a director or officer of such body corporate if (a) he or she acted honestly and in good faith with a view to the best interests of Canadian Manganese, and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful.

Canadian Manganese has not, as yet, purchased insurance for the benefit of Canadian Manganese's directors and officers against liability incurred by them in their capacity as directors and officers. The purchase of such insurance will be considered by the Board following completion of the Arrangement.

### **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITORS**

#### **Audit Committee**

As a wholly-owned subsidiary of Buchans, Canadian Manganese does not have an Audit Committee at present but intends to appoint one as soon as possible following implementation of the Arrangement. Such Audit Committee will be constituted in accordance with all applicable legal and regulatory requirements including Multinational Instrument 52-110 – *Audit Committees* of the Canadian Securities Regulators.

The Audit Committee, when constituted, will adopt a written Charter which will comply with applicable legal and regulatory requirements.

## **CORPORATE GOVERNANCE**

The Directors of Canadian Manganese are committed to maintaining high standards of corporate governance and to managing Buchans in an honest and ethical manner. The Board believes that its corporate governance policies and procedures are appropriate in light of the size, nature and stage of development of Buchans. The Board is accountable to shareholders for good corporate governance and has adopted the following procedures in this regard.

### **Board of Directors**

The Board currently comprises two members, none of whom are "independent" within the meaning of Canadian National Instrument 58-101, Disclosure of Corporate Governance Practices (the "NI 58-101").

A Director who has no direct or indirect material relationship with the Company is independent within the meaning of NI 58-101. A "material relationship" is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Chairman of the Board, John F. Kearney, is not considered independent in that he is also Chief Executive Officer of the Company. Danesh Varma, Chief Financial Officer is also considered non-independent.

Canadian Manganese intends to recruit at least two more independent directors as soon as practicable following implementation of the Arrangement.

### **Directorships**

The following Directors of Canadian Manganese are at present directors of reporting issuers (or equivalent):

Buchans Director	Name of Reporting Issuer
John Kearney	Anglesey Mining Plc (LSE:AYM) Conquest Resources Limited (TSXV:CQR) Labrador Iron Mines Holdings Limited (OTC: LBRMF) Xtierra Inc. (TSXV: XAG)
Danesh Varma	Anglesey Mining Plc (LSE:AYM) Conquest Resources Limited (TSXV:CQR) Labrador Iron Mines Holdings Limited (OTC: LBRMF) Xtierra Inc. (TSXV: XAG)

### **Orientation and Continuing Education**

The Board recognizes the importance of continuing education to ensure that members of the Board maintain the skill and knowledge for them to meet their obligation as directors. Canadian Manganese currently has no formal orientation and education program for Board members. Information (such as recent reports, technical reports and various other operating, property and budget reports) is provided to Board members to ensure that they are familiarized with Canadian Manganese's business and the procedures of the Board. In addition, directors are encouraged to visit Canadian Manganese's properties at least once per year. Canadian Manganese also encourages continuing education of its Directors by distributing information on industry and regulatory matters and by facilitating attendance at industry conferences, seminars or courses.

## **Ethical Business Conduct**

After consideration, the Board has decided not to adopt a written code of business conduct and ethics due to Canadian Manganese's small size and limited scale of operations.

In addition, Directors of Canadian Manganese may also serve as Directors and officers of other companies engaged in similar business activities, the Directors must comply with the conflict of interest provisions under applicable corporate legislation, as well as the relevant securities regulatory instruments, in order to ensure that Directors exercise independent judgment in considering transactions and agreements in respect of which a Director or officer has a material interest. Any interested Director is required to declare the nature and extent of his or her interest and is not entitled to vote at meetings of Directors where such a conflict arises.

The Board believes that the fiduciary duties placed on individual directors by Canadian Manganese's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the Director has an interest are sufficient to ensure that the Board operates in the best interests of Canadian Manganese.

## **Nomination of Directors**

The Board does not have a separate nominating committee. The Board performs the functions of a nominating committee with responsibility for the appointment and assessment of Directors. In view of the current size of Buchans and the current scale of its operations, the composition of the current Board and the service of the current members of the Board, a separate nominating committee has not as yet been considered necessary by Canadian Manganese.

While there are no specific criteria for Board membership, Canadian Manganese will attempt to attract and maintain Directors with business experience and a particular knowledge of mineral exploration, project development and mining or other areas such as finance which would assist Canadian Manganese. Nominations to the Board will be the result of recruitment efforts by Canadian Manganese and discussions among the Directors prior to the consideration by the Board as a whole.

## **Compensation**

Given the current stage of development of Canadian Manganese, the Directors of Canadian Manganese do not currently receive fees in their capacities as Directors.

No cash compensation has been paid to directors since incorporation. Directors who also provide professional or consulting services to the Company may be compensated based upon the invoiced value of the services provided. Directors are entitled to be reimbursed for all reasonable expenses incurred in attending meetings of the board or any committee of the board.

## **Other Board Committees**

The Board has not established any other committees.

## **Assessments**

Given the size of Canadian Manganese and its current stage of development and scale of operations, the Board believes that its structure and composition is appropriate and that the Board is functioning effectively at the current time. The Board will assess the contributions and effectiveness of the Board as a whole, and each individual Director, in order to determine whether each is functioning effectively.

## **RISK FACTORS**

### **Canadian Manganese at Exploration Stage Only- Limited Operating History**

Canadian Manganese has no history of earnings. Canadian Manganese's properties are in the exploration stage and there are no known commercial quantities of mineral reserves on the properties. There can be no assurance that Canadian Manganese will place its resource properties into production or generate revenue, operate profitably or provide a return on investment in the future.

### **Additional Financing**

Canadian Manganese does not currently have sufficient financial resources necessary to undertake all of its currently planned activities. There can be no assurance that Canadian Manganese will be successful in obtaining any required funding necessary to conduct exploration on Canadian Manganese's exploration properties 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 Canadian Manganese to forfeit its interest in such properties. If additional financing is raised through the issuance of equity or convertible debt securities of Canadian Manganese, the interests of shareholders in the net assets of Canadian Manganese will be diluted.

### **Absence of Public Trading Market**

The Canadian Manganese Shares will not be listed or quoted on any stock exchange in the short term. There is no certainty that such a listing or admission will be obtained. There can be no assurance that an active market for Canadian Manganese Shares will develop or be sustained after the Effective Date. If an active public market for Canadian Manganese Shares does not develop, the liquidity of an investor's investment may be limited. In the absence of an active and liquid trading market, holders of Canadian Manganese Shares may have difficulty selling their shares.

Since the Canadian Manganese Shares have not been traded on a market or stock exchange their value is and may remain uncertain. There can be no assurance that Canadian Manganese Shares can be sold in the future at the same price as that at which they have been valued for the purposes of the Arrangement.

As the Canadian Manganese Shares will not be subject to any market or exchange rules pending the future listing of Canadian Manganese on a stock exchange, holders of Canadian Manganese Shares will not be afforded the same level of protections and disclosures of material information, or the publication of financial information and compliance with certain corporate governance standards that they currently benefit from.

If the Canadian Manganese Shares are, at some time in the future, listed on a stock exchange, it should be noted that securities of exploration companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the relative attractiveness of particular industries. The value of Canadian Manganese shares is also likely to be significantly affected by short-term changes in metal prices or in Canadian Manganese's financial condition or results of operations as reflected in quarterly earnings reports. Other factors unrelated to Canadian Manganese's performance that may have an effect on the price of the Canadian Manganese Shares include the following:

- the extent of analytical coverage available to investors concerning Canadian Manganese's business may be limited if investment banks with research capabilities do not follow its securities;
- the limited trading volume and general market interest in Canadian Manganese's securities may affect an investor's ability to trade the Canadian Manganese Shares;
- the relatively small size of the publicly held shares will limit the ability of some institutions to invest in Canadian Manganese's securities; and
- As a result of any of these factors, the market price of Canadian Manganese Shares at any given point in time may not accurately reflect the long-term value of Canadian Manganese.

## **Title Risks**

Although Canadian Manganese has exercised the usual due diligence with respect to determining title to and interests in its properties, there is no guarantee that such title to or interests in the properties will not be challenged or impugned and title insurance is generally not available. Canadian Manganese's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by, among other things, undetected defects. Surveys have not been carried out on any of Canadian Manganese's properties in accordance with local laws; therefore, their existence and area could be in doubt. Until competing interests in the mineral lands have been determined, Canadian Manganese can give no assurance as to the validity of title of Canadian Manganese to those lands or the size of such mineral lands.

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

Resource exploration and development is a speculative business, characterised 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 Canadian Manganese may be affected by numerous factors that are beyond the control of Canadian Manganese 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 Canadian Manganese not receiving an adequate return of investment capital. All of the claims to which Canadian Manganese has a right to acquire an interest are in the exploration stage only and are without a known body 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 Canadian Manganese mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of Canadian Manganese 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 mining and processing facilities and infrastructure at any site chosen for mining. 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.

## **No Assurance of Production**

Mineral exploration is highly speculative in nature, involves many risks, and frequently does not lead to the discovery of commercial reserves of minerals. While the rewards can be substantial if commercial reserves of minerals are found, there can be no assurance that Canadian Manganese past or future exploration efforts will be successful, that any production therefrom will be obtained or continued, or that any such production which is attempted will be profitable.

## **Factors Beyond Canadian Manganese's 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 Canadian Manganese. These factors include government regulation, high levels of volatility in market prices, availability of markets, availability of adequate transportation infrastructure and related facilities and the imposition of new or amendments to existing taxes and royalties. The effect of these factors cannot be accurately predicted.

## **Insurance and Uninsured Risks**

Canadian Manganese's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes.

Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to Canadian Manganese's properties or the properties of others, delays in development or mining, monetary losses and possible legal liability.

Although Canadian Manganese will purchase insurance to protect against certain risks in such amounts as it considers reasonable, such insurance may not cover all the potential risks associated with a mining company's operations. Canadian Manganese may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Canadian Manganese or to other companies in the mining industry on acceptable terms. Canadian Manganese might also become subject to liability for pollution or other hazards which may not be insured against or which Canadian Manganese may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Canadian Manganese to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

## **Environmental Risks and Hazards**

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

## **Government Regulation and Permitting**

The current or future operations of Canadian Manganese, including development activities and commencement of production on its properties, require permits from various federal, provincial or territorial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, water use, environmental protection, land claims of local people, mine safety and other matters.

Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that will require Canadian Manganese to obtain permits, licences and approvals from various governmental agencies. There can be no assurance, however, that all permits, licences and approvals that Canadian Manganese may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which Canadian Manganese might undertake.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by

reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Canadian Manganese and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

### **Infrastructure**

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. There can be no assurance that Canadian Manganese will be successful in obtaining access to such infrastructure on economically feasible terms or at all. Failure to obtain access to such infrastructure could render Canadian Manganese's properties unviable. Unusual or infrequent weather phenomena, terrorism, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect Buchans' operations, financial condition and results of operations.

### **Competition**

The mining industry is intensely competitive in all its phases, and Canadian Manganese 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 Canadian Manganese. Competition could adversely affect Buchans' ability to acquire suitable properties or prospects in the future. Consequently, Canadian Manganese's revenue, operations and financial condition could be materially adversely affected.

### **Executives and Conflicts of Interest**

Canadian Manganese is dependent on certain key executives and the loss of these executives may adversely affect our business and results of operations. Due to the relatively small size of the Company, the loss of these persons or Canadian Manganese inability to attract and retain additional highly skilled or experienced employees may adversely affect its business and future operations.

Certain of the directors and officers of the Company also serve as directors and/or officers of, or have significant shareholdings in, other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. In addition, some of the directors and officers are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with Canadian Manganese.

Conflicts, if any, will be dealt with in accordance with the relevant provisions of applicable corporate and securities laws. Any decision made by any of such directors and officers involving Canadian Manganese will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of Canadian Manganese and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the Canada Business Corporations Act and other applicable laws.

To the extent that such other companies may participate in ventures in which Canadian Manganese may participate, the directors of Canadian Manganese may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for the approval of such participation or such terms.



From time to time several companies may collectively participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment.

Under the laws of Canada, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not Canadian Manganese will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

### **Limited Experience with Development-Stage Mining Operations**

Canadian Manganese 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 Canadian Manganese will have available to it the necessary expertise when and if Canadian Manganese places its resource properties into production in the future.

### **Ability to Attract and Retain Qualified Personnel**

Recruiting and retaining qualified personnel is critical to Canadian Manganese 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 Canadian Manganese business activity grows, additional key financial, administrative and mining personnel as well as additional operations staff will be required. Although Canadian Manganese believes it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If Canadian Manganese is not successful in attracting, training and retaining qualified personnel, the efficiency of operations could be affected.

### **Fluctuating Mineral Prices**

Factors beyond the control of Canadian Manganese may affect the marketability of metals discovered, if any. Metal prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of Canadian Manganese. The principal factors include: diminished demand which may arise if current rates of economic growth in India and China are not sustained; war, or international trade embargoes; increases in supply resulting from the alleviation of professional and skilled labour shortages experienced by the world's largest base metal producers; and, increases in supply resulting from the discovery and the development of new sources of metals. The effect of these factors on Canadian Manganese operations cannot be predicted.

### **Foreign Currency Exchange**

Exchange rate fluctuations may affect the costs that Canadian Manganese incurs in its operations. Canadian Manganese's financing and operating activities have been denominated in Canadian dollars, while prices for base metals are generally quoted in U.S. dollars. The appreciation of the U.S. dollar against the Canadian dollar, if it occurs, may have a significant impact on Buchans' financial position and results of operations in the future.

### **Dividends**

Canadian Manganese has not paid any dividends on its Common Shares since incorporation. Canadian Manganese has a limited operating history and there can be no assurance of its ability to operate its projects profitably. Payment of any future dividends will be at the discretion of Canadian Manganese's board of directors after taking into account many factors, including Canadian Manganese's operating results, financial condition and current and anticipated cash needs.

## **PROMOTER**

Buchans, having taken the initiative in substantially reorganizing Canadian Manganese as contemplated in the Plan, is considered a promoter of Canadian Manganese within the meaning of applicable securities laws. Buchans currently owns all of the issued shares of Canadian Manganese. Upon completion of the Plan, Buchans will hold no shares of Canadian Manganese.

## **LEGAL PROCEEDINGS**

Management is not aware of any material legal proceedings, actual, contemplated or threatened to which Canadian Manganese or any of its subsidiaries is a party or to which any of their properties or assets are subject.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

No director, executive officer or principal shareholder of Canadian Manganese, and no associate or affiliate of the foregoing, has had a material interest, direct or indirect, in any transaction that has materially affected or will materially affect Canadian Manganese except all of the directors of Canadian Manganese are currently directors of Buchans.

## **EXPERTS**

Information of a scientific or technical nature regarding Canadian Manganese properties included in this Circular are based upon the Technical Report referred to under the heading “*Business of the Company*” above. The authors of this Technical Report are “Qualified Persons” as such term is defined in NI 43-101. Each author of the Technical Report is independent of Canadian Manganese within the meaning of NI43-101 and do not have any interest in any of Canadian Manganese’s properties and do not own any securities of Canadian Manganese.

## **AUDITORS, TRANSFER AGENT AND REGISTRAR**

### **Auditors**

Canadian Manganese’s auditors are McGovern Hurley LLP, located at 251 Consumers Road, Suite 800, North York, Ontario M2J 4R3.

### **Transfer Agent and Registrar**

The transfer agent and registrar for the Canadian Manganese Shares is Computershare Investor Services Inc., located at 8<sup>th</sup> Floor, North Tower, 100 University Avenue, Toronto, Ontario, M5J 2Y1.

## **MATERIAL CONTRACTS**

Except for contracts made in the ordinary course of business, the following are the only material contract entered into by Canadian Manganese since January 1, 2018 which is currently still in effect:

1. Arrangement Agreement among Buchans, Canadian Manganese, and Minco dated as of October 28, 2019 relating to the Plan and described in the Circular; and

A copy of the above material contract may be inspected prior to Effective Date and for a period of 30 days thereafter during normal business hours at Canadian Manganese’s executive office at Suite 1805, 55 University Avenue, Toronto, Ontario, Canada, M5J 2H7.

**CANADIAN MANGANESE COMPANY INC.**

**CARVE-OUT FINANCIAL STATEMENTS**

**DECEMBER 31, 2018, DECEMBER 31, 2017  
AND DECEMBER 31, 2016**

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## Independent Auditor's Report

To the Directors of Buchans Resources Limited

### Opinion

We have audited the financial statements of Canadian Manganese Company Inc. (the "Company"), which comprise the carve-out statements of financial position as at December 31, 2018, 2017 and 2016, and the carve-out statements of loss/ and comprehensive loss, carve-out statements of changes in equity and carve-out statements of cash flows for the years then ended, and notes to the carve-out financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report is Glen McFarland.

McGovern Hurley LLP

*McGovern Hurley LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
October 28, 2019

**CANADIAN MANGANESE COMPANY INC.**  
**CARVE-OUT STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2018, 2017 AND 2016**

Expressed in Canadian Dollars	Notes	2018	2017	2016
<b>Assets</b>		\$	\$	\$
<b>Current assets</b>				
Cash and cash equivalents		4,682	4,657	2,020
Trade and other receivables		112	297	268
Total current assets		4,794	4,954	2,288
<b>Non-current assets</b>				
Exploration and evaluation assets		4,637,333	4,622,886	4,438,229
Total non-current assets		4,637,333	4,622,886	4,438,229
<b>Total assets</b>		4,642,127	4,627,840	4,440,517
<b>Equity and liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		-	190	190
Total current liabilities		-	190	190
<b>Shareholder's Equity</b>				
Owner's investment		4,642,127	4,627,650	4,440,327
Total shareholder's equity		4,642,127	4,627,650	4,440,327
<b>Total shareholder's equity and liabilities</b>		4,642,127	4,627,840	4,440,517

**COMMITMENTS AND CONTINGENCIES (Notes 2 and 9)**

The financial statements were approved by the Board of Directors on October 28, 2019 and signed on its behalf by:

Signed "John F. Kearney" , Director

Signed "Danesh K. Varma" , Director

See accompanying notes to the carve-out financial statements

**CANADIAN MANGANESE COMPANY INC.**  
**CARVE-OUT STATEMENT OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED**

Expressed in Canadian Dollars	Notes	2018	2017	2016
		\$	\$	\$
General and administrative expenses:				
Professional fees		225	225	225
Filing fees		220	200	200
Office expenses		78	252	248
Management fee	4	219,357	174,774	203,306
Loss before other items		219,880	175,451	203,979
Total loss and comprehensive loss for the year		219,880	175,451	203,979

See accompanying notes to the carve-out financial statements



**CANADIAN MANGANESE COMPANY INC.**  
**CARVE-OUT STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016**

Expressed in Canadian Dollars

	<b>Owner's investment</b>
	<b>\$</b>
Balance as at December 31, 2015	4,268,000
Owner's investment	376,306
Total comprehensive loss for the year	<u>(203,979)</u>
Balance as at December 31, 2016	<u>4,440,327</u>
Owner's investment	362,774
Total comprehensive loss for the year	<u>(175,451)</u>
Balance as at December 31, 2017	<u>4,627,650</u>
Owner's investment	234,357
Total comprehensive loss for the year	<u>(219,880)</u>
Balance as at December 31, 2018	<u>4,642,127</u>

See accompanying notes to the carve-out financial statements

**CANADIAN MANGANESE COMPANY INC.**  
**CARVE-OUT STATEMENT OF CASH FLOW**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

Expressed in Canadian Dollars	Notes	2018 \$	2017 \$	2016 \$
<b>Cash flow from operating activities</b>				
Loss for the year		(219,880)	(175,451)	(203,979)
		(219,880)	(175,451)	(203,979)
<b>Movements in working capital</b>				
(Decrease)/increase in trade and other receivables		185	(29)	1,525
(Increase)/decrease in trade and other payables		(190)	-	-
Net cash flows used in operating activities		(219,885)	(175,480)	(202,454)
<b>Cash flows from investing activities</b>				
Investment in exploration and evaluation assets		(14,447)	(184,657)	(182,259)
Net cash flows from/(used in) investing activities		(14,447)	(184,657)	(182,259)
<b>Cash flows from financing activities</b>				
Owner's investment		234,357	362,774	376,306
Net cash flows from financing activities		234,357	362,774	376,306
Net (decrease)/increase in cash and cash equivalents		25	2,637	(8,407)
Cash and cash equivalents at the beginning of the year		4,657	2,020	10,427
Cash and cash equivalent at the end of the year	<b>6</b>	4,682	4,657	2,020

See accompanying notes to the carve-out financial statements

## **1. BASIS OF PRESENTATION**

These carve-out financial statements reflect the financial position, statement of operations and comprehensive loss, equity and cash flows related to assets and liabilities of Canadian Manganese Company Inc. (the "Company" or "Canadian Manganese"). The Company was incorporated on June 13, 2011 under the laws of Canada. The Company has been a wholly owned subsidiary of Buchans Resources Limited. The Company has interests in exploration and evaluation properties located in New Brunswick. Substantially all of the Company's efforts are devoted to financing and developing these properties. The Company's head office is located at 55 University Ave., Toronto, Ontario, M5J 2H7.

As Canadian Manganese has not historically prepared financial statements, the carve-out financial statements have been prepared from the financial records of Buchans on a carve-out basis. The Carve-out Statements of Financial Position include all of the Canadian Manganese Net Assets. The Carve-out Statements of Operations and Comprehensive Loss for each of the years ended 31 December 2018 and 2017 reflect all expenses and other income directly attributable to the Canadian Manganese Net Assets and Buchans' general and administrative expenses incurred in each of those years, as these expenditures were shared by the Canadian Manganese Net Assets. In some instances, certain expenses were not allocated as they would have related directly to Buchans. All inter-entity balances and transactions have been eliminated.

The carve-out financial statements were approved by the Board of Directors of Canadian Manganese on October 28, 2019.

The carve-out financial statements of Canadian Manganese have been prepared applying principles in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies set out below were consistently applied to all the periods presented, unless otherwise noted.

These carve-out financial statements have been prepared based upon the historical cost amounts recorded by Buchans, with the exception of certain financial instruments measured at fair value. These carve-out financial statements may not be indicative of Canadian Manganese financial performance and do not necessarily reflect what its financial position, results of operations, and cash flows would have been had Canadian Manganese operated as an independent entity during the years presented.

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

There has been no determination whether the Company's interests in its properties contain mineral resource which are economically recoverable. The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its exploration and mining activities, the Company is required to hold certain permits. There is no assurance that the Company's existing permits will be renewed or that new permits that have been applied for will be granted. Major expenditures are required to locate and establish reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The Company's continued existence is dependent upon discovery of economically recoverable reserves, the ability to obtain necessary financing to complete development and future profitable production or proceeds from disposition. Although the Company has taken steps to verify title to properties in which it has an interest in accordance with industry standards for the current stage of development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory requirements. The Company's properties may also be subject to increases in taxes and royalties, renegotiating contracts and political uncertainty.

Canadian Manganese has incurred losses in all periods provided and has a working capital deficiency at 31 December 2018. Canadian Manganese has been dependent on its parent company, Buchans, to provide financing cash flows to date. There can be no assurance that financing activities will continue, or if the Company will be able to arrange financing. These financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Several conditions discussed below create a material uncertainty and significant doubt about the Company's ability to continue as a going concern.

At December 31, 2018, the Company had a working capital deficiency, had not achieved profitable operations, had an accumulated deficit since inception and expects to incur further losses in the development of its business. The Company has relied on equity financing to fund its working capital requirements. The Company will need to generate additional financial resources in order to fund its planned exploration programs (see Note 5). There is a risk that additional financing will not be available to the Company on a timely basis or on acceptable terms. There are no assurances that the Company will continue to obtain additional financial resources and/or achieve positive cash flows or profitability. If the Company is unable to obtain adequate additional financing, the Company may be required to discontinue operations and exploration activities.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) Relationship with Buchans**

Buchans' net investment in Canadian Manganese is shown as owner's net investment in these carve-out financial statements. Changes in owner's net investment include net (loss)/income and net transfers to and from Buchans.

#### **(b) Exploration and evaluation assets**

Exploration expenditure relates to the search for precious and base metals. Evaluation expenditure arises from a detailed assessment of deposits that have been identified as having economic potential. The costs of exploration properties and leases, which include the cost of acquiring prospective properties and exploration rights and costs incurred in exploration and evaluation activities, are capitalised as part of exploration and evaluation assets.

Exploration costs are capitalised as an intangible asset until technical feasibility and commercial viability of extraction of reserves are demonstrable, when the capitalised exploration costs are re-classed to property, plant and equipment. Exploration costs include an allocation of administration and salary costs (including share-based payments) as determined by management, where they relate to specific projects. Prior to reclassification to property, plant and equipment, exploration and evaluation assets are assessed for impairment and any impairment loss recognised immediately in the statement of (loss)/income.

#### **(c) Rehabilitation Provisions**

The Company will record a liability for the estimated future costs associated with legal and constructive obligations relating to the reclamation and closure of its exploration assets. This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion expense on the discounted liability. An equivalent amount is recorded as an increase to exploration assets and amortized over the useful life of these assets. Management is currently not aware of any existing significant legal or constructive obligations relating to the reclamation of its interest in exploration assets and therefore no such liability has been recorded at December 31, 2018, 2017 and 2016.

#### **(d) Impairment of non-financial assets**

At the end of each reporting period, non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. Any impairment is recognized in loss.

#### **(e) Cash**

Cash is comprised of cash on hand, deposits in banks and highly liquid investments having original terms to maturity of 90 days or less when acquired.

#### **(f) Financial instruments**

#### **Accounting policy under IFRS 9 applicable from January 1, 2018**

##### **Financial assets**

##### **Initial recognition and measurement**

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either FVPL or FVOCI, and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Accounts receivable held for collection of contractual cash flows are measured at amortized cost.

##### **Subsequent measurement – financial assets at amortized cost**

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statements of operations.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(f) Financial instruments (continued)**

##### **Subsequent measurement – financial assets at Fair Value through Profit and Loss (“FVPL”)**

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of operations. The Company measures its marketable securities at FVPL.

##### **Subsequent measurement – financial assets at Fair Value through Other Comprehensive Income (“FVOCI”)**

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive loss in the statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of operations when the right to receive payments is established.

##### **Derecognition**

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

##### **Impairment of financial assets**

The Company's only financial assets subject to impairment are amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

#### **Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accruals, notes payable and other liability of subsidiary, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

##### **Subsequent measurement – financial liabilities at amortized cost**

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of operations.

##### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of operations.

#### **Accounting policy under IAS 39 applicable prior to January 1, 2018**

The accounting policy under IAS 39 for the comparative information presented in respect of financial assets and liabilities, was similar to the accounting policy adopted in 2018. The policy was as follows:

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(f) Financial instruments (continued)**

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

**(i) Financial assets and liabilities at fair value through profit or loss:** A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. Marketable securities are included in this category. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of loss. Gains and losses arising from changes in fair value are presented in the statement of loss in the period in which they arise.

**(ii) Available-for-sale investments:** Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company does not have any instruments classified in this category. Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income (loss) to the statement of loss and are included in other gains and losses.

**(iii) Loans and receivables:** Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise cash and amounts receivable. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

**(iv) Financial liabilities at amortized cost:** Financial liabilities at amortized cost include accounts payable and accrued liabilities. Accounts payable and accrued liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, accounts payable and accrued liabilities are measured at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

#### **Impairment of financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be measured reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### **(g) Operating loss**

Operating loss comprises general administrative costs incurred by the Company, which are not specific to evaluation and exploration projects, and all impairment charges relating to exploration assets and financial assets during the year. Operating loss is stated before change in fair value of investments.

#### **(h) Critical accounting judgements and key sources of estimation uncertainty**

##### *Critical accounting judgements*

In the process of applying the Company's accounting policies above, management has identified the judgemental areas that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations), which are dealt with below:

##### *Exploration assets*

The assessment of whether general administration costs and salary costs are capitalised or expensed involves judgement. Management considers the nature of each cost incurred and whether it is deemed appropriate to capitalise it within exploration assets. Costs which can be demonstrated as project related are included within exploration assets. Exploration assets relate to prospecting, exploration and related expenditure in Canada. The Company's exploration activities are subject to a number of significant and potential risks including:

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(h) Critical accounting judgements and key sources of estimation uncertainty (continued)**

##### *Exploration assets (continued)*

- exploration, development and operating risk
- no assurance of production
- factors beyond the Company's control
- failure to obtain additional financing
- insurance and uninsured risks
- environmental risks and hazards
- government regulation and permitting
- delays
- infrastructure
- price volatility of publicly traded securities
- fluctuating mineral prices

The recoverability of these exploration assets is dependent on the discovery and successful development of economic reserves, including the ability to raise financing to develop future projects. Should this prove unsuccessful, the value included in the statement of financial position would be written off to operations.

##### *Key sources of estimation uncertainty*

Preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates. The key sources of estimation uncertainty are discussed below:

##### *Mineral reserve estimates*

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions and could have a material effect in the future on the Company's financial position and results of operation.

##### *Income, value added, withholding and other taxes*

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

##### *Impairment of exploration and evaluation assets*

The assessment of exploration and evaluation assets for any indications of impairment involves judgement. If an indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that carrying amount exceeds recoverable amount. Recoverable amount is estimated as the higher of fair value less costs to sell and value in use. The assessment requires judgement as to the likely future commerciality of the asset and when such commerciality should be determined; future revenues, capital and operating costs and the discount rate to be applied to such revenues and costs.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (h) Critical accounting judgements and key sources of estimation uncertainty (continued)

##### *Estimation of asset retirement obligations and the timing of expenditure*

The cost estimates are updated annually during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is estimated based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

##### *Preparation of carve-out financial statements*

The preparation of carve-out financial statements requires management to make judgments related to the allocation of assets, liabilities and expenses. The actual results may differ from the results presented had the entity existed in its planned form for the periods presented. See Note 1.

#### (i) Income taxes

Canadian Manganese Company Inc. is not a legal entity and as such is not a standalone taxable entity. Current and deferred income taxes and income tax expense have been recognized in the carve-out financial statements as if Canadian Manganese Company Inc. was a separate taxable entity, using a standalone taxpayer approach. Income tax expense is comprised of current and deferred income tax. Current and deferred income taxes are recognized in net loss except to the extent that they relate to a business combination, or to items recognized directly in equity or other comprehensive income.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### (j) Changes in Accounting Policies

During the year ended December 31, 2018, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IFRS 2, IFRS 9 and IFRIC 22. These new standards and changes did not have any material impact on the Company's financial statements.

#### IFRS 9, *Financial Instruments*

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company's financial instruments:

	Financial instrument classification	
	Under IAS 39	Under IFRS 9
<b>Financial assets</b>		
Cash	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Notes receivable	Loans and receivables	Amortized cost
Marketable securities	Held for trading	FVPL
<b>Financial liabilities</b>		
Trade and other payables	Other financial liabilities	Amortized cost



### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(j) Changes in Accounting Policies (continued)**

The Company adopted IFRS 9 retrospectively without restating comparatives and therefore the comparative information in respect of financial instruments for the years ended December 31, 2017 and 2016 were accounted for in accordance with the Company's previous accounting policy under IAS 39. Note 4 (i) outlines the current and previous accounting policies pertaining to financial instruments.

#### **(k) New standards and interpretations not yet adopted**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2019. 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.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 3 – Business Combinations ("IFRS 3") was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 3 – Business Combinations ("IFRS 3") and IFRS 11 – Joint Arrangements ("IFRS 11") were amended in December 2017. IFRS 3 was amended to clarify that when a party to a joint arrangement obtains control of a business that is a joint operation, it re-measures previously held interests in that business. IFRS 11 was amended to clarify that when a party that participates in, but does not have joint control of, a joint operation obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.

IFRS 10 – Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019.

#### **4. RELATED PARTY TRANSACTIONS**

No fees were paid by the Company to directors for their services as directors of the Company in the years ended December 31, 2018, 2017 and 2016.

These carve-out financial statements include an allocation of general and administrative expenses estimated to relate to the Company and presented as management fees in the statement of loss.

#### **5. EXPLORATION AND EVALUATION EXPENDITURES ASSETS**

All exploration and evaluation assets are carried at cost less any applicable impairment provision. No impairment provision was recognized at December 31, 2018.

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 believe 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.

The realisation of the exploration and evaluation assets is dependent on the successful development of 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 written off. By its nature there is inherent uncertainty in such expenditure as to the value of the asset.

The Company holds a 100% interest in the Woodstock project located northwest of the town of Woodstock, New Brunswick. A portion of the project is subject to a 1% gross sales royalty upon commencement of commercial production, with the Company retaining certain rights to buy back one half of the royalty.

#### **6. CASH AND CASH EQUIVALENTS**

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.

#### **7. CAPITAL STOCK**

The Company has authorized and unlimited number of common shares.

#### **8. COMMITMENTS AND CONTINGENCIES**

The Company's mining and exploration 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.

#### **9. 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 carrying amounts for cash, 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. The marketable securities are stated at the quoted market value.

##### **Interest rate risk**

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

##### **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.

## **9. FINANCIAL INSTRUMENTS (CONTINUED)**

### **Commodity price risk**

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

### **Fair Value Hierarchy and Liquidity Risk Disclosure**

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 December 31, 2018, 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.

### **Liquidity Risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

### **Market Risk**

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk with respect to its marketable securities and unfavourable market conditions could result in dispositions of marketable securities at less than favorable prices.

### **Capital Risk**

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain and explore its exploration assets. The capital structure of the Company consists of shareholders' equity.

## **10. 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 years ended December 31, 2018, 2017 and 2016. The Company is not subject to externally imposed capital requirements.

## **11. SUBSEQUENT EVENTS**

On October 28, 2019, in connection with the capitalization of intercompany debt, 54,868,716 common shares of the company were issued to Buchans, resulting in a total of 59,868,716 common shares outstanding, all of which are held by Buchans.

On October 28, 2019, the Company entered into an Arrangement Agreement with Buchans and Minco Exploration Limited to effect a Plan of Arrangement involving a group reorganisation whereby Buchans agreed to distribute to its shareholders, pro rata, all of the shares of the Company, and exchangeable warrants entitling such shareholders to receive shares of Minco Exploration or additional shares of Buchans, at their option. Under the Plan of Arrangement, if approved, one share of the Company and one Buchans exchangeable warrant will be issued to Buchans shareholders for each Buchans share held.

**CANADIAN MANGANESE COMPANY INC.****CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS***Unaudited***For the six-month period ended June 30, 2019**

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**CANADIAN MANGANESE COMPANY INC.****Condensed Interim Carve-out Statement of Financial Position****As at June 30, 2019***Unaudited*

Expressed in Canadian Dollars	Notes	June 30, 2,019	December 31, 2018
<b>Assets</b>		<b>\$</b>	<b>\$</b>
<b>Current assets</b>			
Cash and cash equivalents	6	4,384	4,682
Trade and other receivables		225	112
Total current assets		4,609	4,794
<b>Non-current assets</b>			
Exploration and evaluation assets	5	4,641,940	4,637,333
Total non-current assets		4,641,940	4,637,333
<b>Total assets</b>		<b>4,646,549</b>	<b>4,642,127</b>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		-	-
Total current liabilities		-	-
<b>Shareholder's Equity</b>			
Owner's investment		4,646,549	4,642,127
Total shareholder's equity		4,646,549	4,642,127
<b>Total shareholder's equity and liabilities</b>		<b>4,646,549</b>	<b>4,642,127</b>

**COMMITMENTS AND CONTINGENCIES (Notes 2 and 8)**

The financial statements were approved by the Board of Directors on October 28, 2019 and signed on its behalf by:

Signed "John F. Kearney" , Director      Signed "Danesh K. Varma" , Director

See accompanying notes to the financial statements

**CANADIAN MANGANESE COMPANY INC.****Condensed Interim Carve-out Statement of Loss and Comprehensive Loss****For the six-month periods ended June 30, 2019***Unaudited*

Expressed in Canadian Dollars	Notes	Three months ended June 30,		Six months ended June 30,	
		2019	2018	2019	2018
				\$	\$
General and administrative expenses:					
Professional fees		225	-	225	-
Filing fees		200	-	200	200
Office expenses		66	65	132	107
Management fee	4	40,583	54,839	81,165	109,679
Loss before other items		41,074	54,904	81,722	109,986
Total loss and comprehensive loss for the period		41,074	54,904	81,722	109,986

See accompanying notes to the financial statements

**CANADIAN MANGANESE COMPANY INC.****Condensed Interim Carve-out Statement of Changes in Equity****For the six-month period ended June 30, 2019***Unaudited*

Expressed in Canadian Dollars	<b>Owner's investment \$</b>
Balance as at December 31, 2017	4,627,650
Contribution by owner	114,678
Total comprehensive loss for the period	<u>(109,986)</u>
Balance as at June 30, 2018	4,632,342
Contribution by owner	(64,678)
Total comprehensive loss for the year	<u>74,463</u>
Balance as at December 31, 2018	4,642,127
Contribution by owner	86,144
Total comprehensive loss for the period	<u>(81,722)</u>
	<u>4,646,549</u>

See accompanying notes to the financial statements

**CANADIAN MANGANESE COMPANY INC.****Condensed Interim Carve-out Statement of Cash Flow****For the six-month period ended June 30, 2019***Unaudited*

Expressed in Canadian Dollars	Notes	June 30, 2019 \$	June 30, 2018 \$
<b>Cash flow from operating activities</b>			
Loss for the period		(81,722)	(109,986)
		(81,722)	(109,986)
<b>Movements in working capital</b>			
(Decrease)/increase in trade and other receivables		(113)	43
(Increase)/decrease in trade and other payables		-	-
Net cash flows used in operating activities		(81,835)	(109,943)
<b>Cash flows from investing activities</b>			
Investment in exploration and evaluation assets		(4,607)	(5,007)
Net cash flows from/(used in) investing activities		(4,607)	(5,007)
<b>Cash flows from financing activities</b>			
Owner's investment		86,144	114,678
Net cash flows from financing activities		86,144	114,678
Net (decrease)/increase in cash and cash equivalents		(298)	(272)
Cash and cash equivalents at the beginning of the period		4,682	4,657
Cash and cash equivalent at the end of the period		4,384	4,385

See accompanying notes to the financial statements



**CANADIAN MANGANESE COMPANY INC.** C-23  
**Notes to the Condensed Interim Carve-out Financial Statements**  
**For the six-month period ended June 30, 2019**

*Unaudited*

Expressed in Canadian dollars, unless noted and per share amounts

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**1. BASIS OF PRESENTATION**

These condensed interim carve-out financial statements reflect the financial position, statement of operations and comprehensive loss, equity and cash flows related to assets and liabilities of Canadian Manganese Company Inc. (the "Company" or "Canadian Manganese"). The Company was incorporated on June 13, 2011 under the laws of Canada. The Company has been a wholly owned subsidiary of Buchans Resources Limited. The Company has interests in exploration and evaluation properties located in New Brunswick. Substantially all of the Company's efforts are devoted to financing and developing these properties. The Company's head office is located at 55 University Ave., Toronto, Ontario, M5J 2H7.

As Canadian Manganese has not historically prepared financial statements, the condensed interim carve-out financial statements have been prepared from the financial records of Buchans on a carve-out basis. The Condensed Interim Carve-out Statement of Financial Position include all of the Canadian Manganese Net Assets. The Condensed Interim Carve-out Statement of Operations and Comprehensive Loss for each of the periods ended June 30, 2019 and 2018 reflect all expenses and other income directly attributable to the Canadian Manganese Net Assets and Buchans' general and administrative expenses incurred in each of those years, as these expenditures were shared by the Canadian Manganese Net Assets. In some instances, certain expenses were not allocated as they would have related directly to Buchans. All inter-entity balances and transactions have been eliminated.

The carve-out financial statements were approved by the Board of Directors of Canadian Manganese on October 28, 2019.

These condensed interim carve-out financial statements of the Company 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 carve-out 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 financial statements for the year ended December 31, 2018 prepared in accordance with IFRS.

These condensed interim carve-out financial statements have been prepared based upon the historical cost amounts recorded by Buchans, with the exception of certain financial instruments measured at fair value. These condensed interim carve-out financial statements may not be indicative of Canadian Manganese financial performance and do not necessarily reflect what its financial position, results of operations, and cash flows would have been had Canadian Manganese operated as an independent entity during the years presented.

**2. NATURE OF OPERATIONS AND GOING CONCERN**

There has been no determination whether the Company's interests in its properties contain mineral resource which are economically recoverable. The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its exploration and mining activities, the Company is required to hold certain permits. There is no assurance that the Company's existing permits will be renewed or that new permits that have been applied for will be granted. Major expenditures are required to locate and establish reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The Company's continued existence is dependent upon discovery of economically recoverable reserves, the ability to obtain necessary financing to complete development and future profitable production or proceeds from disposition. Although the Company has taken steps to verify title to properties in which it has an interest in accordance with industry standards for the current stage of development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory requirements. The Company's properties may also be subject to increases in taxes and royalties, renegotiating contracts and political uncertainty.

Canadian Manganese has incurred losses in all periods provided and has a working capital deficiency at June 30, 2019. Canadian Manganese has been dependent on its parent company, Buchans, to provide financing cash flows to date. There can be no assurance that financing activities will continue, or if the Company will be able to arrange financing. These financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Several conditions discussed below create a material uncertainty and significant doubt about the Company's ability to continue as a going concern.

At June 30, 2019, the Company had not achieved profitable operations, had an accumulated deficit since inception and expects to incur further losses in the development of its business. The Company relies on equity financing to fund its working capital requirements. The Company will need to generate additional financial resources in order to fund its planned exploration programs (see Note 6). There is a risk that additional financing will not be available to the Company on a timely basis or on acceptable terms. There are no assurances that the Company will continue to obtain additional financial resources and/or achieve positive cash flows or profitability. If the Company is unable to obtain adequate additional financing, the Company may be required to discontinue operations and exploration activities.

**CANADIAN MANGANESE COMPANY INC.** C-24  
**Notes to the Condensed Interim Carve-out Financial Statements**  
**For the six-month period ended June 30, 2019**

*Unaudited*

Expressed in Canadian dollars, unless noted and per share amounts

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Relationship with Buchans**

Buchans' net investment in Canadian Manganese is shown as owner's net investment in these carve-out financial statements. Changes in owner's net investment include net (loss)/income and net transfers to and from Buchans.

#### **Accounting Changes**

On January 1, 2019, the Company adopted the new and amended IFRS pronouncements, including IFRS 16, Leases ("IFRS 16"), in accordance with transitional provision outlined in the respective standards. The adoption of these standards did not have a material impact on the consolidated results and financial position of the Company with the exception of IFRS 16, See Note 7.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2019 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
IFRS 3	Business combinations
IFRS 3 and IFRS 11	Joint arrangements
IFRS 10 and IAS 28	Investments in Associates and Joint Ventures

The Company has not yet determined the impact of these amendments on its financial statements.

### **4. RELATED PARTY TRANSACTIONS**

The remuneration of Directors, who are the key management personnel of the Company, is set out below 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 periods ended June 30, 2019 and 2018.

These carve-out financial statements include an allocation of general and administrative expenses estimated to relate to the Company and presented as management fees in the statement of loss.

### **5. EXPLORATION AND EVALUATION ASSETS**

All exploration and evaluation assets are carried at cost less any applicable impairment provision. No impairment provision was recognized at June 30, 2019.

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 believe 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.

The realisation of the exploration and evaluation assets is dependent on the successful development of 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 written off. By its nature there is inherent uncertainty in such expenditure as to the value of the asset.

The Company holds a 100% interest in the Woodstock project located northwest of the town of Woodstock, New Brunswick. A portion of the project is subject to a 1% gross sales royalty upon commencement of commercial production, with the Company retaining certain rights to buy back one half of the royalty.

### **6. CASH AND CASH EQUIVALENTS**

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.

### **7. CAPITAL STOCK**

The Company has authorized and unlimited number of common shares.

See Note 11.

*Unaudited*

Expressed in Canadian dollars, unless noted and per share amounts

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## **8. COMMITMENTS AND CONTINGENCIES**

The Company's mining and exploration 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.

## **9. 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 June 30, 2019, 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.

### **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 June 30, 2019, 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.

### **Interest rate risk**

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

### **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 and has entered into a further agreement with Xtierra in 2018. See Note 9.

### **Commodity price risk**

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

### **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 June 30, 2019, the Company had cash of \$4,386 (2018 - \$4,682) to settle accounts payable and accrued liabilities of \$Nil (2018 - \$Nil). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

### **Market Risk**

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk with respect to its marketable securities and unfavourable market conditions could result in dispositions of marketable securities at less than favorable prices.

### **Capital Risk**

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain and explore its exploration assets. The capital structure of the Company consists of shareholders' equity.

**CANADIAN MANGANESE COMPANY INC.**  
**Notes to the Condensed Interim Carve-out Financial Statements**  
**For the six-month period ended June 30, 2019**

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*Unaudited*

Expressed in Canadian dollars, unless noted and per share amounts

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**10. 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 June 30, 2019 and 2018. The Company is not subject to externally imposed capital requirements.

**11. SUBSEQUENT EVENTS**

On October 28, 2019, in connection with the capitalization of intercompany debt, 54,868,716 common shares of the company were issued to Buchans, resulting in a total of 59,868,716 common shares outstanding, all of which are held by Buchans.

On October 28, 2019, the Company entered into an Arrangement Agreement with Buchans and Minco Exploration Limited. to effect a Plan of Arrangement involving a group reorganisation whereby Buchans agreed to distribute to its shareholders, pro rata, all of the shares of the Company, and exchangeable warrants entitling such shareholders to receive shares of Minco Exploration or additional shares of Buchans, at their option. Under the Plan of Arrangement, if approved, one share of the Company and one Buchans exchangeable warrant will be issued to Buchans shareholders for each Buchans share held.

# BUCHANS RESOURCES LIMITED

## PLAN OF ARRANGEMENT

under Section 182 of the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B16, as amended

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## INFORMATION CONCERNING MINCO EXPLORATION LIMITED

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### IMPORTANT NOTE:

This document is intended to provide disclosure in accordance with Canadian securities laws concerning Minco Exploration Limited. (“**Minco**”) to Canadian resident holders of shares of Buchans Resources Limited (“**Buchans**”) who, upon the approval and implementation of the proposed plan of arrangement (the “**Arrangement**”) involving Buchans, Minco and Canadian Manganese Company Inc. (“**Canadian Manganese**”) pursuant to section 182 of the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B16, as amended, will receive, among other things, Buchans Exchangeable Warrants which will entitle such resident holders to receive ordinary shares of Minco.

This document should be read in conjunction with the document dated November 8, 2019 entitled:

**“Buchans Resources Limited**

**Annual and Special Meeting of  
Shareholders**

**to be held**

**December 10, 2019**

**Management Information Circular”  
(the “Circular”)**

To which this document is attached as Schedule “D”, both of which have been mailed to the shareholders of Buchans.

The disclosure contained in this document supplements the disclosure contained in the Circular.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Circular.

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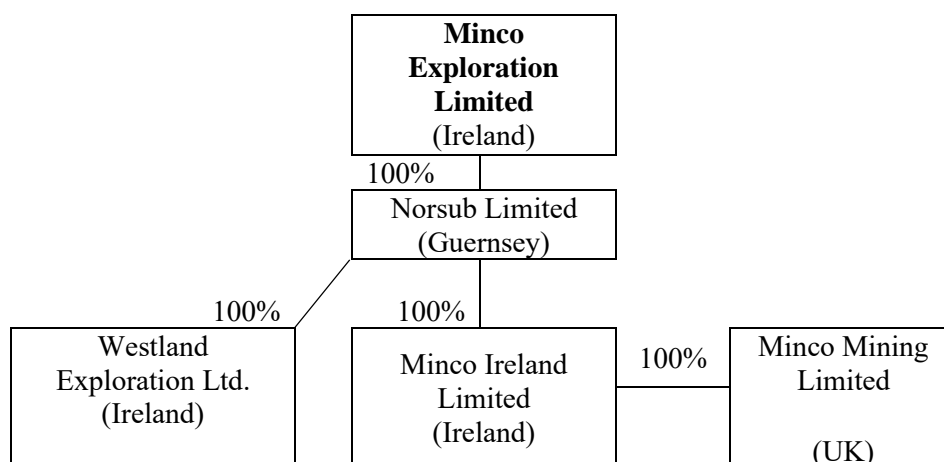
## CORPORATE STRUCTURE

Minco Exploration Limited (“**Minco**” or the “**Company**”) is an exploration and development company currently engaged in base metal exploration and development in the Republic of Ireland. The Company is currently a wholly-owned subsidiary of Buchans Resources Limited (“**Buchans**”)

Minco was incorporated as a private company pursuant to the *Companies Act 2014* of Ireland on May 28, 2019 under the name Copper Orbit Limited with registration number 650839.

On October 4, 2019 the Company changed its name to Minco Exploration Limited. Minco plans to become reregistered as a public liability company under Irish corporate law as soon as possible.

Minco operates through wholly-owned, indirect subsidiaries all of which were transferred from Buchans pursuant to an agreement dated as of June 29, 2019 for ordinary shares of Minco. The subsidiaries of Minco are as follows:



The registered office of the Company is located at 17 Pembroke Street Upper, Dublin 2, Ireland D02 AT22 and the executive office is located at Coolfore Road, QME Ardraccan, Navan, Co. Meath, Ireland.

## THE BUSINESS OF THE COMPANY

Minco holds interests in mineral assets located in the Republic of Ireland.

Further information on these mineral properties and interests can currently be found on the website of Buchans, Minco’s parent corporation, at [www.BuchansResources.com](http://www.BuchansResources.com). Further corporate, financial and other publicly available information on Buchans can be found under Buchans’ profile at [www.sedar.com](http://www.sedar.com).

Buchans proposes to reorganize its mineral assets and investments by way of a plan of arrangement (the “**Arrangement**”) involving Buchans, Canadian Manganese Company Inc. (“**Canadian Manganese**”) and the Company pursuant to section 182 of the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B16, as amended, under the supervision and subject to the sanction of the Ontario Superior Court of Justice – Commercial List. The Plan of Arrangement is contained in and governed by an arrangement agreement dated October 28, 2019 (the “**Arrangement Agreement**”).

Upon the Arrangement becoming effective, the current shareholders of Buchans will hold (in addition to their Buchans Shares) one common share of Canadian Manganese and one non-transferrable warrant of Buchans (a “**Buchans Exchangeable Warrant**”). Each Buchans Exchangeable Warrant entitles the holder thereof, at his or her sole election, to receive one ordinary share of Minco or 0.25 common shares of Buchans at any time prior to

the first anniversary of the implementation of the Arrangement. Any Buchans Exchangeable Warrant not exchanged on such anniversary will be automatically exchanged for an equivalent number of ordinary shares of Minco.

Under the Arrangement Agreement, Buchans has agreed to sell to purchasers to be identified by Minco any Minco Shares which it continues to hold as a result of the exchange by shareholders of the Buchans Exchangeable Warrants for additional shares of Buchans.

The directors and officers of Minco are also currently directors and/or officers of Buchans.

As at the date hereof, neither Buchans nor Minco has any of its securities listed or quoted, has not applied to list or quote any of its securities and does not intend to apply at this time to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America.

Upon the Arrangement becoming effective, and subject to obtaining any necessary approvals, Minco has agreed to use its reasonable commercial efforts to either (i) make an application for admission of its ordinary shares to trading on the Irish Stock Exchange or (ii) complete another transaction whereby Minco will acquire or be acquired by a third party, the shares of which third party shall itself be admitted to trading on the Irish Stock Exchange, as soon as reasonably practicable, subject to market and trading conditions.

However, Minco cannot guarantee that such a listing or acquisition will be obtained or completed.

### **MINERAL EXPLORATION PROPERTIES**

Minco holds base metal exploration interests in the Republic of Ireland and is pursuing exploration for zinc and lead, both in joint venture with Boliden Tara Mines near Navan and on its own licences at Moate. Minco has also entered into a new exploration agreement with Boliden Tara Mines on twelve Prospecting Licences in County Galway.

The following discussion of the mineral property interests currently held by Minco and the exploration activities carried out on these properties is derived from public disclosure documents prepared and published by Buchans or Buchans' predecessor corporation, Minco plc. These documents include the following technical report prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators (“**NI 43-101**”):

- Technical Report dated October 29, 2019 and entitled *Technical Report on the Irish Zinc Exploration Project of Minco Exploration Limited a subsidiary of Buchans Resources Limited* by Dave Blaney, P. Geo. (the “**Blaney Report**”), a qualified person as defined by NI 43-101.

The Blaney Report can be found under on Buchans' website at [www.BuchansResources.com](http://www.BuchansResources.com) and under Buchans' profile at [www.sedar.com](http://www.sedar.com).

### **Background**

Minco, through its subsidiary Minco Ireland Limited (“Minco Ireland”), is engaged in the exploration for zinc and lead in Ireland and holds interests in various prospecting licences described in this Technical Report.

Minco Ireland was incorporated in Ireland in 1966 and from 1997 until 2017 was an indirect wholly-owned subsidiary of Minco Plc, a public company incorporated in Ireland with its shares traded on the Alternative Investment Market (“AIM”) of the London Stock Exchange. In August 2017, as part of a transaction whereby all of the shares of Minco plc were acquired by Dalradian Resources Inc., all the remaining assets of Minco plc, except a 2% royalty on the Curraghinalt gold property in Northern Ireland, including Minco Ireland, were “spun out” to shareholders of Minco plc via a distribution of the shares of Buchans Resources Limited.



Minco Ireland has been actively involved in mineral exploration in Ireland for over fifty years, Minco and is the successor to Irish Base Metals Limited and Gortdrum Mines Ireland Limited, both subsidiaries of Northgate Exploration Limited, which discovered and developed the Tynagh Mine in Co. Galway that operated from 1965 to 1981; and the Gortdrum Mine in Co. Tipperary that operated from 1967 to 1975. This led to the discovery of the Tara Mine at Navan in Co. Meath in 1970, which continues in operation today.

In 1996, Minco Ireland identified the geological potential of the "Pallas Green Trend" in Counties Limerick and Tipperary, attracting Noranda Inc., then one of Canada's leading mining companies, (subsequently acquired by Xstrata plc) as a joint venture partner in 1998. This led to the discovery of the Pallas Green deposit in Co. Limerick in 2002. The Pallas Green deposit now exceeds 40 million tonnes and is the second largest mineral deposit ever discovered in Ireland. Minco Ireland later sold its 24% joint venture interest in Pallas Green to Xstrata (Glencore) for US\$19.5 million in 2011.

As the successor to the mineral properties of Ennex International Plc, a subsidiary of Northgate, which discovered the Curraghinalt gold deposit in Northern Ireland in 1984, Minco Plc retained a 2% NSR on Curraghinalt gold deposit which was sold to Dalradian Resources Inc in 2017 at an attributed value, as of the date of closing, of CDN\$29 million when Minco plc was acquired by Dalradian Resources Inc.

### **Project Description, Location and Access**

Minco's Irish Zinc Exploration Project is located in an area of central Ireland known as the Irish Midlands Orefield and is made up of sixteen (16) Prospecting Licences, comprising three discrete blocks, namely; Navan, Moate and Slievedart, located in Counties Meath, Westmeath and Galway respectively, in the Republic of Ireland. Minco holds and operates these properties through its wholly-owned, Irish subsidiaries, Minco Ireland Limited ("**Minco Ireland**") and Westland Exploration Ltd. ("**Westland**").

**Property Location:** The Navan Block consists of two contiguous prospecting licences covering a surface area of 62.08km<sup>2</sup>, immediately northwest of the town of Navan and approximately 50km to the northwest of Dublin. The Navan Block is operated under the terms of two separate Joint Venture agreements with Boliden Tara Mines, one relating to each prospecting licence.

The Moate Block is located in west-central Ireland, approximately 140 kilometres west of Dublin. The licence block consists of two contiguous prospecting licences that cover a surface area of 65.67km<sup>2</sup> and are located to the east of the town of Athlone.

The Slievedart Block is located in County Galway, immediately north and northeast of the town of Tuam. It consists of twelve contiguous prospecting licences covering a surface area of 537.38km<sup>2</sup>. The Slievedart Block is operated under the terms of a Joint Venture agreement with Boliden Tara Mines.

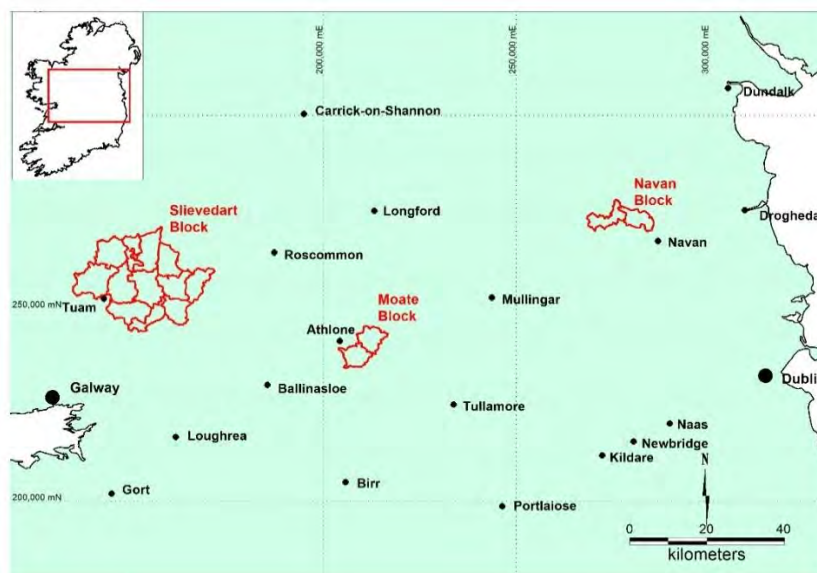


Figure 1 - Regional Map Showing the Location of the Navan, Moate and Slievardart Blocks

***Property Description:*** The Prospecting Licences were granted by the Minister for Communications, Climate Action and Environment (the “Minister”) in exercise of the powers conferred by Chapter 3 of the Minerals Development Act, 2017.

These Prospecting Licences (“PLs”) authorize the licensee to enter the licensed area and do all such things as the licensee considers necessary for the purposes of exploring for Base metals, Barite, and Silver. The licenses are valid for six years from the commencement date and may be renewed but may be revoked by the Minister if any conditions are not fulfilled.

Details on the sixteen Licences, including size and issue dates are presented in Table 1. These Licences specifically apply to the exploration for base metals, barite, and silver.

Table 1 - List of Prospecting Licenses comprising the Moate, Slievardart and Navan Blocks

PL Number	Block	Area (km2)	Date Issued
1228	Moate	32.96	03-Nov-16
1229	Moate	32.42	03-Nov-16
1440R	Navan	30.56	23-Oct-72
3373	Navan	31.26	01-Mar-93
1102	Slievardart	36.2	22-Jun-18
1362	Slievardart	39.44	22-Jun-18
1700	Slievardart	26.52	03-Jul-14
1788	Slievardart	54.33	03-Jul-14
1789	Slievardart	57.91	22-Jun-18
1791	Slievardart	46.93	22-Jun-18
2885	Slievardart	35.21	22-Jun-18
2889	Slievardart	29.3	22-Jun-18

3470	Slievedart	50.28	27-Nov-06
3471	Slievedart	50.59	27-Nov-06
3681	Slievedart	65.42	07-Jul-12
3755	Slievedart	42.42	07-Jul-12

The Licences are granted subject to the following terms and conditions:

- The licensee shall carry out prospecting, geophysical surveys or test drilling resulting in an agreed minimum expenditure requirement as specified.
- The licensee must submit work reports within one calendar-month prior to the final day of each two-year phase.
- One calendar-month before the end of each subsequent two-year phase of a license, if the licensee wishes the license to continue in force, a work programme for the second and third two-year phase of the license shall be proposed by the licensee for the approval of the Minister.
- At any time, if the Minister considers that there are reasonable grounds for doing so, may revoke the license.
- The licensee shall conduct exploration in the license area in a proper and workmanlike manner in accordance with good prospecting, environmental and safety practices.
- The licensee shall carry out all operations within the licensed area so as to avoid damage to the environment and to avoid or minimise disturbance of persons resident in the area.
- The licensee shall comply with the relevant requirements of applicable planning, development and environmental statutes and regulations.
- The licensee shall, before commencing any operation in the licensed area, furnish the Minister with the name and address of the resident Manager in Ireland.
- The licensee shall take out and maintain Public Liability and Employer's Liability insurance covering personal or property damage.
- The licensee shall keep all openings, excavations and underground workings fenced off for the protection of persons and animals.
- The licensee shall reinstate all lands affected by any operations under the License.
- The licensee shall pay and discharge all claims for compensation in respect of damage caused by the licensee to the lands or water supplies or in respect of nuisance or in respect of injury to any person, property or animals in the License area.
- A minimum of two weeks' advance notice in writing shall be given to the Minister of proposed borehole and shaft sinking intended to reach a depth of more than 20 feet.
- The licensee shall not, without the prior written approval of the Minister, assign, or attempt to assign, any rights granted by a license to any person and shall not sub-license or part with the possession of any license rights.
- The license does not grant any rights to minerals, the prospecting for which is not covered by the license, to the licensee.
- On the expiry of the license, an application for renewal may be submitted and considered by the Minister.

**Environmental Considerations:** A number of Special Protected Areas, Special Areas of Conservation, National Heritage Areas and proposed National Heritage Areas are located within or adjacent to the Navan, Moate, and Slievedart Blocks, the specifics of which can be found on the National Parks and Wildlife Service Website. Minco is committed to conducting all exploration activities within environmental guidelines. A review of these specifically protected sites in the Moate and Navan Blocks has been undertaken. Information was compiled from a number of sources, primarily the NPWS. Additionally, the relevant County Council's "County Development Plans" have been reviewed with regard to policy on extractive industry development.

All exploration activities undertaken by Minco are conducted under adherence to the Institute of Geologists of Ireland guidelines to ensure that the highest environmental standards are maintained.

To date, exploration activity on the Navan, Moate and Slievedart Blocks has had no environmental impact.

**Joint Venture Interests:** Minco has two distinct Joint Venture (“JV”) agreements in place for the two separate licences of the Navan Block as well as a third JV agreement in place for the Slievedart Block.

Minco, via Westland, holds a 20% interest in PL 1440R (Tatestown), which is being explored under a JV with Boliden Tara Mines (80%). PL 1440R is located immediately adjacent to Boliden Tara’s large >125 million tonnes Tara zinc-lead mine at Navan, Co. Meath, and hosts part of the small Tatestown zinc-lead mineral deposit.

Minco, via Minco Ireland, has entered into a JV agreement with Boliden Tara Mines on PL 3373, contiguous to the west with PL 1440R. Under terms of this agreement, Minco can earn a 75% interest through expenditure of €250,000, in staged programmes, by 1 March 2024. Boliden Tara Mines has the right of off-take to purchase or toll process all ore that may be produced from the licence area.

Minco, via Minco Ireland, has also entered into a joint venture agreement with Boliden Tara Mines, subject to the approval of the Minister, for twelve PLs of the Slievedart Block, namely: PLs 1102, 1362, 1700, 1788, 1789, 1791, 2885, 2889, 3470, 3471, 3681, and 3755. Minco can earn a 50% interest through expenditure of €385,000 in staged programmes, by 31 July 2024. Boliden Tara has the right of off-take to purchase or toll process on all ore that may be produced from the licence area.

**Prospecting Licence Terms:** On the Moate Block, Minco, via Minco Ireland, is the sole holder of PLs 1228 and 1229. Under terms of this licence, Minco must expend a total of €150,000, in staged programmes, by 1 March 2024.

**Access and Infrastructure:** Minco’s Irish Zinc Exploration Project is accessible via an extensive network of second- and third-class roads which link into the Irish motorway / national primary road infrastructure. Over the last number of years, the road network throughout Ireland has improved greatly. All of the major cities Cork, Dublin, Waterford, Limerick and Galway are now connected by a modern two-lane motorway system. Local access within the majority of the project areas is along minor public and private roads, as well as farm tracks.

Topographically the Irish Midlands Orefield is generally flat and low lying with gently undulating, low relief hills rising only a few hundreds of meters above the central plain. The midlands area is dominated by agricultural land divided between grazing of livestock and arable crops. There is some forestry, but this predominantly confined to upland areas underlain by Devonian or Lower Palaeozoic rocks. Raised and upland bogs are widespread and can form very large features, for example the Bog of Allen covers a surface area of 958km<sup>2</sup> in Counties Kildare, Laois and Meath. Regionally, the River Shannon waterway is the main geographical feature bisecting the Midlands region and flowing from north to south decanting out of the Iron Mountains in Fermanagh to the north and flowing into the Atlantic at Limerick.

The largest city in the Republic of Ireland is Dublin (pop. 1.8 million within the metropolitan area), followed by Cork (pop. 417,000), Limerick (pop. 95,000) and Galway (80,000). There are numerous small and medium sized towns scattered throughout the country and a sizeable rural population living in farm dwellings or country houses.

Rail services in Ireland are provided by Iarnród Éireann, Ireland's national railway system. Rail services are generally limited to connecting the main cities; however, the town of Navan has a rail link to Drogheda, that connects with the main Dublin to Belfast line and has been utilised by Boliden Tara Mines to ship concentrates to Dublin Port.

Ireland is well endowed with port facilities. With Dublin, Cork, Rosslaire and Galway handling the bulk of the shipping trade. Dublin Port handles all the concentrate being shipped from the Navan Mine. Until its closure in 2014 all of the concentrates from the Lisheen Mine were shipped through the port of Cork.

Dublin Airport is located 50 km south-east of the Navan Block. The airport is a major international airport that provides routes to all the main European hubs and numerous transatlantic and middle eastern destinations. Shannon, Cork and Knock airports provide services to selected European hubs, with Shannon having a significant level of transatlantic traffic.

Ireland has a modern electricity power grid. The grid network is owned managed by the Electricity Service Board (ESB), a semi state company. The main power infrastructure is a grid of 400KV, 275KV, 220KV and 110KV transmission lines, with power sourced from thermal, hydro, wind and pumped storage facilities.

**Climate:** The climate of Irish Midlands Orefield is mild and changeable with abundant rainfall and a lack of temperature extremes. The hottest months of the year are June, July and August with temperatures of around 18 - 20 degrees. The Irish Midlands gets rainfall all year round with the wettest months being October, November, December and January.

Apart from the weather, field work is only constrained by short days of daylight during the winter (minimum 8 hours).

### **History of Mining in the Irish Midlands Orefield:**

Modern zinc / lead / copper mining within the Irish Midlands Orefield commenced in the mid 1960's and has continued without a break until the present day. The number of operating mines has varied over this period, from a peak of four in the late seventies (Tynagh, Silvermines, Navan and Gortdrum) to the single mine operating today (Navan).

The first major economic success was the discovery of the Tynagh Deposit by Irish Base Metals Limited (a subsidiary of Northgate Exploration) in 1960. Tynagh was a 9.2Mt deposit that graded 11.2% Zn + Pb and went into production in 1965 (Clifford et al 1986). The Tynagh Deposit sub-outcropped and consisted of a residual deposit of unconsolidated, black sulphidic / oxide muds directly overlying a primary sulphide deposit of sphalerite, galena and minor copper sulphides. The discovery hole intersected 30m, grading 13.2%Pb / 1.5%Zn / 0.26%Cu and 54g/t Ag in the residual deposit. The primary mineralisation tended to be lower grade and have a higher zinc to lead ratio. Additional lenses of primary sulphide mineralisation were discovered along the strike extension of the main Tynagh controlling fault, this mineralisation had no surface geochemical or geophysical expression and was found as a result of drill testing to close off the deposit.

The success at Tynagh was quickly followed by the discovery of the Silvermines deposit by Mogul of Ireland Ltd in 1962 (Andrew 1986), with production commencing in 1968. Based upon Mogul of Ireland Ltd's production figures, the Silvermines deposit was 17.7Mt grading 6.43% Zn / 2.53% Pb with an associated barite deposit of 5.5Mt grading 84% BaSO<sub>4</sub>. Silvermines consisted of a series of, flat lying, stratiform and stratabound, massive sulphide lenses located at the base of the Waulsortian Reef succession, namely the Upper G and B Zones. Cross cutting, fault controlled "epigenetic" mineralisation is hosted within the Lower G, K, P, C and K Zones. A significant barite deposit was discovered proximal to the Upper G and B Zones at Macobar and this was mined as an open pit with subsequent underground development until the mid 1990's. Vein / fracture controlled barite / lead mineralisation had been mined in the 1950's at Shalee, on the footwall of the main Silvermines Fault and just 600m west of the Upper G Zone.

The world-class Navan Deposit (carbonate hosted Zn / Pb) is located only 3 km to the south-east of Minco's Navan Block. This deposit was discovered by Tara Exploration and Development Company in 1970, underground development started in 1973 with initial production commencing in 1977 (Ashton et al 1986, Anderson et al 1998). The Navan orebody is comprised of a series of stacked lenses of massive sulphides. The mineralisation is situated between 50 and 1800m below surface with mineable thicknesses ranging from 5m to 80m. The total size of the Navan Deposit is estimated to be in excess of 125Mt, at grades of c.8% Zn / 2% Pb.

Following on the early success with the discovery of Tynagh, Silvermines and Navan there was an extensive exploration campaign across the Irish Midlands Orefield by a range of multinational and Irish junior companies. This work discovered a number of new prospects the best of which were, Ballinalack, Keel, Lough Sheelin and Harberton Bridge. Both Ballinalack and Harberton Bridge are the subject of recent exploration using modern technology and new exploration models. The companies currently working on them, namely, Group Eleven (Ballinalack) and Zinc Mines of Ireland (Harberton Bridge) have recently reported very positive results. There was a hiatus in Zn/Pb exploration during the late 70's / 80's when exploration focus shifted to gold and uranium.

In the 1980's exploration for carbonate hosted zinc / lead mineralisation within the Irish Midlands Orefield was reignited by the discovery of the Galmoy Deposit by Conroy Petroleum and Natural Resources plc in 1986 (Doyle et al 1992). The discovery was made by drill testing IP / Resistivity geophysical targets resulting in an intersection of 8.7m grading 7.39% Zn / 0.28% Pb (Lowther et al 2003). Development of the mine commenced in May 1995, with the first concentrates produced in April 1997.

The discovery of Galmoy led to the identification of a new mineralised region, the Rathdowney Trend. Exploration along strike to the southwest of Galmoy by a joint venture between the Chevron Mineral Corporation of Ireland and Invernica West led to the discovery of the Lisheen Deposit in 1990 (Hitzman et al 1992). The discovery hole, LK-3262-01, intersected two zones of massive sulphide mineralisation, including a 6.4m interval grading 14.7% Zn / 2.7% Pb and 4.3m grading 28.8% Zn / 8.5% Pb. The mine went into production in 1999 with pre-mining resources of 16.7Mt grading 14.1% Zn / 2.4% Pb (Fusciardi et al 2002).

The development of Galmoy and Lisheen led to a reinvigoration of exploration activity within the Irish Midlands Orefield. Minco Ireland was actively exploring and used the new geological / structural models generated from interpretation of the recently discovered deposits to identify new prospective target areas.

In the early to mid 1990's Minco Ireland acquired a block of ground in north County Limerick that they considered prospective. This ground was joint ventured with Noranda Exploration Ireland Ltd. in 1998 and the collaboration resulted in the discovery of the Pallas Green deposit in 2002. This deposit is currently the largest undeveloped deposit in the Irish Midlands Orefield, and, after Navan, it is currently the second largest deposit in the orefield. It has an inferred resource of 45Mt grading 7% Zn / 1% Pb and is currently being explored by Glencore Zinc Ireland Ltd.

In addition to Pallas Green two other new deposits have been discovered during the most recent phase of exploration, namely; Kilbricken in County Clare, which has a resource of 2.7Mt at 4.7% Zn / 2.9% Pb (Indicated) and 1.7Mt at 4.4% Zn / 2.9% Pb (Inferred); and the Stonepark deposit discovered by Teck / Connemara Mining Co Plc (now Arkle Resources) in County Limerick that is currently being explored by Group Eleven Resources. The Stonepark Deposit has a current inferred resource of 5.5mt at 8.7% Zn / 2.6% Pb.

## History of Exploration on the Minco Irish Zinc Exploration Project

**Navan Block:** In the Navan Area regional exploration for base metals on PLs 1440R and 3373 began during the late 1960's and intensified following discovery of the Navan orebody in 1970. Since then, exploration has focused exclusively on the search for zinc-lead mineralisation hosted by the Navan Beds, which host the Navan orebody. Historical work was carried out by RioFinEx, Gortdrum Mines Ltd., Enfer Holdings Ltd., Irish Base Metals Limited, Westland, Kenmare Resources Plc. and Boliden Tara Mines.

Historical exploration on the Navan Block follows a typical pattern to that observed elsewhere in the Irish Midlands Orefield with a primary focus on geochemistry, supported by mapping, prospecting and lithogeochemistry. This was followed up with geophysics and ultimately diamond drilling. Soil sampling was supported with DOB Sampling in selected areas, normally to confirm and check soil anomalies. Ground geophysical surveying has included Induced Polarisation, Turam EM, VLF/EM resistivity and gravity. From the late 1990's a series of airborne surveys were carried out across the Irish Midlands Orefield by a range of private companies. In the Navan region an EM/Magnetic survey was flown by BHP. PLs 1440R and 3373 were traversed by three reflection seismic survey lines which have proven effective in defining the structural model within the underlying Lower Carboniferous stratigraphy.

In addition to the acquisition of data through drilling and geological, geochemical and geophysical surveying, a large suite of studies, interpretations and modelling has been carried out on the data acquired from the Navan Block. This work has included:

- Structural interpretation and modelling (numerous studies)
- Lithogeochemical assessment of alteration and mineralisation
- Interpretation of satellite imagery
- Conceptual studies
- Metallurgical studies
- Micropalaeontological studies
- Feasibility studies

Drilling commenced at Tatestown in 1973 and has continued in the general vicinity until the present day. It was during the tenure of Irish Base Metals Ltd / Westland Exploration Ltd. that the Tatestown / Scallanstown deposit was discovered. The Tatestown–Scallanstown deposit straddles the Blackwater River, which forms the licence boundary between PLs 1440R and 1496. Part of this deposit is located on PL 1440R, the remainder on the adjacent PL 1496, held solely by Boliden Tara Mines.

A historical resource for the Tatestown deposit was estimated at 3.6Mt grading 6.9% Zn + Pb, of which 1.6Mt is at Tatestown. Minco has not done sufficient work to classify the historical estimates as current mineral resources or mineral reserves and is not treating the historical estimate as a current mineral resource or mineral reserve.

Following the discovery of the Tatestown deposit in 1973, a large number of holes have been drilled in the eastern part of PL 1440R, between the Randalstown and Boolies Faults. In contrast, only 42 diamond drill holes, for approximately 11,000 metres of drilling, have been completed over the balance of PL1440R to the west of the Boolies Fault. Many of these drill holes were short and sited primarily to ascertain bedrock geology. The northern two kilometres of the north-south trending zone remains essentially unexplored on Licence 1440R, with just four, widely spaced intercepts comparable to those peripheral to the known deposit.

Since 1975, approximately 8000m of diamond drilling has been completed in 51 diamond drill holes on PL 3373. Twenty-six of these, had an average depth of 19.3 metres, were drilled primarily to ascertain bedrock geology. The historical work provides an extensive database upon which to focus exploration for deeper, geophysically and geochemically blind deposits down-dip to the south.

**Moate Block:** Zinc-lead exploration in the Moate area began in the late 1960's during a country wide exploration boom following the discoveries of Tynagh and Silvermines. Historical work was carried out by Gortdrum Mines Ltd., Enfer Holdings Ltd., Irish Base Metals Limited, Westland Exploration Limited, Exploration and Discovery Limited and Merrex Gold Limited.

Minco Ireland and Westland together held interests in the Moate Block licences, together with additional adjacent licences, from 1989 to 2003. During this period, JV agreements were concluded sequentially by Minco Ireland and Westland Exploration with: CEC Ireland (MIM) and Navan Resources (1996); Biliton B.V. (1998); Rio Algom (2000); and Anglo American (2001), all of which carried out various programs. The previous licences were surrendered in 2007. Three licences, PLs 1228, 1229 and 3981, were reacquired by Minco Ireland in 2015 with PL 3981 being surrendered by Minco Ireland in 2018.

Historical exploration on the Moate Block follows a typical pattern to the that observed elsewhere in the Irish Midlands Orefield, with a primary focus on geochemistry, supported by mapping and prospecting and followed up with geophysics and ultimately diamond drilling. The majority of the licence area (c.80%) is covered by shallow soil geochemistry, with grid dimensions ranging from reconnaissance to detailed scales. Soil sampling is supported with Deep Overburden Sampling (DOB) in selected areas, normally to confirm and check soil anomalies. Ground geophysical surveying has included Induced Polarisation, TEM resistivity soundings, VLF/EM resistivity and gravity. From the late 1990's a series of airborne surveys were carried out across the Irish Midlands Orefield by a range of private companies. In the Moate area EM / Magnetic surveys were flown by Biliton and Rio Algom. There was also partial coverage airborne geophysical coverage from surveys flown by Noranda, BHP, Navan Resources and Boliden Tara Mines.

The Moate area has seen intermittent exploration over the past fifty years following the discovery in 1968 of the Moyvoughly deposit by Gortdrum Mines Ltd. Moyvoughly is hosted by the Navan Beds, it is estimated to contain 125,000 tonnes averaging 8% zinc plus lead, (Poustie and Kucha 1986) and it is located immediately to the east of Minco's new licences. Between 1968 and 2015, 71 diamond drill holes, for a total of 7790m, were completed by various companies prior to reacquisition of the ground by Minco Ireland in 2015. Many of these holes were short stratigraphic holes drilled to establish bedrock geology. The targeting of drilling has historically been focused on the potential for Navan-style mineralisation, both sub- outcropping and to depths of up to 600 metres below surface.

Exploration at Moate in the past, which includes nine kilometres of diamond drilling, has focused almost exclusively on the potential for Navan-type mineralization within the Navan Beds, initially at shallow depths in the footwall of the major (300 metre throw) Moyvoughly Fault and later to depths of c.600 metres below surface in the hanging wall. The potential for Reef hosted zinc-lead mineralization of "Tynagh-type" at Moate has never been explored.

**Slievedart Block:** Zinc-lead exploration in the Slievedart area began in the late 1960's during a country wide exploration boom following the discoveries of Tynagh and Silvermines. Historical work was carried out by; Irish Base Metals Ltd., Enfer Resources Holdings Ltd., Westland Exploration Ltd., Amoco Minerals Ireland Ltd., Celtic Gold Plc., Rio Tinto Finance and Exploration Plc., Ovoca Resources Plc., Cobh Exploration Ltd., Aquitaine Mining (Ireland) Ltd. and Boliden Tara Mines Ltd.



In the Slievedart area the majority of historical exploration has been focused on the potential for Waulsortian Reef-hosted mineralisation, both sub-outcropping and to depths of up to 400 metres below surface. The region was first explored by Irish Base Metals Limited who acquired the ground in 1967. The first phase of work was standard reconnaissance geological mapping / prospecting followed up by regional scale shallow soil sampling. Extension to soil sampling grids with DOB sampling focused in areas with significant soil anomalies. Geophysical surveying, consisting of Induced Polarisation, VLF/EM16R, magnetics and gravity was carried out across areas deemed prospective and follow up diamond was focused on specific target areas.

Diamond drilling has had modest success in the region immediately south of the Slievedart inlier. A number of moderate grade intersections of disseminated and fracture fill sulphide mineralisation were made at the Rosmearan, Darrary North, Gortnalea and Sinking River targets. Intersections of up to 2.3m grading 6.8% Zn / Pb have been recorded within the Waulsortian Reef.

### **Geological Setting**

Minco considers that the Irish Midlands Orefield is defined by the basement structural architecture and structural movement focused by the basement has influenced:

- The Upper Palaeozoic stratigraphy hosting mineralisation; variations in stratigraphic thicknesses - including development of erosional surfaces, and facies changes.
- Variscan structure – fold/fault patterns.
- The distribution of zinc-lead-barite deposits, with the majority of the major deposits associated with the interpreted boundaries of the ore field.

Minco postulates that the major deposits are spatially associated with mineralised trends controlled by the basement Caledonian architecture. For example, the Pallas Green deposit (44.2Mt averaging 7.20 percent zinc and 1.20 percent lead) was discovered when minor, sub-outcropping, breccia hosted zinc-lead mineralisation, initially discovered by soil and overburden geochemistry in the 1970's, was recognised by a predecessor of Minco in the mid-1990's as lying along a regional trend, now known as the Limerick or Pallas Green trend.

### **Local Geology**

**Navan Block:** The Navan Block is located along the northern boundary of the Irish Midlands Orefield, contiguous with the Boliden Tara Mines mine lease. The stratigraphy can be correlated to the mine with Courceyan aged intertidal and shallow water marine sediments resting on a major unconformity upon Lower Palaeozoic sediments and volcanics. The Courceyan carbonate rocks are overlain by a succession of deeper water marine limestones of Chadian and Arundian age, referred to locally as the Upper Dark Limestone. A well-defined lithostratigraphy has been developed within this Upper Dark Limestone succession in the vicinity of the mine where the Upper Dark Limestone rests upon an angular erosion surface, or slide.

The Navan Block straddles the southern margin of the Longford Down inlier. Drilling consistently demonstrates a rapid, northwards thinning / wedging out of the Courceyan succession along the southern margin of the inlier indicating that this remained a topographically positive feature, with active basement structural control, during deposition of the Courceyan fluvial, intertidal and shallow marine basal succession.

The Boundary Fault, considered to be a Variscan re-activation of the regional basement structure, is well defined by past drilling on Licence 1440R. At outcrop, east of the Boolies Fault, it juxtaposes the northeast striking, west dipping Courceyan succession against Lower Palaeozoic basement. To the west the Boundary Fault outcrops within the limestone succession, generally within the outcrop of the Upper Dark Limestones.

On Licence 3373 the exact location of the Boundary Fault, due to the sparser drill coverage and its outcrop within the Upper Dark Limestones, is less well constrained. Interpretation of drill data and seismic profiles has identified a series of offsets of the Boundary Fault by northeast striking faults similar to those seen in the immediate vicinity of the Navan mine.

**Moate Block:** The Moate Block stratigraphy is comparable to that in the Navan area with intertidal to shallow marine sediments overlain by a succession of marine, argillaceous bioclastic limestone. This in turn is overlain by the Waulsortian micritic Reef complex. A northeast-southwest trending incursion of Reef Equivalent, or Grey Calp, widening to the northeast and closing to the southwest, penetrates the massive micritic Reef on PLs 1228 and 1229. Palaeogeographical reconstruction indicates this incursion was continuous northeastwards following the Tynagh-Ballinalack Trend.

A distinctive Reef-derived breccia sequence, approximately 50m in thickness, occurs at the base of the Grey Calp succession. This includes sub-angular to sub-rounded clasts of massive reef micrite, many with typical stromatactitic fabric, ranging in size from a few centimetres to over one meter in diameter. The breccias are matrix supported with clast supported sections and minor disseminated sphalerite is typically present. Along the southern margin of the Reef Equivalent incursion the breccias are overlain by 30m of finely bedded, Reef derived turbidites.

The Moate Block lies along the northern flank of the Moate Inlier which is centred on a perianticlinial fold, which is cut by the east northeast trending Moyvoughly Fault. Drilling by Minco in 2016-2017 identified a major, west northwest striking cross fault offsetting both the Moate Inlier fold and Moyvoughly Fault. The continuation of the Moyvoughly Fault to the south of this structure is uncertain, if it does it could be located to the northwest of DDH 39 as shown on section 2b.

**Slievedart Block:** The Slievedart Block covers part of the northwest Lower Carboniferous Basin. Lower Palaeozoic and Precambrian rocks form the basement to the region. Devonian Old Red Sandstone (ORS) is deposited along an unconfirmable contact with the basement. Lower Carboniferous Basal Clastics form a highly variable facies that conformably overlie the ORS, ranging from alluvial conglomerates to marginal marine sandstones and mudstones. During the Lower Carboniferous a marine transgression progressed northwards across Ireland with siliciclastics giving way to carbonate deposition. Clear evidence of depositional water depth variability can be seen throughout the Lower Carboniferous indicating a complex structural history with block uplift and subsidence.

Deformation of the Lower Carboniferous rocks was manifest in a series of south to southeast dipping graben structures controlled by reactivation of existing Caledonian faults within the underlying basement. The region can be divided into a series of northeast-southwest trending synclines and the Slievedart block is located within a broad southern extension of the Carrick-on-Shannon Syncline. Small horst blocks of Lower Carboniferous and Lower Palaeozoic rocks separate the graben structures, these are known as the Castlerea and Slievedart Inliers. A third inlier, at Glenamaddy, has an anomalous trend and it has been postulated that it is controlled by a relatively shallow granitic pluton.

The Slievedart Inlier trends northeast-southwest along the northern boundary of the licence block, forming a moderate topographic high. It is interpreted to be a horst structure that is bound by the Slievedart North and South Faults. The Slievedart North Fault has a downthrow of >300m to the northwest and the Slievedart South Fault has a downthrow of >100m to the southeast. Basal Clastics outcrop on the footwall to these faults and form most of the inlier. Historical drilling has identified numerous NNE-SSW striking faults that offset the inlier and step progressively to the northeast. Waulsortian Reef development on the southern flank of the inlier appears to be partially controlled by these cross faults. The Waulsortian Reef is conformably overlain by Oakport Fm. and Visean Shelf limestones. The western end of the Glenamaddy Inlier extends across the eastern side of the licence block where it is terminated by a NNE trending structure. The geology of the Glenamaddy Inlier is dominated by Basal Clastics.

A smaller inlier is seen at Rosmearan, PL3470, with Waulsortian Reef exposed within a spatially limited, half horst structure. The Oakport Limestone outcrops along the hangingwall of the controlling faults.

The geology of the southern part of the licence block is not well constrained due to a lack of outcrop. It has been mapped as underlain by undifferentiated Visean Shelf limestones. Structural modelling, based upon the limited outcrop and drilling data, has postulated a half graben structure controlled by a northerly dipping normal fault system that is developed along the southern margin of the licence block.

## **Mineralization**

**Navan Block:** Localised low grade, zinc-lead mineralisation has been intersected by drilling hosted by the Navan Beds at a number of areas across the property. Minco consider this to be an indication of prospectivity of the Navan Block, in particular for potential satellite deposits to the Navan Mine analogous to recently discovered Tara Deep Deposit. However, to date only one significant mineral occurrence has been discovered, the Tatestown/Scallanstown Deposit.

The Tatestown/Scallanstown deposit was discovered by Irish Base Metals in 1972. The mineralisation is hosted by Lower Carboniferous, shallow water carbonate facies and is generally stratiform, occurring as two horizons at or close to the top of the Micrite Unit. The mineralisation consists of sphalerite, galena, pyrite / marcasite and barite that occurs as rhythmic colloform infill to fractures, voids and interparticle porosity. The mineralisation thickens and is preferentially enriched in the immediate vicinity of a northerly dipping, east-west striking normal fault, which transacts the deposit. A historic resource was calculated at 3.6Mt grading 6.9% Zn+Pb.

**Moate Block:** The only significant mineral occurrence proximal to the Moate Block is the Moyvoughly Deposit, which lies approximately 3km to the northeast of the Moate Block and was discovered in 1968 by Gortdrum Mines Ltd. The deposit was discovered by shallow soil sampling with diamond drilling follow up. The zinc and lead mineralisation at Moyvoughly are hosted within shallow water, marine carbonates that are the lithostratigraphic equivalent to the Navan beds. Both cross cutting and stratiform mineral textures are present and demonstrate a close spatial relationship with faulting and fracture zones. The main sulphide species are sphalerite, galena and pyrite. Sphalerite occurs as rim cements, fine grained disseminated clusters and most prevalently as replacement of carbonate allochems and cements. Galena occurs as coarsely crystalline disseminated grains, it is less abundant than sphalerite with a Zn:Pb ratio of 6:1. Barite is abundant occurring as disseminations in the matrix of mudstones and as massive to semi-massive replacements and veins. Very rare chalcopyrite, arsenopyrite and tennantite have been recorded.

**Slievedart Block:** There are currently eight mineral occurrences located on the Slievedart Block. All of the mineralisation is hosted by the Waulsortian Reef or stratigraphic equivalent rocks. The mineralisation is closely associated with dolomitisation and occasionally silicification. Pyrite can be present in large quantities with little or no zinc-lead mineralisation. Cadmium, arsenic and thallium are common trace elements. Styles of mineralisation include cavity lining, geopetal fill of stromatolitic cavities and fracture lining. Pyrite occurs as massive bands up to 50cm thick. The style of mineralisation and setting is very similar to that described at Ballinalack where knolls of Waulsortian Reef are found in the hanging wall of normal faults and mineralisation is slightly offset from the main faults.

## Deposit Types

**“Irish Type” Ore Deposits:** The Lower Carboniferous aged rocks of the Irish Midlands are host to one of the world’s major orefields. The ore deposits are hosted within a sequence of transgressive marine carbonate rocks lying above a wedge of Upper Devonian red beds. The deposits formed by the replacement of lithified host rocks and have distinctive characteristics and differences to other carbonate hosted zinc-lead deposits to have been given the moniker “Irish Type”.

The deposits occur preferentially within two particular stratigraphic units, the Waulsortian Reef and the Navan Beds. They occur along or immediately adjacent to normal faults, which acted as conduits for ascending hydrothermal fluids. They have a stratabound and stratiform morphology, often occurring as large-scale flat lying lenses. The deposits formed from the mixing of moderately hot (120 – 280°C), saline, slightly acidic, metal bearing, hydrothermal fluids, with relatively sulphur-rich fluids that had been derived from Carboniferous seawater.

They have a simple mineralogy with the principle sulphide species being sphalerite (ZnS), galena (PbS) and pyrite (FeS). Some deposits contain significant tonnages of barite (e.g. the Macobar Zone at Silvermines or the Garrycam Zone at Keel). Most deposits contain minor amounts of copper, silver and arsenic that can form as tennantite or chalcopyrite. The sulphide textures can be complex, ranging from replacement style to cavity infill with typically rhythmically laminated collomorphic textures. From a metallurgical perspective the simple mineralogy of this mineralisation means it is very easy to process, achieving high recoveries, with high concentrate grades and very few smelter penalty elements. Concentrate from Irish deposits is highly sought after by smelters and is considered a premium product.

Notable examples of target deposit include the Lisheen and Navan deposits. Both of which are characterized by large tonnages, high grades and are metallurgically easy to process.

The metal and sulphur in Irish Type deposits come from two independent sources. Hydrothermal circulation within the underlying crystalline basement is generally considered to be driven via heat in the crust with metals leached from the underlying Lower Paleozoic aged siliciclastic and volcanic rocks. The source of sulphur is Carboniferous seawater with open system, bacteriogenic reduction of seawater sulphate. The relative abundance of isotopically light sulphur points to the good circulation of Lower Carboniferous seawater through the sites of mineralisation.

Transport of metals occurs via convection of hydrothermal fluids, the heat for this supplied by the relatively high thermal gradient within Irish Midlands caused by crustal thinning associated with back arc extension related to the ongoing Variscan orogeny. Hydrothermal convection cells developed within local areas and tapped into the underlying basement for depths of up to 20km below surface.

The ore bearing fluids are focused into and migrate up along faults until they reach appropriate sites of deposition. These are usually areas where clean limestones have been brecciated by a range of processes, including; hydrothermal activity, dissolution collapse, tectonic/fault brecciation, igneous intrusive interactions and synsedimentary processes. The ore fluids migrate through the breccia systems where they mix with cooler sulphur rich ground waters and sulphide minerals are precipitated in open spaces or selectively replace limestones.

The typical location for Irish Type deposits is within the basal part of the Waulsortian Reef formation or as a stacked lens system within the Navan Beds. The location of the massive sulphide mineralisation is dependent upon breccia morphology or aquicludes within the Navan Bed succession.

Irish Type deposits are associated spatially and temporally with faulting and periods of extensional tectonic activity. The faults were active during the period of deposition and structural jogs or offsets can act as foci for hydrothermal fluid flow. The often complex structural setting within the deposits acts as a de-facto plumbing system, facilitating the migration of fluids away from main feeder fault zones.

Waulsortian Reef is the main host lithology for mineralisation at most of the large zinc-lead deposits in the Irish Midlands, including; Silvermines, Lisheen, Tynagh and Galmoy. Across the Irish Midlands Orefield the contact between the Waulsortian Reef and the underlying ABL is an important timeline and the rheological contrast between the massive Waulsortian Reef limestones and the underlying relatively plastic ABL often facilitates breccia development. The Waulsortian Reef can attain thicknesses of up to 1,200m (from drilling near the Shannon estuary) but it generally ranges from c.100m to c.300m in thickness. The Waulsortian Reef consists of accumulations or “banks” of massive but subtly bedded, often steep sided mounds, which coalesce into a thick units surrounded by varied but related “off reef” facies. The dominant lithofacies is a massively bedded, very pale grey micrite with large sparry masses, it is rich in crinoids and fenestrate bryozoa, commonly containing stromatactis or sheet spars and was deposited as a fine multi-component carbonate mud. It is clear from studies that the rock underwent relatively early marine diagenesis and was at least partially cemented by calcite spar as the mud-mounds grew. The very early cemented nature of the Waulsortian limestones, directly overlying soft, still relatively weak, shaley beds led to brittle fracturing, allowing cracks to open and develop, filled with vertically layered micrites and calcite silts. Evidence from recent diamond drilling demonstrates that the Waulsortian Reef has a diachronous nature, related to the northward migrating marine transgression and accordingly it is older in the southern part of the Irish Midlands Orefield, younging to the north.

The Navan Beds form the oldest Lower Carboniferous aged rocks of the northern Irish Midlands Orefield. They are a sequence of interdigitating, micrites, calcisiltites, oolites, calcarenites, shales and sandstones. They were deposited in a shallow water, peri-tidal environment, consisting of lagoons, sand bars and in some cases sabkha environments. The thickness of the Navan Beds ranges from 100 - 400m and they demonstrate an increase in the energy of the deposition environment up through the succession.

Irish Type deposits have a variety of morphologies, they are commonly considered to be tabulate, stratiform and stratabound. However, close examination shows that they have a range of morphologies that are dependent upon the depositional environment.

At the Lisheen and Galmoy deposits, located along the Rathdowney Trend, the mineralisation is strongly linked to the contact between the base of the Waulsortian Reef and the underlying ABL. The deposits form a series of flat lying lenses of massive pyrite, sphalerite and galena, with very minor quantities of chalcopyrite, tennantite, nickelite and bornite. The mineralisation is fundamentally controlled by northward dipping normal faults that have a ramp-relay, en echelon morphology and can extend for up to 1200m out from the controlling faults. The lenses have an asymmetrical aspect, thickening towards the bounding fault zones, with thickness ranging from centimetric scale to >30m.

The Silvermines deposit also is composed of a series shallowly dipping massive sulphide lenses hosted by a complex breccia stratigraphy developed with the lower part of the Waulsortian Reef succession. Like Lisheen and Galmoy the mineralisation is controlled by a series of north dipping normal faults with an en echelon morphology. At Silvermines there is well developed lead, silver and barite mineralisation along the controlling fault zone that was mined historically. The Silvermines deposit also has a significant economic barite deposit (Macobar) located proximal to the massive sulphide lenses.

Tynagh was the first deposit discovered in the Irish Midlands Orefield and it is also hosted by the Waulsortian Reef. The mineralisation is developed as a series of en-echelon pods / lenses in the hanging wall of the east-west striking and northerly dipping Tynagh Fault Zone. The amount of Waulsortian Reef in the region is limited by a rapid facies change to Reef Equivalent limestones (Grey Calp) to the north. This fact has constrained the footprint of the deposit to the immediate hanging wall of the fault zone where the Waulsortian Reef is developed and has been brecciated. The Tynagh deposit has relatively more lead and locally copper rich than the other Waulsortian Reef hosted deposits and there was large secondary oxide zone that was mined in an open pit during the early production history of the deposit.

The Navan Deposit is the only economic deposit, discovered to date, that is hosted by the Navan Beds. The Navan Deposit is by far the largest deposit in the Irish Midlands Orefield and ongoing exploration continues to add resources which currently can be conservatively estimated to be >125Mt at 8% Zn / 2% Pb. The mineralisation is dominated by sphalerite and galena with pyrite rich zones concentrated in the hanging wall, basinal limestones above the new Tara Deep Zone and within the Conglomerate Group Ore hosted by the Boulder Conglomerate. The Navan Orebody consists of numerous stratabound ore lenses that are vertically stacked through the Navan Beds succession. The deposit sub-outcrops to the north of the Blackwater River and dips gently to the southwest, quasi-continuous mineralisation has been traced for more than 5km down dip. A new zone (Tara Deep) has recently been found within a few kilometers of the main deposit in discrete, fault controlled, blocks, at depths of up to 1800m below surface.

The mineralogy of Irish Type massive sulfide consists of 10 - 80% iron sulfide, mainly in the form of pyrite or marcasite, with sphalerite and galena also being major constituents. Pyrite can often form discrete, spatially separate lenses relative to the base metal rich zones. Chalcopyrite, bornite, nickelite, tennantite and tetrahedrite are present in minor amounts; the copper and nickel rich minerals tend to be found proximal or within the controlling fault systems. The gangue is mainly calcite and/or dolomite.

Metal distribution and concentration within the deposits is controlled by the proximity to the feeder fault zones and to the physiochemical characteristics at the time of deposition. Proximal to the primary or second order feeders the metal grades tend to increase and minor constituents such as copper / nickel / arsenic / silver also tend to be elevated.

Alteration haloes associated with Irish Type deposits are typically developed laterally to the deposit or within the immediate hanging wall above the deposits.

The alteration assemblages can be found both lateral to and above the massive sulphides;

- *Silica alteration*, enrichment by silica is noted at Silvermines where intensive silicification of the supra-Reef limestones can be up to 70m thick. At Silvermines and Tynagh, jasper with associated haematite forms a laterally extensive halo concentrated along the ABL / Waulsortian Reef contact.
- *Iron Formation*, a distinct iron formation composed primarily of haematite with jasper, forms a laterally extensive halo at Tynagh that is up to 10's of metres thick and can be traced for a radius of 7km (Clifford et al, 1992). The Tynagh Iron Formation occurs at the base of Reef / ABL contact, extending across a facies change to Grey Calp (Reef Equivalent) into the Tynagh Basin. Similar well developed Iron Formation is also noted at Crinkill, a sub-economic occurrence located along the Navan-Silvermines Trend.
- *Dolomitisation*, dolomite occurs at all of the Irish Type deposits to a greater or lesser extent. Dolomitisation related to the hydrothermal processes commonly occurs as a replacement, veining or as a breccia matrix. The chemical characteristics of the dolomite varies across the deposits, with more distal mangoan dolomite, giving way to ferroan dolomite with proximity to the feeder faults. Evidence of magnesite have been noted adjacent to the main feeder structures in a number of areas.

## Exploration

Minco has carried out detailed studies of the Irish Midlands Orefield and is of the opinion that the area remains prospective for the discovery of more "Irish Type" carbonate hosted zinc-lead deposits. This opinion is based upon over fifty years of experience in Irish and UK exploration, data derived from previous exploration by various companies that is available on open file with the EMD and GSI, and the development of innovative regional geological concepts that resulted in discovery of the Pallas Green deposit.

It has long been recognised that an area of uplift variously referred to as the Wales-Brabant Massif; more recently sub-divided into the Midlands micro-craton and Leinster-Welsh massif; had major influence on deposition throughout the Carboniferous, including the development of the coal fields during the Westphalian. It is postulated that the Irish Midlands Orefield is centred on and structurally localised by the westward continuation Wales-Brabant Massif. It is proposed that:

- the structurally controlled northern margin of the Wales-Brabant Massif coincides with the southern margin of the Longford Down inlier and defines the northern margin of the Irish Midlands Orefield with the Navan deposits located where this is offset by major, northeast striking, Caledonide structure.
- the southern boundary of the Irish Midland Orefield coincides with the westward extension of the southern boundary of the Wales-Brabant Massif. In the southeast of Ireland, in county Waterford, subsidence along this structural trend during the late Devonian and early Carboniferous resulted in a rapid southwards thickening of the Old Red Sandstone conglomerate and sandstone succession in the Comeragh Mountains and, in counties Tipperary, Limerick and Clare, the alignment of volcanic centres within the Lower Carboniferous.
- the northwestern and southeastern boundaries of the Orefield are defined by northeast striking Caledonide basement structures, indicated by regional magnetic and gravity surveys, and referred to as the Tynagh-Ballinalack and Rathdowney trends respectively.

Zinc-lead mineralisation is widely distributed throughout the Lower Carboniferous limestone succession, both within and beyond the limits of the Irish Midlands Orefield. The widespread discovery of minor zinc-lead deposits beyond the limits of the structurally defined Orefield clearly demonstrate that mineralisation was not limited to that area and that the potential for economic mineralisation extends beyond the limits of the Orefield. That said, however, it is notable that, with the exception of Silvermines, all of the economic zinc-lead deposits, together with many of the larger prospects, are located along the boundaries of the Orefield.

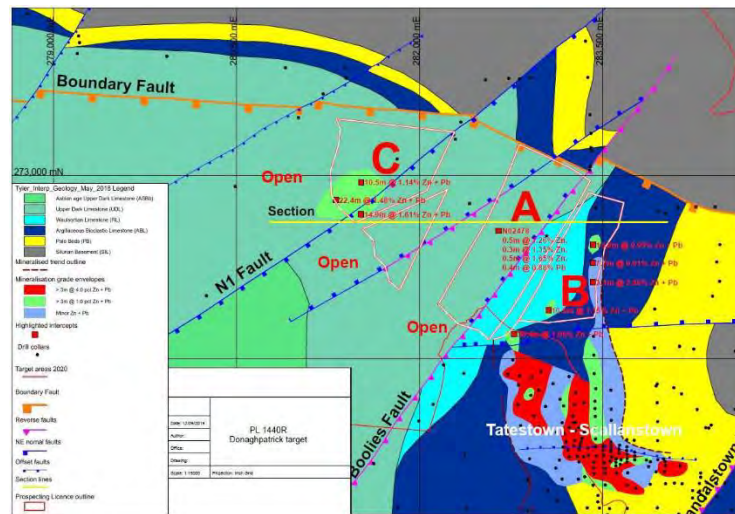
**Navan Block:** At Navan, Minco has contributed to the ongoing exploration programme through funding and technical input to the JV that is being managed by Boliden Tara Mines. Recent exploration has consisted of seismic surveying and diamond drilling. In the Tatestown-Donaghpatrick area the Navan Beds have been tested by nine drill holes, all of which intersected significant widths of low-grade zinc-lead mineralisation. The most recent hole NO2478, intersected extensive low-grade sulphide mineralisation within a fault constrained intersection. The best interval was 1.5m grading 0.85% Zn within a zinc and lead enriched envelop. The basal part of the Upper Dark Limestones (UDL) in this area contains bands and laminae rich in fine grained disseminated pyrite. This fact is particularly noteworthy because the UDL overlying the Tara Deep deposit contains the same style of pyrite enrichment.

A gravity survey is imminent on PL3373 and is designed to increase station density and help refine the geological / structural model. Three diamond drill holes have been drilled on PL3373 since the commencement of the JV. These holes were designed to test stratigraphy and structure in areas with poor historical data density

The Tatestown/Scallanstown-Donaghpatrick area on Licence 1440R represents the most advanced exploration target. It covers an area of approximately 1.5km<sup>2</sup> and remains open to the west and southwest. The Navan Beds have been intersected by nine drill holes within this area, all of which intersected significant widths of low-grade zinc-lead mineralisation. To the north the area is constrained by the Boundary Fault.

The Tatestown-Scallanstown deposit is centered on the east-west striking Tatestown Fault and lies within a well-defined, two-kilometre wide, north-south trending, zone of mineralisation, which is a peripheral extension of the large Navan mineralised system. Traced by drilling, this zone extends north-south for four kilometres, terminated to the south by the Randalstown Fault, which separates it from the main body of the Navan mineralisation, and to the north by the Boolies Fault, a major reverse fault with a throw of around 400m identified by seismic surveying.

The partially explored Tatestown–Scallanstown mineralisation, located between the Randalstown and Boolies Faults, remains open to the north in area B at depths of 300 to 400m below surface. Of the five drill holes within area B, all have intersected significant widths of low-grade zinc-lead mineralisation within the Navan micrite. The southern boundary of area B (Figure 2 - Navan Block Exploration Map - Tatestown-Donaghpatrick Geology (Boliden Tara Mines) Figure 2) is defined by an east-west fault. This is comparable to the Tatestown Fault to the south which localises the thickest and highest grades within the Tatestown-Scallanstown area, primarily on Licence 1440R. The east-west fault along the southern boundary of area B remains unexplored and could have similar grade-width potential. The three holes drilled in area C to the west of the N1 fault, first identified on seismic profiles, have also intersected significant widths of low-grade mineralisation at depths of around 400m to 700m below surface within the southwest dipping Navan micrite. Drill hole NO2478, the only hole within area A between the Boolies and N1 faults, intersected extensive zinc-lead mineralisation throughout the entire Pale Beds succession immediately above the N1 fault. Located within 2.5 km of the Navan Mine workings the Tatestown/Scallanstown-Donaghpatrick mineralisation is considered part of the Navan Mine-Tara Deep mineralising system and, as such, has significant exploration potential. However, it should be noted that mineralisation on adjacent or nearby projects is not indicative that mineralisation will be hosted on Minco's licences.



**Figure 2 - Navan Block Exploration Map - Tatestown-Donaghpatrick Geology (Boliden Tara Mines)**

To the west of the Tatestown/Scallanstown-Donaghpatrick area, on Licences 1440R and 3373, exploration will target the extension of the Boundary Fault, or “Boundary Fault Corridor”, to the west. Four structurally defined target areas located eight to fifteen kilometers west of the Tara Mine have been identified on Licence 3373 where the Boundary Fault appears offset by major northeast striking faults. The Navan micrite is projected to lie at depths of 550 to 800 metres below surface.

It is Minco's opinion that the mineralisation that has been outlined at Tatestown/Scallanstown is an indication of the overall prospectivity of the block and of the potential for the discovery of a deposit in the range of 5 to 10 million tonnes, with average grades in the range of 7% to 10%(Zn+Pb), similar to the average grade of the nearby Navan Mine. The Tatestown-Scallanstown area is a target for future exploration, although it is uncertain if future exploration will result in the deposit being delineated as a mineral resource. The main target areas on the Navan Block are located within the structurally controlled corridors to the west of the Tatestown-Scallanstown deposit.



**Moate Block:** In November 2015 Minco was granted three new PLs 1228, 1229 and 3981, centered on a specific geological target identified by Minco, with potential for zinc-lead mineralization of the Tynagh Mine type.

The licences are located along the northwestern margin of the Irish Midland Orefield on the “Tynagh-Ballinalack Trend”, comparable to the Lisheen Trend, which underlies the Lisheen and Galmoy Mines in Tipperary and Kilkenny, and the Pallas Green Trend which underlies the Pallas Green deposits discovered by Minco in 2007.

The Moate target lies mid-way between the former Tynagh Mine, located 50 kilometres to the southwest, and the similar styled Ballinalack deposit, situated 35 kilometres to the northeast. The Tynagh Mine operated successfully from 1965 to 1981 producing 9,000,000 tonnes of ore, from both open pit and underground, at average grades of approximately 7% lead, 5.5% zinc, 0.5% copper and 2.6 ounces of silver per tonne.

Minco’s studies of previous drilling have outlined a geological setting that Minco believes mirrors that at the former Tynagh Mine, where zinc-lead mineralization was hosted by breccias developed at the margin between the Reef and off-Reef limestone facies. The geology at Moate is also comparable to that at the smaller Ballinalack deposit. A ten kilometre long target has been outlined at a depth of 150 metres below surface, with potential for Reef hosted zinc-lead mineralisation of Tynagh-type.

Minco has carried out a data review and target generation programme for the Moate Block. This has involved acquisition and interpretation of all the historic drilling data. Modelling by Minco geologists identified a major, west northwest striking basement trend that has a 20° anticlockwise jog where it intersects the fault controlling the northern margin of the Moate Inlier. This offset to a major fault is a classic structural target where the rotation of the faults creates a dilatant zone focusing mineralising, hydrothermal fluids into this region. This is a priority target area for the current exploration programme.

The exploration target concept on the Moate Block is an analogy of the Tynagh Deposit. Historic exploration was concentrated on the footwall side of the main controlling faults of the Moate inlier, targeted on the Moyvoughly Beds, a Navan Beds Equivalent facies. The low-grade mineralisation, intersected by this drilling, is modeled as footwall mineralisation derived from a major mineralising fault, analogous to the footwall mineralisation found at Shallee near Silvermines and at Ballinalack. The stratigraphic setting on the hanging wall side of the main fault (Figure 29) is analogous to the setting at Tynagh, with a major facies change from Waulsortian Reef micrites to Grey Calp (Reef Equivalent). The target postulated for this area is a Tynagh analogy, with well developed, brecciated Waulsortian Reef developing along the main controlling fault and becoming mineralised over a vertically extensive section, with a relatively small lateral footprint.

**Slievedart Block:** Minco has reviewed the technical data compiled by Boliden Tara Mines and identified a range of high-quality exploration targets that require follow up work. The data from the TELLUS regional airborne geophysical survey was processed, modelled and interpreted by a consultant geophysicist. This work was co-funded by Minco and Boliden Tara Mines and has produced a new structural interpretation for the block. This interpretation has supported the concept of a half graben, controlled by a northerly dipping normal fault underlying the southern part of the block. Minco and Boliden Tara Mines consider this to be broadly analogous to the structural setting seen at the Galmoy deposit. During late September 2019, and early October 2019, a 2D seismic acquisition program was undertaken over a length of 21 kilometres, supported in part by the Geological Survey of Ireland. At the time of writing the data was being processed and was not yet available.

In addition to the geophysical modelling / interpretation, a single drill hole (3470/15) has been drilled at the Ballymoney target zone. Drill hole 3470/15 was a follow up to a series of holes drilled by Boliden Tara Mines at this target. This hole intersected Waulsortian Reef hosted, fine grained pyrite. A small, shallow soil sampling programme designed to validate historic data and increase sample density across a prospective fault trace has been carried out. Samples were collected on a 200m x 50m grid spacing at a depth of 30-40cm.

There is widespread and significant mineralisation seen in the northern part of the Block. Boliden Tara Mines have proposed a model that interprets the mineralisation as distal, low grade, isolated pods related to a much larger mineralising system controlled by major structures developed to the south of the block. Drilling on Boliden Tara Mines's Strokestown Block has influenced this concept as the Mt Mary Fault was found to control thickening Waulsortian at several locations in the hanging-wall of the fault. This is analogous to the Galmoy area where a half graben has developed dipping to the south with the main controlling structures located along the southern margin. These faults acted as the main conduits for the mineralising hydrothermal fluids that transported the metal to sites of deposition at Galmoy. Historical exploration at Galmoy was concentrated on the discontinuous, low-grade, shallow/sub-outcropping mineralisation to the north, only moving south towards the main control as the geological model evolved and focused the exploration into this region.

The widespread and significant mineralisation seen in the northern part of the Block is difficult to explain. Boliden Tara Mines have proposed a model that explains the mineralisation as distal, low grade, isolated pods related to a much larger mineralising system controlled by major structures developed to the south of the Block. This is analogous to the Galmoy area where a half graben has developed dipping to the south with the main controlling structures located along the southern margin. These faults acted as the main conduits for the mineralising hydrothermal fluids that transported the metal to sites of deposition at Galmoy. Historic exploration at Galmoy was concentrated on the discontinuous, low-grade, shallow / sub-outcropping mineralisation to the north, only moving south towards the main control as the geological model evolved and focused the exploration into this region.

### Drilling

Minco has recently carried out as operator, or co-funded with their JV partner Boliden Tara Mines, drilling on the Navan, Moate, and Slievedart Blocks of the Irish Zinc Exploration Project.

All of the drilling carried out either by Minco or their JV partner Boliden Tara Mines was diamond drilling. Typically, in a drill hole the overburden is open hole drilled with a NW tricone bit, cased off and an NQ diameter hole, with core recovery throughout, is drilled to the target depth. Holes are stopped in the Sub Waulsortian Reef ABL facies where the target horizon is the base of the Waulsortian Reef or in the Old Red Sandstone or Lower Palaeozoics where the target horizon is the Navan Beds.

**Navan Block:** At the Navan Block, five holes have been drilled during the current joint venture by Minco / Boliden Tara Mines on PL's 1440R and 3373.

During 2017, Boliden Tara Mines, operator of the JV, completed an infill drilling programme of four drill holes between and peripheral to existing mineralised zones on Licence 1440R, with all four holes intersecting economic grade mineralisation over widths between two and nine metres. The drilling confirmed the continuity of the deposit, the very widespread nature of mineralisation in this area and the potential for extensions.

Table 2 - Intersections from Navan Drilling

Hole ID	From	To	Thickness	Zn %	Pb %
N02434	112.8	121.5	8.7	1.3	0.21
N02435	107.7	109.8	2.1	2.19	0.2
N02435	110.7	117.6	6.9	0.81	0.25
N02436	108.5	118.2	9.7	2.36	0.28
N02440	98.7	107.7	9	6.35	0.66

At the end of 2018 Boliden Tara Mines drilled one-deep hole of 1,225m on PL 1440R, approximately two kilometres to the north of the Tatestown-Scallanstown deposit (N02478). The hole intersected Navan Beds between 1,000 and 1,200 metres down hole, which were extensively calcite veined, dolomitised and brecciated

with pervasive low-grade mineralization of sphalerite-galena common throughout. The encouraging results of this deep hole supports the concept of a continuous mineralized corridor extending north-northwest from Tatestown, which, in turn, might reflect a larger property scale northwest-southeast trend extending through the main Navan Mine area to the new Tara Deep deposit in the southeast.

Table 3 - Collar Data for Drillhole N02478

Hole ID	Started	Completed	Depth (m)	easting	northing	inclination	Azimuth
NO2478	03/12/2018	06/02/2019	1225.6	282,297	273,295	90	0

Hole NO2478 was collared in Upper Dark Limestone (UDL) that continued to a depth of 571.8m. There were a number of interesting and possibly significant features intersected within the UDL succession. At c.420m a 7m thick zone of breccia / conglomerate was intersected (figure 33), the clasts were very angular and consisted dominantly of Waulsortian Reef facies. The angularity and the presence of Waulsortian within Chadian / Arundian facies would suggest that the Waulsortian was exposed and being actively eroded nearby, this is indicative of active faulting and uplift in this area.

At the base of the UDL there is selective replacement of the coarser grained beds and laminae by fine grained pyrite. This style of pyrite mineralisation is also seen in the UDL stratigraphically above the Navan and Tara Deep deposits.

There is a normal succession from the UDL to the Navan Beds through Waulsortian Reef, ABL and Shaley Pales, however there is no evidence of the Arundian unconformity that is seen in the mine area. The Navan Beds however, have some interesting characteristics that could be considered prospective. Firstly, there is a pervasive ferroan dolomite alteration through the entire Navan Beds sequence, this is analogous to the main Mine area. Secondly, there is persistent, low grade zinc -lead mineralisation that can become quite intense over narrow intervals and thirdly, the Micrite Unit hosts crosscutting evaporites and is more intensely brecciated than normal

**Moate Block:** At the Moate Block, Minco has drilled 13 holes for a total of 1299m since drilling recommenced in 2016. The holes have been a combination of vertical and angled holes and recently a hole was drilled, designed to test a major structural offset to the Moyvoughly Fault.

Table 4 - Collar Data for Minco's Moate Drilling (2016 – 2019)

Hole ID	Started	Completed	Depth (m)	easting	northing	inclination	Azimuth
16-1229-35	09/09/2016	16/9/2016	146	209 265	238 465	70	162
16-1229-36	20/9/2016	28/9/2016	209	209 330	238 340	70	162
16-1229-37	10/04/2016	10/05/2016	52	210 215	239 705	60	160
16-1229-38	10/07/2016	10/12/2016	100	209 500	239 370	70	162
16-1229-39	19/10/2016	27/10/2016	193	209 000	239 225	70	142
16-1229-40	16/11/2016	29/11/2016	229	209 380	239 155	50	142
16-1228-40	16/12/2016	17/12/2016	23	211 304	239 595	90	000
16-1228-41	20/12/2016	21/12/2016	23	210 975	239 550	90	000
16-1229-41	22/12/2016	16/1/2017	13	210 795	239 628	90	000
17-1228-42	18/1/2017	18/1/2017	20	211420	239 740	90	000
17-1228-43	19/1/2017	20/1/2017	35	211 068	239 840	90	000
17-1228-44	20/1/2017	23/1/2017	50	211 458	239 845	90	000
17-1228-45	24/1/2017	30/1/2017	206	211 130	239 918	90	000

Drilling was concentrated in three areas centred on the townlands of Knockanea-Fardrum and Crosswood areas (PL 1229) and Tully (PL 1228). 1303m were drilled on PL 1229 and 357m on PL 1228.

Minco's drilling programme initially focused on PL 1229 over the southwestern three kilometers of the target area, adjacent the ENE striking Moyvoughly Fault, where five holes (1229-35 to 1229-39) were drilled for a total of 700 metres. Reef derived breccias comparable to those at Tynagh were intersected confirming the geological model, and in drill holes 1229-38, 39 and 40 the breccias contained widespread trace amounts of disseminated sphalerite. The 2019 drill hole, 19-1229-42, was designed to explore for Tynagh-type mineralisation associated with the faulted flank of the Waulsortian Reef margin and was sited in the Crosswood area to explore the northern margin of the Waulsortian Reef north of the cross fault. This hole confirmed the fault location and constrained the target further to the east-northeast. The 2016-2019 drill programme on PL 1229 has confirmed the geological model and enhanced the exploration potential of the Licence.

On PL 1228 the geological structure has proven more complicated than expected as the Moyvoughly Fault was not intersected in the drilling programme. The Moyvoughly Fault is believed to have been straddled by the drilling and to have a reversed throw of approximately 150m. To the NE, on PL 1228, previous drilling indicates the Moyvoughly Fault is present with a down-throw of approximately 180m to the north, while on PL 3581, further north, the fault was intersected by previous drilling with a throw of 300m. The drilling on PL 1228, in the Tully area has defined a major west northwest striking cross fault off-setting the Moyvoughly Fault and the proposed Tynagh-Ballinalack basement structure. There is evidence that the cross fault is also a regional structure, localised by basement structure. The strike of the cross fault swings from west northwest to east-west over a strike length of 1.5 kilometres where it offsets the Tynagh-Ballinalack trend, possibly reflecting movements along the basement structures during the Variscan. The structural pattern is comparable to the setting of the Silvermines where the zinc-lead-barite deposits are localised north of an east-west striking flexure of a regional east northeast fault. 17-1228-45 sited north of the cross fault intersected reef derived breccias comparable to those in 16-1229-38, 16-1229-39 and 16 1229-40 in the Knockanea area.

A 2019 drill hole was designed to explore for Tynagh-type mineralisation associated with the faulted flank of the Waulsortian Reef margin and was sited to explore the northern margin of the Waulsortian Reef north of the cross fault.

The primary target horizon remains Reef derived breccia systems developed along the reef margin. Although not demonstrated by recent drilling, there remains potential in the target area for the development of Ballinalack-type Reef knolls associated with the Reef margin, possibly associated with the cross fault.

**Slievedart Block:** Minco has been involved with the design and targeting of a single drill hole at the Ballymoney Bridge target on the Slievedart Block. This drill hole 3470/15 was sited to test the source of a widespread shallow EM response from a 2010 survey at Ballymoney Bridge and interpreted to be an anomalous overburden response. The hole was designed to follow up drill hole 3470/11 that intersected well-developed Waulsortian Limestone from 239.5-308.1m. The section from 239.5-282.5m shows abundant pyrite throughout with lesser sphalerite and galena.

Dolomitisation is only weakly developed in places. The upper part of this zone from 239.5-251.0m shows development of crackle breccias with pyrite and minor sphalerite as matrix fill. The lower part of this zone shows large cavities with linings of pyrite and sphalerite. Pyrite and sphalerite are also present as fine-grained layers within muddy sediment infill to the cavity spaces. Some cavities have narrow intervals of high-grade sphalerite mineralisation with only minor galena noted. Pyrite veining is also common throughout this section. From 274.0m concentrations of pyrite start to decrease and from 282.5m are restricted to minor veins. A thin band of massive pyrite was noted near the base of the Waulsortian at 303.4m.

## **Sampling, Analysis, and Data Verification**

Minco has established a detailed Standard Operating Procedure (“SOP”) for the collection and preparation of geological samples for shipment to the laboratory for analysis. All samples are weighed, bagged and labelled and the details recorded for Minco’s own records and for the information of the laboratory. Full details of these procedures are set out in the Blaney Report and are considered fit for purpose by the author of the report.

The primary laboratory selected by Minco is ALS Loughrea (formerly ASA-OMAC Laboratories Limited) Co. Galway. This laboratory has been the subject of an audit by the Manager of Geochemistry, of the SFI Research Centre in Applied Geosciences funded by the Science Foundation Ireland and found to be acceptable.

Secondary laboratories used for check assays of “pay” commodities (in this case Zn, Pb and Ag) and to verify particle size distribution in pulp and coarse reject samples are Intertek-Genalysis, Perth, Western Australia and AGAT Labs, Mississauga, Canada.

Duplicate lithogeochem and core samples are taken and analyzed to monitor total sampling variance and check for sample heterogeneity or sampling bias.

Samples are transported to the laboratory by Minco’s technical staff to ensure that the chain of custody is always within Minco’s control and maintained to the highest possible standard.

Each sample shipment is documented upon arrival as follows:

- checking for spillages and general sample integrity.
- verifying that samples match sample shipment requisition numbers provided by samplers.
- identifying and flagging of samples, which are urgent.
- identifying and flagging of high-grade samples for special handling to avoid cross contamination of samples.

Samples are analysed in batches of forty. Each batch will contain the following:

- thirty-five samples
- two duplicate samples
- two blank samples
- one Certified Reference Standard or one In-house Standard

Approximately 5% of coarse crush rejects are re-analyzed at the primary laboratory. Approximately 5% of mineralized pulp samples are submitted to a secondary laboratory for check assays.

ALS-OMAC Laboratories in Loughrea has developed and employs an extensive quality control/quality assurance programme to ensure the production of accurate and reliable data. CanMet Certified reference material and In-house Standards are used in the laboratory. Each batch of 35 samples analysed will contain one standard of similar composition to monitor the analysis. A minimum of three individuals, including two assayers, check results prior to reporting. All QC/QA data accompanies each report

## **Mineral Processing Metallurgical Testing**

No modern mineral processing and metallurgical tests have been performed on material from the Navan, Moate or Slievedart Blocks.

The nature of the mineralization at Navan is closely comparable to that of the Tara Mine, adjacent to Navan, where processing is achieved via conventional comminution and froth flotation.

## Mineral Resource and Mineral Reserve Estimates

Minco has no current official NI43-101 compliant reserve / resource estimates on any of its properties.

The Tatestown-Scallanstown deposit straddles the Blackwater River, which forms the licence boundary between PL's 1440R and 1496. Part of this deposit is located on PL 1440R on which Minco holds a 20% interest and the remainder is on the adjacent PL 1496, held 100% by Boliden Tara Mines. Minco is not treating the historical estimates of the Tatestown-Scallanstown deposit as a current mineral resource or mineral reserve.

## AVAILABLE FUNDS

At June 30, 2019, Minco has approximately \$9,108(€6,118) available to it and had an estimated consolidated working capital deficiency of -\$22,649(-€15,214) as at June 30, 2019.

Minco's working capital after the completion of the Arrangement is dependent upon the successful closing of a proposed private placement of Minco Shares to be completed as soon as possible after completion of the Arrangement. There is no assurance that the Minco Financing will be completed. If the Minco Financing is not completed, the Minco Shares may not be listed for trading on any stock exchange.

Buchans has agreed to pay and discharge all of Minco's costs and expenses (including professional fees and outlays) in connection with the Arrangement.

## DIVIDEND RECORD AND POLICY

Minco has not, since the date of its incorporation, declared or paid any dividends on its ordinary shares ("**Minco Shares**") and does not currently have a policy with respect to the payment of dividends. The payment of dividends will depend on the earnings, if any, and Minco's financial condition and other factors as the directors of Minco consider appropriate.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management discussion and analysis ("MD&A") of financial condition and results of operations of Minco Exploration Limited, provides information that Management believes is relevant to an assessment and understanding of the results of operations and the financial condition of Minco.

This MD&A should be read in conjunction with the audited carve-out consolidated financial statements and the notes thereto of the Company for the year ended 31 December 2018, and the condensed interim carve-out financial statements and the notes thereto for the six-month period ended June 30, 2019, both of which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). As Minco did not exist as a legal entity prior to 31 December 2018, the carve-out financial statements have been prepared from the financial records of Buchans on a carve-out basis. All amounts are stated in Euros, unless otherwise noted.

The historical financial information contained in this discussion relating to periods prior to the incorporation of the Company are derived from the consolidated financial statements of Buchans for the same periods.

The discussion contains forward-looking statements that involve numerous risks and uncertainties, including those risks set forth herein under the heading "*RISK FACTORS*" elsewhere in this document. Actual results of Minco could differ materially from those discussed in such forward-looking statements as a result of these risks and uncertainties.

## Company Overview

Minco was incorporated under the *Companies Act* 2014 of the Republic of Ireland on 28 May 2019 for the purpose of holding the Ireland and UK assets of Buchans and to pursue the exploration and development of same. Minco is a wholly-owned subsidiary of Buchans.

Details of the exploration activities and results of Minco are set out elsewhere under the section *The Business of the Company – Mineral Exploration Properties*”.

## Overview

Minco holds base metal exploration property interests in the Republic of Ireland and is pursuing exploration for zinc and lead, both in joint venture with Boliden Tara Mines near Navan and on its own licences at Moate. Minco has also entered into a new exploration agreement with Boliden Tara Mines on twelve Prospecting Licences in Galway.

## Exploration and Evaluation Assets

For the period ended June 30, 2019 and the years ended 31 December 2018, 2017 and 2016

	30 June 2019 €	Additions €	31 December 2018 €	Additions €	31 December 2017 €	Impairment €	Additions €	31 December 2016 €
Navan	350,360	2,050	348,310	6,717	341,593	-	64,172	277,421
Moate	251,530	-	251,530	13,247	238,283	-	68,562	169,721
Kells	81,829	850	80,979	80,979	-	-	-	-
Slieve Dart	109,085	850	108,235	108,235	-	-	-	-
Pennines	-	-	-	-	-	(1,952,100)	-	1,952,100
Total	792,804	3,750	789,054	209,178	579,876	(1,952,100)	132,734	2,399,242

## Results of Operations

The Company recorded no revenue in the years ended 31 December 2018 or 31 December 2017 or in the periods ended 30 June 2019 or 30 June 2018.

For the year ended 31 December 2018, the Company recorded a loss of €189,084, compared to a loss of €2,114,415 for the year ended 31 December 2017. The loss for the year ended 31 December 2017 included an impairment provision against exploration assets located in the United Kingdom in the amount of €1,952,100.

Administrative expenses for the year ended 31 December 2018 amounted to €187,868 compared to €151,425 for the year ended 31 December 2017.

Management and administration of the Company was provided by Buchans. The carve-out financial statements include an allocation of general and administrative expenses estimated to relate to the Company and presented as management fees in the statement of loss.

For the six-month period ended 30 June 2019, the Company recorded a loss of €65,284, compared to a loss of €82,106 for the six-month period ended 30 June 2018.

For the three-month period ended 30 June 2019, the Company recorded a loss of €27,522, compared to a loss of €27,004 for the three-month period ended 30 June 2018.

During the year ended 31 December 2018, Minco invested €209,178 (2017 - €132,734) on exploration of its mineral properties.

## SELECTED ANNUAL INFORMATION

The following selected annual information has been derived from the financial statements of the Company, which have been prepared in accordance with International Financial Reporting Standards.

Expressed in Euros Except for per share amounts	Year ended 31 Dec. 2018 €	Year ended 31 Dec. 2017 €	Year ended 31 Dec. 2016 €
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Loss before taxation and other items	(187,868)	(151,425)	(133,458)
Net loss for the period	(189,084)	(2,114,415)	(150,739)
Total assets	831,616	623,122	4,362,911
Cash and cash equivalents	15,682	8,899	1,927,377
Owner's investment	779,332	553,956	4,228,386

## Summary of Quarterly Results

Expressed in €000's, Except for per share amounts	30 June 2019 €	31 March 2019 €	31 Dec. 2018 €	30 Sept. 2018 €	30 June 2018 €	31 March 2018 €	31 Dec. 2017 €	30 Sept. 2017 €	30 June 2017 €	31 March 2017 €
Net (loss) gain	(37)	(28)	(93)	(48)	(27)	(21)	(1,959)	(44)	(43)	(68)
Net (loss) gain per share - basic and diluted	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.002)	(0.000)	(0.000)	(0.000)
Total assets	801	829	832	749	800	744	623	2,559	2,589	4,073
Working capital/ Deficiency	(18)	(15)	(10)	(15)	33	(120)	(26)	48	59	1,552

- The loss for the quarter ended 31 December 2017 included an impairment provision against exploration assets in the amount of €1,952,100.

## LIQUIDITY AND CAPITAL RESOURCES

At 31 December 2018, Minco held €15,682 (31 December 2017- €8,899) in cash, and had a working capital deficiency of €9,723, compared to a working capital deficiency of €25,920 at 31 December 2017. At 30 June 30, 2019, Minco held €6,118 in cash and cash equivalents.

At 31 December 2018 and 30 June 2019, Minco held interests in mineral properties with a combined book value of €789,054 and €792,804, respectively. The balance sheet values for these assets may not represent that which could be obtained if the assets were to be offered for sale.

At 31 December 2018 and 30 June 2019, the Company had a working capital deficiency, had not achieved profitable operations, had an accumulated deficit since inception and expects to incur further losses in the development of its business. The Company has relied on equity financing and/or advances from its parent Buchans to fund its working capital requirements. The Company will need to generate additional financial resources in order to fund its planned programs. There is a risk that additional financing will not be available to the Company on a timely basis or on acceptable terms.



Minco's working capital after the completion of the Arrangement is dependent upon the successful closing of a proposed private placement of Minco Shares to be completed as soon as possible after completion of the Arrangement. There is no assurance that the Minco financing will be completed. If the Minco financing is not completed, the Minco Shares will not be listed for trading on any stock exchange.

## **Metal Prices**

Metal prices are a key factor in the future outlook for the mining and mineral exploration industry as a whole.

The improvement in base metal prices which began in late 2016, continued throughout 2017 and into the first half of 2018, but stalled mid-year as the optimism provided by shrinking metal inventories and generally declining mine production was overshadowed by the growing threat of a US-China trade war, tariffs, potential interest rate hikes in the US, uncertainty in Europe and a general slowdown in the global economy. These conditions caused most metal prices to retreat in the second half of 2018, before stabilizing towards year end.

After having risen consistently for almost two years, the price of zinc began falling in mid-2018; however, the average price remained virtually unchanged compared to 2017. The silver price was negative from mid-2018 onwards, although the price of gold remained stable.

The zinc price in 2018 averaged US\$2,920/tonne in 2018, an increase from US\$2,895/tonne in 2017. The price of zinc was affected by the economic issues and an increase of mine supply in 2018. After rising to US\$3,600/tonne in February, its highest level since 2007, the price declined over 30% to the US\$2,284/tonne level, a 22-month low, in August, and to a 52-week low of US\$2,314/tonne in late September 2018.

Several large new zinc mines opened new sources of mined zinc and negatively impacted the price, including the start-up of the Century tailings project, the ramp-up of MMG's Dugald River project and the restart of some of the idled Glencore capacity.

According to the International Lead and Zinc Study Group global demand for refined zinc metal was expected to rise in 2019, and the expectation is that global demand for refined zinc will exceed global supply, drawing down stocks. Demand for zinc in China remains strong.

## **RELATED PARTY TRANSACTIONS**

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

On 28 June 2019, an aggregate of 600,000 Minco Shares were issued to Buchans in consideration for the indirect acquisition of Minco's mineral exploration properties and certain intercompany accounts pursuant to a subscription agreement made on June 28, 2019. Subsequently, on 03 October 2019 these Minco Shares were subdivided into 60,010,000 Ordinary Shares.

On 24 October 2019, 141,284 shares were cancelled and as at the date hereof, there are 59,868,716 Minco shares issued and outstanding.

Management and administration of the Company was provided by Buchans. The carve-out financial statements include an allocation of general and administrative expenses estimated to relate to the Company and presented as management fees in the statement of loss.

No fees were paid by the Company to directors for their services as directors of the Company in the years ended 31 December 2018 or 2017 or in the periods ended 30 June 2019 or 2018.

## **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 of the 31 December 2018 audited consolidated carve-out 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 Minco may be affected by numerous factors that are beyond the control of Minco 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 Minco not receiving an adequate return of investment capital. Many of the properties in which Minco holds an interest are in the exploration stage only and are without a known body 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 Minco's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of Minco's 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 mining and processing facilities and infrastructure at any site chosen for mining. 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 Minco's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of Minco to raise

additional financing, if necessary, or alternatively upon Minco's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

### **No Assurance of Production**

Minco 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 Minco will have available to it the necessary expertise when and if Minco places its resource properties into production and whether it will produce revenue, operate profitably or provide a return on investment in the future.

### **Fluctuating Mineral Prices**

Metal prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of Minco. The principal factors include: diminished demand which may arise if economic growth in North America, Europe and/or China are not sustained; supply interruptions due to changes in government policies in base and precious metals, war, or international trade embargos; increases in supply resulting from the alleviation of professional and skilled labour shortages experienced by the world's largest producers; and, increases in supply resulting from the discovery and the development of new sources of base and precious metals. The effect of these factors on Minco's operations cannot be predicted.

### **Factors beyond Minco's 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 Minco. 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.

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

Minco expects to have sufficient financial resources necessary to undertake its currently planned activities, subject to completion of the Minco financing. There can be no assurance that Minco will be successful in obtaining any additional required funding necessary to conduct additional exploration or evaluation, if warranted, on Minco's 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 Minco to forfeit its interest in such properties. If additional financing is raised through the issuance of equity or convertible debt securities of Minco, the interests of shareholders in the net assets of Minco may be diluted.

### **Environmental Risks and Hazards**

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

## **Competition**

The mining industry is intensely competitive in all its phases, and Minco 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 Minco. Competition could adversely affect Minco's ability to acquire suitable properties or prospects in the future. Consequently, Minco's operations and financial condition could be materially adversely affected.

## **Management**

The success of Minco is currently largely dependent on the performance of its directors and officers. There is no assurance Minco 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 Minco 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 Minco. 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 Minco's 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 Minco's business activity grows, additional key financial, administrative and mining personnel as well as additional operations staff will be required. Although Minco believes it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If Minco 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**

Minco finances its operations through the issue of equity shares and has no fixed interest rate agreements. Minco had €15,682 and €6,118 in cash and no cash equivalents at 31 December 2018 and 30 June 2019, respectively. A one percent change in interest rates will result in a corresponding change in interest income of approximately Nil based on cash equivalent balances existing at 31 December 2018 and 30 June 2019.

### **Liquidity risk**

Minco's 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 Minco, which comprise of cash and cash equivalents, cash deposits give risk to credit risks on the amounts due from counter-parties. 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 31 December 2018 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 counter-parties that have a credit rating of at least BBB-.

### **Foreign currency risk**

Minco has exposure to currency exchange fluctuations and restrictions as Minco's currencies are spread over Euro (€), US Dollars (US\$), and Sterling Pounds (£). Minco seeks to minimize its exposure to currency risk by closely monitoring exchange rates. Minco 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 Minco's financial risk management policies are set out in Note 11 of the 31 December 2018 audited financial statements.

### **OFF-BALANCE SHEET ARRANGEMENTS**

There are no off-balance sheet arrangements.

### **FINANCIAL INSTRUMENTS**

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

The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Fair value estimates of financial assets and liabilities are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates involve uncertainties and are subjective in nature. Other financial instruments included in current assets are classified as loans and receivables, which are measured at amortized costs. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. As at 31 December 2018 and 30 June 2019, the carrying and fair value amounts of the Company's financial instruments were the same.

### **OUTSTANDING SHARE CAPITAL**

As at the date hereof, there are 59,868,716 ordinary shares outstanding.

### **FORWARD-LOOKING STATEMENTS**

*This management's discussion and analysis contains certain forward-looking statements relating to, but not limited to, Minco'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. Minco 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.*

## DESCRIPTION OF SECURITIES

### Ordinary Shares

Minco's authorized capital initially consisted of 1.0 million ordinary shares of €1.00 each ("**Minco Shares**"), of which 600,100 ordinary shares were issued and outstanding and held by Buchans as at June 30, 2019. On October 3, 2019, Minco subdivided its authorized and capital into 100 million ordinary shares of €0.01 each and its issued capital into 60,010,000 ordinary shares of €0.01 each.

On October 24, 2019, 141,284 shares were cancelled and as at the date hereof, there are 59,868,716 shares outstanding.

Holders of ordinary shares are entitled to dividends if, as and when declared by the directors, to one vote per ordinary share at meetings of shareholders and to receive the remaining property of Minco upon the liquidation, dissolution or winding-up of Minco, whether voluntary or involuntary.

Following implementation of the Arrangement, all of the issued Minco Shares will be held by Buchans subject to reduction upon the optional exercise by the holders of the Buchans Exchangeable Warrants to receive Minco Shares on the basis of one Minco Share for every Buchans Exchangeable Warrant held.

As at the date hereof, Minco does not have any of its securities listed or quoted, and has not applied to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America.

Following the Arrangement becoming effective, and subject to obtaining any necessary approvals, Minco has agreed to use its reasonable commercial efforts to make an application for the admission to trading of the Minco Shares on the Irish Stock Exchange as soon as reasonably practicable, subject to market and trading conditions, provided however that Minco does not guarantee that such a listing will be obtained or completed.

## CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of Minco as at the dates indicated before and after giving effect to the Arrangement. This table should be read in conjunction with the consolidated financial statements of Minco included in the Circular.

Designation of Security	Outstanding as at June 30, 2019 (unaudited)	Outstanding as at the date hereof (unaudited)	Outstanding as of the date hereof after giving effect to the Arrangement (unaudited)
Long-term Debt	Nil	Nil	Nil
Shareholders' Equity Owners Net Investment	€777,490	€777,490	€777,490
Ordinary Shares (Authorized – 100 million ordinary shares at €0.01 each)	€2,625,000 600,100 Ordinary Shares	€2,625,000 59,868,716 Ordinary Shares	€2,625,000 59,868,716 Ordinary Shares
Retained Earnings (Deficit)	(€1,847,510)	(€1,847,510)	(€1,847,510)

## OPTIONS TO PURCHASE SECURITIES

### Incentive Stock Option Plan

Minco does not currently have a stock option plan.

### Outstanding Options

As at the date hereof, no options to purchase securities of Minco have been issued or are outstanding.

### PRIOR SALES

On May 28, 2019 an aggregate of 100 Minco Shares were issued as incorporator's shares for a total cash consideration of €100. These shares are now held by Buchans.

On June 28, 2019, an aggregate of 600,000 Minco Shares were issued to Buchans in consideration for the indirect acquisition of Minco's mineral exploration properties and certain intercompany accounts having an aggregate fair value of €2,625,000 pursuant to a subscription agreement made on June 28, 2019. Subsequently, on October 3, 2019 these Minco Shares were subdivided into 60,010,000 Ordinary Shares.

On October 24, 2019, 141,284 shares were cancelled and as at the date hereof, there are 59,868,716 Minco shares issued and outstanding.

### ESCROWED SECURITIES

As at the date hereof, there are no securities of Minco held in escrow or that are subject to a contractual restriction on transfer.

### PRINCIPAL HOLDERS OF COMMON SHARES

As at the date hereof, to the knowledge of the directors and officers of Minco, no person beneficially owns, directly or indirectly, or exercises control or direction over, Minco Shares carrying more than 10% of the voting rights attaching to all outstanding Minco Shares, except as follows:

Name	Designation of Class	Type of Ownership	Number and Percentage of Minco Shares owned before giving effect to the Arrangement	Number and Percentage of Ordinary Shares owned after giving effect to the Arrangement
Buchans Resources Limited	Ordinary Shares	Direct	59,868,716 100%	59,868,716 <sup>(1)</sup> 100%

<sup>(1)</sup>Subject to reduction upon exercise of the Buchans Exchangeable Warrants.

### DIRECTORS AND OFFICERS

The directors and executive officers of Minco are currently directors and executive officers of Buchans. The following table sets out, for each of Minco's directors and executive officers, the individual's name, municipality of residence, positions with Minco, principal occupation, and, if a director, the month and year in which such individual became a director. Directors hold office for a term of one (1) year until the next annual meeting of shareholders of Buchans or until their successors are duly elected or appointed.

Name and Municipality of Residence	Offices with Minco	Principal Occupation	Director/Officer Since	Shares held Directly or Indirectly or over which control or direction is exercised	
				Pre-Arrangement	Post Arrangement
John F. Kearney Ontario, Canada	Chairman and Director	Mining Executive  Chairman and CEO of Labrador Iron Mines Holdings Limited	May 28, 2019	Nil	Nil <sup>(1)</sup>
Patrick D. Downey	Director	Chartered Professional Accountant	October 28, 2019		Nil <sup>(2)</sup>
Terence McKillen	Director	Professional Geologist (Retired)	October 28, 2019		Nil <sup>(3)</sup>
Peter McParland Ireland	Chief Executive and Director	Business Executive	May 28, 2019	Nil	Nil <sup>(4)</sup>
Michael Power	Director	Professional Engineer	October 28, 2019		Nil
Danesh Varma Kingston United Kingdom	Secretary and Director	Chartered Accountant	May 28, 2019	Nil	Nil <sup>(5)</sup>

- Notes
- (1) Will hold 2,546,969 Buchans Exchangeable Warrants exchangeable for up to 2,546,969 Minco Shares.
  - (2) Will hold 186,500 Buchans Exchangeable Warrants exchangeable for up to 186,500 Minco Shares.
  - (3) Will hold 213,050 Buchans Exchangeable Warrants exchangeable for up to 213,050 Minco Shares.
  - (4) Will Hold 473,000 Buchans Exchangeable Warrants exchangeable for up to 473,000 Minco Shares.
  - (5) Will Hold 2,505,548 Buchans Exchangeable Warrants exchangeable for up to 2,505,548 Minco Shares.

As of the date hereof, the directors and executive officers of Minco as a group do not beneficially own, directly or indirectly, any Minco Shares. Following completion of the Arrangement, directors and executive officers of Minco as a group will beneficially own, directly or indirectly, 5,925,067 Buchans Exchangeable Warrants exchangeable for up to 5,925,067 Minco Shares which will represent approximately 9.90% of the issued and outstanding Minco Shares if all such warrants are exchanged for Minco Shares.

The following relates to the directors and officers of Minco. Except as noted below, each of Minco directors and executive officers has been engaged for more than five years in his or her present principal occupation.

**John F. Kearney** – Mr. Kearney, Chairman, is a mining executive with over 45 years of experience in the mining industry. He is currently a director or senior officer of numerous mineral ventures including, Labrador Iron Mines Holdings Limited, Anglesey Mining Plc and is also Chairman of Xtierra. He holds degrees in law and economics from the University College Dublin and a Masters in Business Administration from Trinity College Dublin. He is a member of the Law Society of Ireland.



**Patrick D. Downey** – Mr. Downey is a Canadian Chartered Professional Accountant and an Institute of Corporate Directors Certified Director with over 35 years of experience in the mining industry. He has been a director, CEO and CFO of Toronto Stock Exchange and New York Stock Exchange listed companies, including Northgate Minerals Corp., The companies he has been associated with have been involved in numerous mining operations primarily involving gold and copper mines in Australia, Canada, Chile, Mexico and the USA. Mr. Downey is Chairman of the Audit Committee.

**Terence N. McKillen** – Mr. McKillen is a retired professional geologist with 47 years of experience in the mining industry. He was Chief Executive of Xtierra and Minco from 2007 until April 2013. He holds degrees in geology from the University of Dublin (Trinity College) and the University of Leicester. He is a lifetime honorary member of the Association of Professional Geoscientist of Ontario. Mr. McKillen is a director of Xtierra Inc. and Conquest Resources Limited. He has extensive experience in exploration and development projects in Ireland, Europe, Africa, Southeast Asia, as well as North, Central and South America.

**Peter McParland** – Mr. McParland is the founder and Managing Director of Quarry and Mining Equipment (QME) with over 40 years experience in the Mining and Tunnelling industries. QME is an International Mining Contractor, and is also a long-established Global Equipment Supplier of both new, and reconditioned, Mining and Tunneling Equipment. QME headquarters are in Navan, Ireland and also operate from offices in Toronto, Canada and Perth, Australia. He is also a Director of several private companies, both in the mining and medical and health care fields.

**Michael Power** – Mr. Power is a director of Greencastle Resources Ltd., Moydow Resources Limited, Conroy Gold and Natural Resources Plc, and Minerex Drilling Contractors Limited. He is a Professional Engineer registered in Ontario and is also a Chartered Financial Analyst with 50 years of experience in the mining industry in Canada and worldwide. Based in Toronto, Mr. Power was formerly Vice-President and Secretary of Moydow Mines International Inc., Vice-President of Corporate Development at Hemlo Gold Mines Ltd. and previously Noranda Mines.

**Danesh Varma** – Mr. Varma, Chief Financial Officer, is a Chartered Professional Accountant with over 31 years of experience in the mining finance industry, having been a director of American Resource Company, Northgate Exploration Ltd. and Westfield Minerals Ltd. Mr. Varma holds directorships with Labrador Iron Mines Holdings Limited, Brookfield Infrastructure Partners L.P. and Anglesey Mining Plc.

### **Penalties or Sanctions**

No director, officer, promoter or other member of Management has, during the ten years prior to the date hereof, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No proposed director is, or within the ten years prior to the date hereof has been, a director, or executive officer of any company that, while that person was acting in the capacity of a director or executive officer of that company or within a year of that of person ceasing to act in that capacity, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days, or became bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except as follows:

- a. John F. Kearney and Danesh Varma are directors and/or officers of Labrador Iron Mines Holdings Limited which on April 2, 2015, instituted proceedings in the Ontario Superior Court of Justice for a financial restructuring by means of a plan of arrangement under the Companies' Creditors Arrangement Act which plan was approved on December 6, 2016 and sanctioned by the Court on December 14, 2016.
- b. Michael Power was a Director of San Gold Corporation which on December 22, 2014, filed a Notice of Intention to Make a Proposal under the Bankruptcy and Insolvency Act (Canada). On December 23, 2014, trading of the common shares and subordinated unsecured convertible debentures was suspended by the Investment Industry Regulatory Organization of Canada and the Toronto Stock Exchange. On March 5, 2015, San Gold Corporation obtained Court approval to conduct a Sale and Investor Process (SIPA). Mr. Power resigned as a director of San Gold Corporation on June 22, 2015.

### **Personal Bankruptcies**

No proposed director has within the ten years prior to the date hereof become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

### **Conflicts of Interest**

The transactions in which directors, senior officers, promoters or principal holders of Minco securities have had an interest in are described herein under the headings "*Interest of Management and Others in Material Transactions*", "*Options to Purchase Securities*" and "*Executive Compensation*". Other than as described under these headings, there are no material transactions with or involving the directors, senior officers, promoters or principal holders of securities of Minco that have occurred since incorporation. Some of the directors and officers of Minco are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with Minco. Certain of Minco's directors and officers also serve as directors and/or officers of companies which may enter into contracts with Minco in the future. In the event that this occurs, a conflict of interest will exist. Directors in a conflict of interest position are required to disclose such conflicts to Minco.

The directors of Minco are required by law to act honestly and in good faith with a view to the best interests of Minco and to disclose any interests that they may have in any material contract or material transaction. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict is required to disclose his interest and abstain from voting on such matter.

The directors and officers of Minco are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest in respect of Minco and are required to comply with such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers.

## **EXECUTIVE COMPENSATION**

### **Named Executive Officers**

During the period from incorporation until June 30, 2019, Minco had two Named Executive Officers ("NEOs") as defined under applicable Canadian securities regulations; namely, John F. Kearney; Chairman and Danesh Varma, Secretary.

## **Summary of Compensation**

The NEOs have received no compensation of any kind from Minco during the period from incorporation until the date hereof. Minco does not plan to provide regular compensation to its executive officers during the next 12 months, however, it is anticipated that certain of its officers will be engaged from time to time to provide services as consultants to Minco and they will be compensated at standard industry rates on the basis of the actual time spent and the nature of the services provided.

Minco does not have a formal annual incentive bonus plan in place. Any award of a bonus to executive officers would be entirely at the discretion of the Board.

## **Stock Options and Other Compensation Securities**

Minco does not currently have an incentive stock option or stock appreciation right plan

During the period from incorporation until June 30, 2019, there were no incentive stock options and SARs (stock appreciation rights) granted to or exercised by the Directors or NEO's.

## **Defined Benefit or Actuarial Plan**

Minco does not have a defined benefit or actuarial pension plan.

## **Compensation Governance**

Minco does not have a Compensation Committee. Compensation matters will be reviewed by the full Board of Directors when required. An interested board member is required to abstain from voting on matters concerning his or her own compensation. Currently, the directors of Minco do not receive fees in their capacities as directors.

The Board will rely on the general knowledge and experience of its members, and recommendations from the Chief Executive Officer, in reviewing appropriate levels of compensation for Named Executive Officers and the implementation of, or amendment to, any other aspects of compensation that the Board may review from time to time. The current Board has relevant general, but not direct, experience in executive compensation and compensation policies and practices in the mineral resources business gained through current and prior experience in business and in the minerals industry. Minco has not had any contractual arrangement with any compensation consultant at any time since incorporation.

The Board as a whole will be responsible for considering the risks associated with Minco compensation policies and practices and has not yet identified any specific risks associated with Minco compensation policies and practices that are reasonably likely to have a material adverse effect.

Because of the current scale and scope of Minco operations, and the limited number of senior management and employees, and the oversight by the Board of all significant activities, including risk management, the Board does not believe that Minco compensation policies and practices would encourage any executive officer to take inappropriate or excessive risk.

Minco NEOs or Directors are not prohibited from purchasing financial instruments, including, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive or Director.

## **Termination and Change of Control Benefits**

Minco has no compensatory plan or arrangement in respect of compensation received, or that may be received, by a NEO since incorporation or in Minco's current financial year to compensate such NEO in the event of the termination of employment (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of Minco or a change in responsibilities of the NEO following a change in control.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the Directors, officers, or associates of such persons have been indebted to Minco at any time since incorporation. No such person has been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by Minco in respect of the purchase of securities or otherwise.

## **INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed person of Minco, proposed Director of Minco, or associate or affiliate of any informed person or proposed Director of Minco has or has had any material interest, direct or indirect, in a transaction since the commencement of Minco's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect Minco.

## **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

The articles of Minco provide that Minco is required to indemnify a director or officer, or former director or officer, or a person who acts or acted at the request of Minco as a director or officer of a body corporate of which Minco is or was a shareholder or creditor, and his or her heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal or administrative action or proceeding to which he or she is made a party by reason of having been a director or officer of such body corporate if (a) he or she acted honestly and in good faith with a view to the best interests of Minco, and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful.

## **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITORS**

### **Audit Committee**

As a wholly-owned subsidiary of Buchans, Minco does not have an Audit Committee at present but intends to appoint one as soon as possible following implementation of the Arrangement.

The Audit Committee, when constituted, will adopt a written Charter which will comply with applicable legal and regulatory requirements.

## **CORPORATE GOVERNANCE**

The Directors of Minco are committed to maintaining high standards of corporate governance and to managing Minco in an honest and ethical manner. The Board believes that its corporate governance policies and procedures are appropriate in light of the size, nature and stage of development of Minco. The Board is accountable to shareholders for good corporate governance and has adopted the following procedures in this regard.

### **Board of Directors**

The Board currently comprises six members, four of whom the Board has determined are "independent" within the meaning of Canadian National Instrument 58-101, Disclosure of Corporate Governance Practices (the "NI 58-101").

A Director who has no direct or indirect material relationship with the Company is independent within the meaning of NI 58-101. A "material relationship" is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Chairman of the Board, John F. Kearney, is not considered independent in that he is also Chief Executive Officer of the Company. Danesh Varma, Chief Financial Officer is also considered non-independent.

Messrs. Downey, McKillen, McParland, and Power are considered independent Directors since they are all independent of management and free from any material relationship with the Company. The basis for this determination is that none of the independent Directors has been employed by the Company, received direct remuneration from the Company or had any material contracts with or material interests in the Company which could interfere with their ability to act with a view to the best interests of the Company.

Minco intends to recruit at least two more independent directors as soon as practicable following implementation of the Arrangement.

### Directorships

The following Directors of Minco are at present directors of reporting issuers (or equivalent):

Minco Director	Name of Reporting Issuer
John Kearney	Anglesey Mining Plc (LSE:AYM) Conquest Resources Limited (TSXV:CQR) Labrador Iron Mines Holdings Limited (OTC: LBRMF) Xtierra Inc. (TSXV:XAG)
Terence McKillen	Conquest Resources Limited (TSXV:CQR) Xtierra Inc. (TSXV:XAG)
Michael Power	Conroy Gold and Natural Resources Plc (AIM:CGNR) Greencastle Resources Ltd. (TSXV:VGN)
Danesh Varma	Anglesey Mining Plc (LSE:AYM) Brookfield Infrastructure Partners L.P. (TSX:BIP; NYSE:BIP) Labrador Iron Mines Holdings Limited (OTC: LBRMF) Xtierra Inc. (TSXV:XAG)

### Orientation and Continuing Education

The Board recognizes the importance of continuing education to ensure that members of the Board maintain the skill and knowledge for them to meet their obligation as directors. Minco currently has no formal orientation and education program for Board members. Information (such as recent reports, technical reports and various other operating, property and budget reports) is provided to Board members to ensure that they are familiarized with Minco's business and the procedures of the Board. In addition, directors are encouraged to visit Minco's properties at least once per year. Minco also encourages continuing education of its Directors by distributing information on industry and regulatory matters and by facilitating attendance at industry conferences, seminars or courses.

### Ethical Business Conduct

After consideration, the Board has decided not to adopt a written code of business conduct and ethics due to Minco's small size and limited scale of operations.

In addition, as some of the Directors of Minco also serve as Directors and officers of other companies engaged in similar business activities, the Directors must comply with the conflict of interest provisions under applicable corporate legislation, as well as the relevant securities regulatory instruments, in order to ensure that Directors exercise independent judgment in considering transactions and agreements in respect of which a Director or officer

has a material interest. Any interested Director is required to declare the nature and extent of his or her interest and is not entitled to vote at meetings of Directors where such a conflict arises.

The Board believes that the fiduciary duties placed on individual directors by Minco's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the Director has an interest are sufficient to ensure that the Board operates in the best interests of Minco.

### **Nomination of Directors**

The Board does not have a separate nominating committee. The Board performs the functions of a nominating committee with responsibility for the appointment and assessment of Directors. In view of the current size of Minco and the current scale of its operations, the composition of the current Board and the service of the current members of the Board, a separate nominating committee has not as yet been considered necessary by Minco.

While there are no specific criteria for Board membership, Minco will attempt to attract and maintain Directors with business experience and a particular knowledge of mineral exploration, project development and mining or other areas such as finance which would assist Minco. Nominations to the Board will be the result of recruitment efforts by Minco and discussions among the Directors prior to the consideration by the Board as a whole.

### **Compensation**

Given the current stage of development of Minco, the Directors of Minco do not currently receive fees in their capacities as Directors.

No cash compensation has been paid to directors since incorporation. Directors who also provide professional or consulting services to the Company may be compensated based upon the invoiced value of the services provided. Directors are entitled to be reimbursed for all reasonable expenses incurred in attending meetings of the board or any committee of the board.

### **Other Board Committees**

The Board has not established any other committees.

### **Assessments**

Given the size of Minco and its current stage of development and scale of operations, the Board believes that its structure and composition is appropriate and that the Board is functioning effectively at the current time. The Board will assess the contributions and effectiveness of the Board as a whole, and each individual Director, in order to determine whether each is functioning effectively.

## **RISK FACTORS**

### **Minco at Exploration Stage Only- Limited Operating History**

Minco has no history of earnings. Minco's properties are in the exploration stage and there are no known commercial quantities of mineral reserves on the properties. There can be no assurance that Minco will place its resource properties into production or generate revenue, operate profitably or provide a return on investment in the future.

### **Additional Financing**

Minco does not currently have sufficient financial resources necessary to undertake all of its currently planned activities. There can be no assurance that Minco will be successful in obtaining any required funding necessary to conduct exploration on Buchans' exploration properties 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 Minco 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 Minco may be diluted.

### **Absence of Public Trading Market**

The Minco Shares will not be listed or quoted on any stock exchange in the short term, nor will there be any trading facility for the Minco Shares on completion of the Arrangement. There is no certainty that such a listing or admission will be obtained. There can be no assurance that an active market for Minco Shares will develop or be sustained after the Effective Date. If an active public market for Minco Shares does not develop, the liquidity of an investor's investment may be limited. In the absence of an active and liquid trading market, holders of Minco Shares may have difficulty selling their shares.

Since the Minco Shares have not been traded on a market or stock exchange their value is and may remain uncertain. There can be no assurance that Minco Shares can be sold in the future at the same price as that at which they have been valued for the purposes of the acquisition of Minco's mineral exploration properties from Buchans.

As the Minco Shares will not be subject to any market or exchange rules pending the future admission of Minco Shares to trading on the Irish Stock Exchange, holders of Minco Shares will not be afforded the same level of protections and disclosures of material information, or the publication of financial information and compliance with certain corporate governance standards as shareholders of a company whose shares are admitted to trading on the Irish Stock Exchange.

### **Market Volatility and Lack of Liquidity**

If the Minco Shares are, at some time in the future, listed on a stock exchange, it should be noted that securities of exploration companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Europe, the UK and globally, and market perceptions of the relative attractiveness of particular industries. Minco's share price is also likely to be significantly affected by short-term changes in metal prices or in Minco's financial condition or results of operations as reflected in quarterly earnings reports. Other factors unrelated to Minco's performance that may have an effect on the price of the Minco Shares include the following:

- the extent of analytical coverage available to investors concerning Minco's business may be limited if investment banks with research capabilities do not follow its securities;
- the limited trading volume and general market interest in Minco's securities may affect an investor's ability to trade the Minco Shares;
- the relatively small size of the publicly held shares will limit the ability of some institutions to invest in Minco's securities; and
- a substantial decline in Minco's share price that persists for a significant period of time could cause its securities to be delisted from any stock exchange upon which they are listed, further reducing market liquidity.

As a result of any of these factors, the market price of Minco Shares at any given point in time may not accurately reflect Minco's long-term value.

### **Title Risks**

Although Minco has exercised the usual due diligence with respect to determining title to and interests in its properties, there is no guarantee that such title to or interests in the properties will not be challenged or impugned and title insurance is generally not available. Minco's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by, among other things, undetected defects. Surveys have not been carried out on any of Minco's properties in accordance with local laws; therefore, their existence and area could be in doubt. Until competing interests in the mineral lands have been determined, Minco can give no assurance as to the validity of title of Minco to those lands or the size of such mineral lands.

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

Resource exploration and development is a speculative business, characterised 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 Minco may be affected by numerous factors that are beyond the control of Minco 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 Minco not receiving an adequate return of investment capital. All of the licences to which Minco has a right to acquire an interest are in the exploration stage only and are without a known body 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 Minco's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of Minco's 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 mining and processing facilities and infrastructure at any site chosen for mining. 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.

### **No Assurance of Production**

Mineral exploration is highly speculative in nature, involves many risks, and frequently does not lead to the discovery of commercial reserves of minerals. While the rewards can be substantial if commercial reserves of minerals are found, there can be no assurance that Minco's past or future exploration efforts will be successful, that any production therefrom will be obtained or continued, or that any such production which is attempted will be profitable.

### **Factors Beyond Minco's 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 Minco. These factors include government regulation, high levels of volatility in market prices, availability of markets, availability of adequate transportation infrastructure and related facilities and the imposition of new or amendments to existing taxes and royalties. The effect of these factors cannot be accurately predicted.

### **Insurance and Uninsured Risks**

Minco's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes.

Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to Minco's properties or the properties of others, delays in development or mining, monetary losses and possible legal liability.

Although Minco will purchase insurance to protect against certain risks in such amounts as it considers reasonable, such insurance may not cover all the potential risks associated with a mining company's operations. Minco may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against



risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Minco or to other companies in the mining industry on acceptable terms. Minco might also become subject to liability for pollution or other hazards which may not be insured against or which Minco may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Minco to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

### **Environmental Risks and Hazards**

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

### **Government Regulation and Permitting**

The current or future operations of Minco, including development activities and commencement of production on its properties, require permits from various federal, provincial or territorial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, water use, environmental protection, land claims of local people, mine safety and other matters.

Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that will require Minco to obtain permits, licences and approvals from various governmental agencies. There can be no assurance, however, that all permits, licences and approvals that Minco may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which Minco might undertake.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Minco and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

### **Lags**

Minco is unable to predict the amount of time which may elapse between the date when any new mineral reserve may be discovered, the date upon which such discovery may be deemed to be economic pursuant to a feasibility study and the date when production will commence from any such discovery.

### **Infrastructure**

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. There can be no assurance that Minco will be successful in obtaining access to such infrastructure on economically feasible terms or at all. Failure to obtain access to such infrastructure could render

Minco's properties unviable. Unusual or infrequent weather phenomena, terrorism, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect Minco's operations, financial condition and results of operations.

### **Competition**

The mining industry is intensely competitive in all its phases, and Minco 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 Minco. Competition could adversely affect Minco's ability to acquire suitable properties or prospects in the future. Consequently, Minco's revenue, operations and financial condition could be materially adversely affected.

### **Executives and Conflicts of Interest**

Minco is dependent on certain key executives and the loss of these executives may adversely affect our business and results of operations. Due to the relatively small size of the Company, the loss of these persons or Minco inability to attract and retain additional highly skilled or experienced employees may adversely affect its business and future operations.

Certain of the directors and officers of the Company also serve as directors and/or officers of, or have significant shareholdings in, other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. In addition, some of the directors and officers are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with Minco.

Conflicts, if any, will be dealt with in accordance with the relevant provisions of applicable corporate and securities laws. Any decision made by any of such directors and officers involving Minco will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of Minco and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest.

To the extent that such other companies may participate in ventures in which Minco may participate, the directors of Minco may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for the approval of such participation or such terms.

From time to time several companies may collectively participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment.

Under Irish Company Law, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not Minco will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

### **Limited Experience with Development-Stage Mining Operations**

Minco 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 Minco will have available to it the necessary expertise when and if Minco places its resource properties into production in the future.

### **Ability to Attract and Retain Qualified Personnel**

Recruiting and retaining qualified personnel is critical to Minco's 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 Minco's business activity grows, additional key financial, administrative and mining personnel as well as additional operations staff will be required. Although Minco believes it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If Minco is not successful in attracting, training and retaining qualified personnel, the efficiency of operations could be affected.

### **Fluctuating Mineral Prices**

Factors beyond the control of Minco may affect the marketability of metals discovered, if any. Metal prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of Minco. The principal factors include: diminished demand which may arise if current rates of economic growth in India and China are not sustained; war, or international trade embargoes; increases in supply resulting from the alleviation of professional and skilled labour shortages experienced by the world's largest base metal producers; and, increases in supply resulting from the discovery and the development of new sources of base metals. The effect of these factors on Minco's operations cannot be predicted.

### **Foreign Currency Exchange**

Exchange rate fluctuations may affect the costs that Minco incurs in its operations. Minco's financing and operating activities have been denominated in Euro, while prices for base metals are generally quoted in U.S. dollars. The appreciation of the U.S. dollar against the Euro, if it occurs, may have a significant impact on Minco's financial position and results of operations in the future.

### **Dividends**

Minco has not paid any dividends on its Common Shares since incorporation. Minco has a limited operating history and there can be no assurance of its ability to operate its projects profitably. Payment of any future dividends will be at the discretion of Minco's board of directors after taking into account many factors, including Minco's operating results, financial condition and current and anticipated cash needs.

## **PROMOTER**

Buchans, having taken the initiative in substantially reorganizing Minco as contemplated in the Arrangement, is considered a promoter of Minco within the meaning of applicable securities laws. Buchans currently owns all of the issued shares of Minco. Upon completion of the Arrangement, Buchans will continue to hold all the shares of Minco subject to reduction upon the possible exchange of Buchans Exchangeable Warrants for Minco Shares at the option of the holders of such warrants.

Under the Arrangement Agreement, Buchans has agreed to sell to purchasers to be identified by Minco any Minco Shares which it continues to hold as a result of the exchange by shareholders of the Buchans Exchangeable Warrants for additional shares of Buchans.

## **LEGAL PROCEEDINGS**

Management is not aware of any material legal proceedings, actual, contemplated or threatened to which Minco or any of its subsidiaries is a party or to which any of their properties or assets are subject.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

No director, executive officer or principal shareholder of Minco, and no associate or affiliate of the foregoing, has had a material interest, direct or indirect, in any transaction that has materially affected or will materially affect Buchans except all of the directors of Minco are currently directors of Buchans.

## **EXPERTS**

Information of a scientific or technical nature regarding Buchans properties included in this Circular is based upon the Technical Report referred to under the heading “*Business of the Company*” above. The author of this technical report is a “Qualified Person” as such term is defined in NI43-101. The Author of this Technical Report is independent of Minco within the meaning of NI43-101 and do not have any interest in any of Minco’s properties.

Terence N. McKillen, P. Geo., Minco’s non-independent Qualified Person does not have any interest in any of Minco’s properties.

## **AUDITORS, TRANSFER AGENT AND REGISTRAR**

### **Auditors**

Upon completion of the Arrangement, it is intended to appoint UHY Farrelly Dawe White Ltd, FDW House, Blackthorn Business Park, Coes Road, Dundalk, Co. Louth, Ireland, as Auditors of Minco.

### **Transfer Agent and Registrar**

The transfer agent and registrar for the Minco Shares will be Computershare Investor Services (Ireland) Ltd., located at Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18

## **MATERIAL CONTRACTS**

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by Minco since January 1, 2018 or currently still in effect:

1. Arrangement Agreement among Buchans, CMC, and Minco dated as of October 28, 2019 relating to the Arrangement and described in the Circular; and
2. Subscription Agreement between Copper Orbit Limited (“**Copper Orbit**”) (subsequently reconstituted as Minco) and Buchans dated as of June 29, 2019 relating to the acquisition of Buchans’ interest in Minco’s mineral exploration properties for shares of Copper Orbit.

Copies of the above material contract may be inspected prior to Effective Date and for a period of 30 days thereafter during normal business hours at Buchans executive office at Suite 1805, 55 University Avenue, Toronto, Ontario, Canada, M5J 2H7.

**MINCO EXPLORATION LIMITED****CARVE-OUT CONSOLIDATED FINANCIAL STATEMENTS****31 DECEMBER 2018, 31 DECEMBER 2017  
AND 31 DECEMBER 2016**

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## Independent Auditor's Report

To the Directors of Buchans Resources Limited

### Opinion

We have audited the carve-out consolidated financial statements of Minco Exploration Limited (the "Company"), which comprise the carve-out consolidated statements of financial position as at December 31, 2018, 2017 and 2016, and the carve-out consolidated statements of loss and comprehensive loss, carve-out consolidated statements of changes in equity and carve-out consolidated statements of cash flow for the years then ended, and notes to the carve-out consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying carve-out consolidated financial statements present fairly, in all material respects, the carve-out consolidated financial position of the Company as at December 31, 2018, 2017 and 2016, and its carve-out consolidated financial performance and its carve-out consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the carve-out consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the carve-out consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the carve-out consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the carve-out consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the carve-out consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of carve-out consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the carve-out consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's responsibilities for the audit of the carve-out consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the carve-out consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these carve-out consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the carve-out consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the carve-out consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the carve-out consolidated financial statements, including the disclosures, and whether the carve-out consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report is Glen McFarland.

McGovern Hurley LLP



Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
October 28, 2019



**MINCO EXPLORATION LIMITED**  
**CARVE-OUT CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018, 2017 AND 2016**

Expressed in Euros	Notes	2018	2017	2016
<b>Assets</b>		€	€	€
<b>Current assets</b>				
Cash and cash equivalents	6	15,682	8,899	1,927,377
Trade and other receivables	7	26,880	34,347	36,292
Total current assets		42,562	43,246	1,963,669
<b>Non-current assets</b>				
Exploration and evaluation assets	5	789,054	579,876	2,399,242
Total non-current assets		789,054	579,876	2,399,242
<b>Total assets</b>		831,616	623,122	4,362,911
<b>Equity and liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	8	52,284	69,166	134,525
Total current liabilities		52,284	69,166	134,525
<b>Shareholder's Equity</b>				
Owner's investment		779,332	553,956	4,228,386
Total shareholder's equity		779,332	553,956	4,228,386
<b>Total shareholder's equity and liabilities</b>		831,616	623,122	4,362,911

**COMMITMENTS AND CONTINGENCIES (Notes 3 and 12)**

The financial statements were approved by the Board of Directors on 28 October 2019 and signed on its behalf by:

Signed "John F. Kearney", Director

Signed "Patrick Downey", Director

See accompanying notes to the carve-out financial statements

**MINCO EXPLORATION LIMITED****CARVE-OUT CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS****FOR THE YEARS ENDED**

Expressed in Euros	Notes	2018	2017	2016
		€	€	€
General and administrative expenses:				
Professional fees		29,298	20,095	18,506
Corporate expense		-	13,699	11,543
Office expenses		14,114	4,281	49,274
Management fee expense	4	143,414	83,008	89,690
Foreign exchange (gain)/loss		1,042	30,342	(35,555)
Loss before other items		187,868	151,425	133,458
Other Items				
Interest income		-	(4,863)	(63,011)
Impairment of exploration expenditures	5	-	1,952,100	-
Total other items		-	1,947,237	(63,011)
Loss before income taxes		187,868	2,098,662	70,447
Income taxes		1,216	15,753	80,292
Total loss and comprehensive loss for the year		189,084	2,114,415	150,739

See accompanying notes to the carve-out financial statements

**MINCO EXPLORATION LIMITED****CARVE-OUT CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2018, 2017 AND 2016**

Expressed in Euros

	<b>Owner's Investment</b>
	<b>€</b>
Balance as at 31 December 2015	5,806,043
Transfers to/from Buchans	(1,426,918)
Total comprehensive loss for the year	<u>(150,739)</u>
Balance as at 31 December 2016	<u>4,228,386</u>
Transfers to/from Buchans	(1,560,015)
Total comprehensive loss for the year	<u>(2,114,415)</u>
Balance as at 31 December 2017	<u>553,956</u>
Transfers to/from Buchans	414,460
Total comprehensive loss for the year	<u>(189,084)</u>
Balance as at 31 December 2018	<u>779,332</u>

See accompanying notes to the carve-out financial statements

**MINCO EXPLORATION LIMITED**  
**CARVE-OUT CONSOLIDATED STATEMENTS OF CASH FLOW**  
**FOR THE YEARS ENDED 31 DECEMBER 2018, 2017 AND 2016**

Expressed in Euros	Notes	2018 €	2017 €	2016 €
<b>Cash flow from operating activities</b>				
Loss for the year		(189,084)	(2,114,415)	(150,739)
Impairment of exploration assets		-	1,952,100	-
		(189,084)	(162,315)	(150,739)
<b>Movements in working capital</b>				
Decrease/(increase) in trade and other receivables		7,468	1,945	(23,940)
(Increase) in trade and other payables		(16,883)	(65,359)	(20,962)
Net cash flows used in operating activities		(198,499)	(225,729)	(195,642)
<b>Cash flows from investing activities</b>				
Investment in exploration and evaluation assets		(209,178)	(132,734)	(186,130)
Net cash flows from/(used in) investing activities		(209,178)	(132,734)	(186,130)
<b>Cash flows from financing activities</b>				
Increase/(decrease) in advances from owners		414,460	(1,560,015)	(1,426,918)
Net cash flows from financing activities		414,460	(1,560,015)	(1,426,918)
Net increase/(decrease) in cash and cash equivalents		6,783	(1,918,478)	(1,808,690)
Effect of foreign exchange rate changes on cash		-	-	325,292
Cash and cash equivalents at the beginning of the year		8,899	1,927,377	3,410,775
Cash and cash equivalent at the end of the year	<b>6</b>	15,682	8,899	1,927,377

See accompanying notes to the carve-out financial statements

## **1. BASIS OF PRESENTATION**

These carve-out financial statements reflect the financial position, statement of operations and comprehensive loss, equity and cash flows related to assets and liabilities (the "Minco Exploration Net Assets") ("Minco") which were transferred to Minco Exploration Limited ("Minco Exploration" or "the Company") by its parent company Buchans Resources Limited ("Buchans") in 2019, and which had been previously transferred to Buchans Resources Limited by its then parent company, Minco plc in 2017 and 2015.

As Minco Exploration has not historically prepared financial statements for the Minco Exploration Net Assets, and Minco Exploration did not exist as a legal entity prior to 31 December 2018, the carve-out financial statements have been prepared from the financial records of Buchans on a carve-out basis. The Carve-out Statements of Financial Position include all of the Minco Exploration Net Assets. The Carve-out Statements of Operations and Comprehensive Loss for each of the years ended 31 December 2018, 2017 and 2016 reflect all expenses and other income directly attributable to the Minco Exploration Net Assets, and an allocation of Buchans and Minco's general and administrative expenses incurred in each of those years, presented as management fees, as these expenditures were shared by the Minco Exploration Net Assets. In some instances, certain expenses were not allocated as they would have related directly to Buchans or Minco. All inter-entity balances and transactions have been eliminated.

The carve-out financial statements were approved by the Board of Directors of Minco Exploration on 28 October 2019.

The carve-out financial statements of Minco Exploration have been prepared applying principles in accordance with International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB").

These carve-out financial statements have been prepared based upon the historical cost amounts recorded by Buchans and Minco, with the exception of certain financial instruments measured at fair value. These carve-out financial statements may not be indicative of Minco Exploration financial performance and do not necessarily reflect what its financial position, results of operations, and cash flows would have been had Minco Exploration operated as an independent entity during the years presented.

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

Minco Exploration Plc (the "Company" or "Minco Exploration") was incorporated on 28 May 2019 under the laws of Ireland. The Company is a wholly owned subsidiary of Buchans Resources Limited. The Company has interests in exploration and evaluation properties located in Ireland and the United Kingdom. Substantially all of the Company's efforts are devoted to financing and developing these properties. The Company's head office is located at Coolfore Road QME, Ardracran, Navan, Co. Meath, Ireland.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. The Company's properties may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and regulatory, environmental and social requirements.

Minco Exploration has incurred losses in all periods provided and has a working capital deficiency at 31 December 2018. Minco Exploration has been dependent on its parent company, Buchans, to provide financing cash flows to date. There can be no assurance that financing activities will continue, or if the Company will be able to arrange other sources of financing. These results represent material uncertainty and cast significant doubt about the ability of Minco Exploration to continue as a going concern. These consolidated financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) Relationship with Buchans**

Buchans' net investment in Minco Exploration is shown as owner's net investment in these carve-out financial statements, as Minco Exploration was not a separate legal entity for the entire period presented. Changes in owner's net investment include net (loss)/income and net transfers to and from Buchans.

#### **(b) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

The results of subsidiaries acquired or disposed of are included in the consolidated statement of loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-company transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Company's equity therein. The interests of non-controlling shareholders may be initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive loss is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of the retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive loss in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities are disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the costs on initial recognition of an investment in an associate or jointly controlled entity.

#### **(c) Exploration and evaluation assets**

Exploration expenditure relates to the search for precious and base metals. Evaluation expenditure arises from a detailed assessment of deposits that have been identified as having economic potential. The costs of exploration properties and leases, which include the cost of acquiring prospective properties and exploration rights and costs incurred in exploration and evaluation activities, are capitalised as part of exploration and evaluation assets.

Exploration costs are capitalised as an intangible asset until technical feasibility and commercial viability of extraction of reserves are demonstrable, when the capitalised exploration costs are re-classified to property, plant and equipment. Exploration costs include an allocation of administration and salary costs (including share-based payments) as determined by management, where they relate to specific projects. Prior to reclassification to property, plant and equipment, exploration and evaluation assets are assessed for impairment and any impairment loss recognised immediately in the statement of (loss)/income.

#### **(d) Rehabilitation Provisions**

The Company will record a liability for the estimated future costs associated with legal and constructive obligations relating to the reclamation and closure of its exploration assets. This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion expense on the discounted liability. An equivalent amount is recorded as an increase to exploration assets and amortized over the useful life of these assets. Management is currently not aware of any existing significant legal or constructive obligations relating to the reclamation of its interest in exploration assets and therefore no such liability has been recorded at 31 December 2018, 2017 and 2016.

#### **(e) Impairment of non-financial assets**

At the end of each reporting period, non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. Any impairment is recognized in loss.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(f) Interests in joint arrangements**

A joint arrangement involves the use of assets and/or other resources of the Company and other venturers rather than the establishment of a corporation, partnership or other entity. The Company accounts for the assets it controls and the liabilities and expenses it incurs. As at 31 December 2018, 2017 and 2016, no joint arrangement existed for accounting purposes.

#### **(g) Cash**

Cash is comprised of cash on hand, deposits in banks and highly liquid investments having original terms to maturity of 90 days or less when acquired.

#### **(h) Financial instruments**

#### **Accounting policy under IFRS 9 applicable from 1 January 2018**

##### **Financial assets**

##### **Initial recognition and measurement**

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either FVPL or FVOCI, and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Accounts receivable held for collection of contractual cash flows are measured at amortized cost.

##### **Subsequent measurement – financial assets at amortized cost**

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statements of operations.

##### **Subsequent measurement – financial assets at Fair Value through Profit and Loss (“FVPL”)**

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations. The Company measures its marketable securities at FVPL.

##### **Subsequent measurement – financial assets at Fair Value through Other Comprehensive Income (“FVOCI”)**

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive loss in the consolidated statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of operations when the right to receive payments is established.

##### **Derecognition**

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

##### **Impairment of financial assets**

The Company’s only financial assets subject to impairment are amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(h) Financial instruments (continued)**

##### **Financial liabilities**

###### **Initial recognition and measurement**

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accruals, notes payable and other liability of subsidiary, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

###### **Subsequent measurement – financial liabilities at amortized cost**

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of operations.

###### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations.

##### **Accounting policy under IAS 39 applicable prior to 1 January 2018**

The accounting policy under IAS 39 for the comparative information presented in respect of financial assets and liabilities, was similar to the accounting policy adopted in 2018. The policy was as follows:

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

**(i) Financial assets and liabilities at fair value through profit or loss:** A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. Marketable securities are included in this category. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of loss. Gains and losses arising from changes in fair value are presented in the statement of loss in the period in which they arise.

**(ii) Available-for-sale investments:** Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company does not have any instruments classified in this category. Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income (loss) to the statement of loss and are included in other gains and losses.

**(iii) Loans and receivables:** Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise cash and amounts receivable. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

**(iv) Financial liabilities at amortized cost:** Financial liabilities at amortized cost include accounts payable and accrued liabilities. Accounts payable and accrued liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, accounts payable and accrued liabilities are measured at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

###### **Impairment of financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be measured reliably.



### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(h) Financial instruments (continued)**

##### **Impairment of financial assets (continued)**

An impairment loss in respect of (continued) a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### **(i) Functional and presentation currencies**

The Company's presentation currency is the Euro ("€"). The functional currency of the Company and its subsidiaries is the Euro. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items denominated in foreign currencies are retranslated at the rates prevailing on the transaction dates. Foreign currency translation differences are recognized in the consolidated statement of loss.

#### **(j) Operating loss**

Operating loss comprises general administrative costs incurred by the Company, which are not specific to evaluation and exploration projects, and all impairment charges relating to exploration assets and financial assets during the year. Operating loss is stated before change in fair value of investments.

#### **(k) Critical accounting judgements and key sources of estimation uncertainty**

##### *Critical accounting judgements*

In the process of applying the Company's accounting policies above, management has identified the judgemental areas that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations), which are dealt with below:

##### *Exploration assets*

The assessment of whether general administration costs and salary costs are capitalised or expensed involves judgement. Management considers the nature of each cost incurred and whether it is deemed appropriate to capitalise it within exploration assets. Costs which can be demonstrated as project related are included within exploration assets. Exploration assets relate to prospecting, exploration and related expenditure in Canada. The Company's exploration activities are subject to a number of significant and potential risks including:

- exploration, development and operating risk
- no assurance of production
- factors beyond the Company's control
- failure to obtain additional financing
- insurance and uninsured risks
- environmental risks and hazards
- government regulation and permitting
- delays
- infrastructure
- price volatility of publicly traded securities
- fluctuating mineral prices

The recoverability of these exploration assets is dependent on the discovery and successful development of economic reserves, including the ability to raise financing to develop future projects. Should this prove unsuccessful, the value included in the consolidated statement of financial position would be written off to operations.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(k) Critical accounting judgements and key sources of estimation uncertainty (continued)**

##### *Key sources of estimation uncertainty*

Preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates. The key sources of estimation uncertainty are discussed below:

##### *Mineral reserve estimates*

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions and could have a material effect in the future on the Company's financial position and results of operation.

##### *Income, value added, withholding and other taxes*

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

##### *Impairment of exploration and evaluation assets*

The assessment of exploration and evaluation assets for any indications of impairment involves judgement. If an indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that carrying amount exceeds recoverable amount. Recoverable amount is estimated as the higher of fair value less costs to sell and value in use. The assessment requires judgement as to the likely future commerciality of the asset and when such commerciality should be determined; future revenues, capital and operating costs and the discount rate to be applied to such revenues and costs.

##### *Estimation of asset retirement obligations and the timing of expenditure*

The cost estimates are updated annually during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is estimated based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

##### *Preparation of carve-out financial statements*

The preparation of carve-out financial statements requires management to make judgments related to the allocation of assets, liabilities and expenses. The actual results may differ from the results presented had the entity existed in its planned form for the periods presented. See Note 1.

#### **(l) Income taxes**

Minco Exploration Plc is not a legal entity and as such is not a standalone taxable entity. Current and deferred income taxes and income tax expense have been recognized in the carve-out financial statements as if Minco Exploration Plc was a separate taxable entity, using a standalone taxpayer approach. Income tax expense is comprised of current and deferred income tax. Current and deferred income taxes are recognized in net loss except to the extent that they relate to a business combination, or to items recognized directly in equity or other comprehensive income.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (m) Changes in Accounting Policies

During the year ended 31 December 2018, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IFRS 2, IFRS 9 and IFRIC 22. These new standards and changes did not have any material impact on the Company's financial statements.

#### IFRS 9, *Financial Instruments*

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company's financial instruments:

	Financial instrument classification	
	Under IAS 39	Under IFRS 9
<b>Financial assets</b>		
Cash	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Notes receivable	Loans and receivables	Amortized cost
Marketable securities	Held for trading	FVPL
<b>Financial liabilities</b>		
Trade and other payables	Other financial liabilities	Amortized cost

The Company adopted IFRS 9 retrospectively without restating comparatives and therefore the comparative information in respect of financial instruments for the years ended 31 December 2017 and 2016 were accounted for in accordance with the Company's previous accounting policy under IAS 39. Note 4 (i) outlines the current and previous accounting policies pertaining to financial instruments.

#### (n) New standards and interpretations not yet adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after 1 January 2019. 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.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 3 – Business Combinations ("IFRS 3") was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 3 – Business Combinations ("IFRS 3") and IFRS 11 – Joint Arrangements ("IFRS 11") were amended in December 2017. IFRS 3 was amended to clarify that when a party to a joint arrangement obtains control of a business that is a joint operation, it re-measures previously held interests in that business. IFRS 11 was amended to clarify that when a party that participates in, but does not have joint control of, a joint operation obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(n) New standards and interpretations not yet adopted (continued)**

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after 1 January 2019.

### **4. RELATED PARTY TRANSACTIONS**

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

No fees were paid by the Company to directors for their services as directors of the Company in the years ended 31 December 2018, 2017 and 2016.

These carve-out financial statements include an allocation of general and administrative expenses estimated to relate to the Company and presented as management fees in the statement of loss.

The subsidiaries of the Company at 31 December 2018 were as follows:

<b>Name of Company</b>	<b>Registered office</b>	<b>Effective Holding</b>	<b>Principal Activity</b>
Norsub Limited	Box 25, Regency Court, Gategny St. Peter Port, Guernsey, GY1 3AP	100%	Investment
Minco Ireland Limited	Ardbraccan, Navan, Co. Meath, Ireland	100%	Exploration
Westland Exploration Limited	Ardbraccan, Navan, Co. Meath, Ireland	100%	Exploration
Minco Mining Limited	9 Little Trinity Lane, London EC4V 2AN	100%	Exploration

## 5. EXPLORATION AND EVALUATION EXPENDITURES ASSETS

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

	31 December 2018	Additions	31 December 2017	Impairment	Additions	31 December 2016
	€	€	€	€	€	€
Navan	348,310	6,717	341,593	-	64,172	277,421
Moate	251,530	13,247	238,283	-	68,562	169,721
Kells	80,979	80,979	-	-	-	-
Slieve Dart	108,235	108,235	-	-	-	-
Pennines	-	-	-	(1,952,100)	-	1,952,100
Total	789,054	209,178	579,876	(1,952,100)	132,734	2,399,242

All exploration and evaluation assets are carried at cost less any applicable impairment provision. No impairment provision was recognized at 31 December 2018. An impairment review of the exploration and evaluation assets carried out at 31 December 2017 resulted in a provision in the amount of €1,952,100 being recorded against the carrying value of mineral exploration assets in the Northern Pennines in the United Kingdom, in accordance with the Company's accounting policies, due to delayed renegotiation of underlying contracts and agreements, and as no drilling had been carried out since 2015.

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 believe 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.

The realisation of the exploration and evaluation assets is dependent on the successful development of 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 written off. By its nature there is inherent uncertainty in such expenditure as to the value of the asset.

### Ireland

The Company, through its wholly owned subsidiary Minco Ireland Limited, holds two Prospecting Licenses, 1228 and 1229, in County Westmeath, Ireland. Under the terms of these licences, Minco is required to spend a total of €150,000 in staged programmes, by March 1, 2024.

The Company holds indirectly a 20% interest in Licence 1440R (Tatestown), which is being explored under a Joint Venture agreement with Boliden Tara Mines Limited (80%), and which hosts part of the Tatestown–Scallanstown zinc-lead mineral deposit located adjacent to Boliden's large Tara zinc-lead mine at Navan, County Meath, about 50 km northwest of Dublin.

The Company, through its wholly owned subsidiary Minco Ireland Limited, has entered into a joint venture agreement with Boliden Tara Mines on PL 3373, at Kells near Navan, County Meath, contiguous to the west with PL 1440R. Under the terms of this agreement, the Company can earn a 75% joint venture interest through expenditures of €250,000 in staged programmes, by March 2024. Boliden has the right of off-take to purchase or toll process all ore that may be produced from the license area.

The Company, through its wholly owned subsidiary Minco Ireland Limited, has entered into an agreement with Boliden Tara Mines, subject to the approval of the Minister, on twelve licenses at Slieve Dart in County Galway. Minco can earn a 50% interest through expenditure of €385,000 in staged programmes, by 31 July 2024. During 2018, the Company incurred expenditures of €108,235 with respect to the licences and earned the right to a 20% joint venture interest. Boliden has the right of off-take to purchase or toll process all ore that may be produced from the license area.

### Pennines - UK

The Company, through its wholly owned subsidiary Minco Mining Limited, previously entered into various agreements, licences and options with certain owners of mineral rights in the North Pennines Orefield located in the counties of Cumbria, Northumberland and Durham in northern England.

Due to delayed renegotiation of the underlying contracts and agreements, and as no drilling had been carried out since 2015, an impairment charge in the amount of €1,952,100 was recorded at 31 December 2017 in accordance with the Company's accounting policies. The Company expects to continue the renegotiations with the objective of continuing to evaluate these properties at an appropriate time.

**6. CASH AND CASH EQUIVALENTS**

	2018	2017	2016
	€	€	€
Cash	15,682	8,899	1,927,377
Immediately available without restriction	15,682	8,899	1,927,377

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

	2018	2017	2016
	€	€	€
Euro	11,788	1,429	48,240
Sterling	2,041	6,872	16,345
US Dollars	1,853	598	1,862,792
	15,682	8,900	1,927,377

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.

**7. TRADE AND OTHER RECEIVABLES**

	2018	2017	2016
	€	€	€
Trade receivables and prepayments	1,216	20,689	17,625
Sales taxes receivable	25,664	13,658	18,667
	26,880	34,347	36,292

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2018	2017	2016
	€	€	€
Trade creditors and accruals	52,284	69,166	134,525
	52,284	69,166	134,525

**9. COMMITMENTS AND CONTINGENCIES**

The Company's mining and exploration 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.

**10. 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 carrying amounts for cash, 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. The marketable securities are stated at the quoted market value.

**Interest rate risk**

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

**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.

## **10. FINANCIAL INSTRUMENTS (CONTINUED)**

### **Commodity price risk**

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

### **Fair Value Hierarchy and Liquidity Risk Disclosure**

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 31 December 2018, 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.

### **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 31 December 2018, the Company had cash of €15,682 to settle accounts payable and accrued liabilities of €52,284 (2017- €69,166). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

### **Capital Risk**

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain and explore its exploration assets. The capital structure of the Company consists of shareholders' equity.

### **Market Risk**

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk with respect to its marketable securities and unfavourable market conditions could result in dispositions of marketable securities at less than favorable prices.

### **Foreign currency risk**

Although the Company is incorporated in Ireland, the Company has operations in UK, none of which presently generate cash from operations, and holds cash investments in US Dollars, Euros or Sterling. The functional currencies of the majority of the Company's operations are the Euro and UK Sterling; the reporting currency of the Company is the Euro. 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 31 December 2018. 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 and UK Sterling exchange rate will not lead to material impact on net income.

### **Sensitivity Analysis**

The Company has designated its marketable securities as fair value through profit or loss, which are measured at fair value. Cash and amounts receivable are classified as loans and receivables, which are measured at amortized costs. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As at 31 December 2018, the carrying value of the Company's financial instruments approximate their fair value.

## **11. 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.

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 years ended 31 December 2018, 2017 and 2016. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

## **12. SUBSEQUENT EVENTS**

### **Reorganization of subsidiaries**

In June 2019, in a group reorganization, the Company acquired the shares and receivables in subsidiaries from its parent company, Buchans, in consideration for the issue of 600,000 ordinary shares of €1.00 each at a deemed fair value of €2,625,000.

The owner's net investment in these carve-out financial statements is recorded as Buchans' net investment in these assets, as the Company was not a separate legal entity for the entire period presented. Changes in owner's net investment include net income/(loss) and net transfers to and from Buchans at the book values recorded by Buchans.

On October 3, 2019, the authorised capital of the Company was subdivided into 100,000,000 ordinary shares of €0.01 each. Subsequently on October 28, 2019, 141,284 subdivided shares previously issued to Buchans were canceled, resulting in a total of 59,868,716 ordinary shares outstanding at that date.

On October 28, 2019, the Company entered into an Arrangement Agreement with Buchans and Canadian Manganese Company Inc. to effect a Plan of Arrangement involving a group reorganisation whereby Buchans agreed to distribute to its shareholders, pro rata, all of the shares of Canadian Manganese Company Inc.; and exchangeable warrants entitling such shareholders to receive shares of the Company or additional shares of Buchans, at their option.

Under the Plan of Arrangement, if approved, one share of Canadian Manganese and one Buchans exchangeable warrant will be issued to Buchans shareholders for each Buchans share held, with such exchangeable warrant entitling such shareholders to acquire one share of the Company or 0.25 additional shares of Buchans for each exchangeable warrant held. Any exchangeable warrants which remain unexercised on the first anniversary of the date the Plan of Arrangement becomes effective will be automatically exchanged for shares of the Company.



**MINCO EXPLORATION LIMITED****CONDENSED INTERIM CARVE-OUT CONSOLIDATED FINANCIAL STATEMENTS***Unaudited***As at, and for the six-month period ended 30 June 2019**

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**MINCO EXPLORATION LIMITED****Condensed Interim Carve-out Consolidated Statements of Financial Position****As at 30 June 2019***Unaudited*

Expressed in Euros	Notes	30 June 2019 €	31 December 2018 €
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	6,118	15,682
Trade and other receivables		2,171	26,880
Total current assets		8,289	42,562
<b>Non-current assets</b>			
Exploration and evaluation assets	6	792,804	789,054
Total non-current assets		792,804	789,054
<b>Total assets</b>		<b>801,093</b>	<b>831,616</b>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		23,503	52,284
Total current liabilities		23,503	52,284
<b>Shareholder's Equity</b>			
Owner's investment		777,590	779,332
Total shareholder's equity		777,590	779,332
<b>Total shareholder's equity and liabilities</b>		<b>801,093</b>	<b>831,616</b>

**COMMITMENTS AND CONTINGENCIES (Notes 2, 3 and 10)**

The financial statements were approved by the Board of Directors on 28 October 2019 and signed on its behalf by:

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

See accompanying notes to the condensed interim carve-out consolidated financial statements

**MINCO EXPLORATION LIMITED****Condensed Interim Carve-out Consolidated Statements of Loss and Comprehensive Loss****For the six-month period ended 30 June 2019***Unaudited*

Expressed in Euros	Notes	Six months ended June 30,	
		2019	2018
		€	€
General and administrative expenses:			
Professional fees		2,081	500
Corporate expense		-	367
Office expenses		9,169	9,532
Management fee (income)/expense	5	53,891	71,707
Foreign exchange		143	-
Total loss and comprehensive loss for the period		65,284	82,106

See accompanying notes to the condensed interim carve-out consolidated financial statements

**MINCO EXPLORATION LIMITED****Condensed Interim Carve-out Consolidated Statements of Changes in Equity  
For the six-month period ended 30 June 2019***Unaudited*

Expressed in Euros	Owner's Investment €
Balance as at 31 December 2017	553,956
Transfers to/from Buchans	263,610
Total comprehensive loss for the period	<u>(82,106)</u>
Balance as at 30 June 2018	<u>735,460</u>
Transfers to/from Buchans	71,305
Total comprehensive loss for the period	<u>(27,433)</u>
Balance as at 31 December 2018	<u>779,332</u>
Transfers to/from Buchans	63,542
Total comprehensive loss for the period	<u>(65,284)</u>
Balance as at 30 June 2019	<u>777,590</u>

See accompanying notes to the condensed interim carve-out consolidated financial statements

**MINCO EXPLORATION LIMITED****Condensed Interim Carve-out Consolidated Statements of Cash Flow****For the six-month period ended 30 June 2019***Unaudited*

Expressed in Euros	Notes	30 June 2019 €	30 June 2018 €
<b>Cash flow from operating activities</b>			
Loss for the period		(65,284)	(82,106)
		(65,284)	(82,106)
<b>Movements in working capital</b>			
(Decrease)/increase in trade and other receivables		24,709	(7,732)
(Increase)/decrease in trade and other payables		(28,781)	(4,889)
Net cash flows used in operating activities		(69,356)	(94,727)
<b>Cash flows from investing activities</b>			
Investment in exploration and evaluation assets		(3,750)	(122,749)
Net cash flows from/(used in) investing activities		(3,750)	(122,749)
<b>Cash flows from financing activities</b>			
(Decrease)/increase in advances from owners		63,542	263,610
Net cash flows from financing activities		63,542	263,610
Net (decrease)/increase in cash and cash equivalents		(9,564)	46,134
Cash and cash equivalents at the beginning of the year		15,682	8,874
Cash and cash equivalent at the end of the period	<b>9</b>	6,118	55,008

See accompanying notes to the condensed interim carve-out consolidated financial statements

## 1. NATURE OF OPERATIONS AND GOING CONCERN

These condensed interim carve-out financial statements reflect the financial position, statement of operations and comprehensive loss, equity and cash flows related to assets and liabilities (the "Minco Exploration Net Assets") which were transferred to Minco Exploration Limited ("Minco Exploration" or "the Company") by its parent company Buchans Resources Limited ("Buchans") in 2019, and which has been previously transferred to Buchans Resources Limited by its then parent company, Minco plc in 2017 and 2015.

As Minco Exploration has not historically prepared financial statements for the Minco Exploration Net Assets, the carve-out financial statements have been prepared from the financial records of Buchans on a carve-out basis. The Carve-out Statements of Financial Position include all of the Minco Exploration Net Assets. The Carve-out Statements of Operations and Comprehensive Loss for each of the periods ended 30 June 2019 and 2018 reflect all expenses and other income directly attributable to the Minco Exploration Net Assets and Buchans' general and administrative expenses incurred in each of those periods, as these expenditures were shared by the Minco Exploration Net Assets. In some instances, certain expenses were not allocated as they would have related directly to Buchans. All inter-entity balances and transactions have been eliminated.

The carve-out financial statements were approved by the Board of Directors of Minco Exploration on 28 October 2019.

These condensed interim carve-out 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 carve-out 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 carve-out consolidated financial statements for the year ended 31 December 2018 prepared in accordance with IFRS.

These condensed interim carve-out 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.

## 2. BASIS OF PRESENTATION

Minco Exploration Limited (the "Company" or "Minco Exploration") was incorporated on 28 May 2019 under the laws of Ireland. The Company is a wholly owned subsidiary of Buchans Resources Limited. The Company has interests in exploration and evaluation properties located in Ireland and the United Kingdom. Substantially all of the Company's efforts are devoted to financing and developing these properties. The Company's head office is located at Coolfore Road QME, Ardraccan, Navan, Co. Meath, Ireland.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. The Company's properties may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and regulatory, environmental and social requirements.

Minco Exploration has incurred losses in all periods provided and has a working capital deficiency at 30 June 2019. Minco Exploration has been dependent on its parent company, Buchans, to provide financing cash flows to date. There can be no assurance that financing activities will continue, or if the Company will be able to arrange other sources of financing. These results represent material uncertainty and cast significant doubt about the ability of Minco Exploration to continue as a going concern. These consolidated financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year.

## 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.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Basis of consolidation (continued)**

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.

The standards and interpretations within IFRS are subject to change and accordingly, the accounting policies that are relevant to the Company will be finalized only when the annual IFRS financial statements are prepared for the year ending December 31, 2019. The accounting policies chosen by the Company have been applied consistently to all periods presented.

**Accounting Changes**

On 1 January 2019, the Company adopted the new and amended IFRS pronouncements, including IFRS 16, Leases ("IFRS 16"), in accordance with transitional provision outlined in the respective standards. The adoption of these standards did not have a material impact on the consolidated results and financial position of the Company with the exception of IFRS 16, See Note 7.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2019 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
IFRS 3	Business combinations
IFRS 3 and IFRS 11	Joint arrangements
IFRS 10 and IAS 28	Investments in Associates and Joint Ventures

The Company has not yet determined the impact of these amendments on its financial statements.

**4. REORGANIZATION OF SUBSIDIARIES**

In June 2019, in a group reorganization, the Company acquired the shares and receivables in subsidiaries from its parent company, Buchans, in consideration for the issue of 600,000 ordinary shares of €1.00 each at a deemed fair value of €2,625,000. Subsequently on October 3, 2019 these ordinary shares were subdivided into 60,000,000 ordinary shares of €0.01 each.

The owner's net investment in these carve-out financial statements is recorded as Buchans' net investment in Minco Exploration, as Minco Exploration was not a separate legal entity for the entire period presented. Changes in owner's net investment include net income/(loss) and net transfers to and from Buchans at the book values recorded by Buchans.

**5. RELATED PARTY TRANSACTIONS**

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

In June 2019, pursuant to a subscription agreement, Minco Exploration acquired from Buchans all the shares and intercompany advances as at June 30, 2019 of Buchans' four subsidiaries, Norsub Limited, Minco Ireland Limited, Westland Exploration Limited and Minco Mining Limited in consideration for €2,625,000 which was satisfied by the issue to Buchans of a total of 600,000 ordinary shares of €1.00 each (subsequently subdivided into 60,000,000 ordinary shares of €0.01 each) to Buchans. As this was a related party transaction, the acquisition cost of these assets was recorded in these carve-out financial statements at Buchans' book value of the assets acquired.

These carve-out financial statements include an allocation of general and administrative expenses estimated to relate to the Company and presented as management fees in the statement of loss.

The remuneration of Directors, who are the key management personnel of the Company, is set out below 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 periods ended 30 June 2019 and 2018.

**5. RELATED PARTY TRANSACTIONS (CONTINUED)**

The subsidiaries of the Company at 30 June 2019 were as follows:

Name of Company	Registered office	Effective Holding	Principal Activity
Norsub Limited	Box 25, Regency Court, Glatigny St. Peter Port, Guernsey, GY1 3AP	100%	Investment
Minco Ireland Limited	Ardraccon, Navan, Co. Meath, Ireland	100%	Exploration
Westland Exploration Limited	Ardraccon, Navan, Co. Meath, Ireland	100%	Exploration
Minco Mining Limited	9 Little Trinity Lane, London EC4V 2AN	100%	Exploration

**6. EXPLORATION AND EVALUATION ASSETS**

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

	June 30 2019 €	Additions €	December 31 2018 €	Additions €	December 31 2017 €
Navan	350,360	2,050	348,310	6,717	341,593
Moate	251,530	-	251,530	13,247	238,283
Kells	81,829	850	80,979	80,979	-
Slieve Dart	109,085	850	108,235	108,235	-
Total	792,804	3,750	789,054	209,178	579,876

All exploration and evaluation assets are carried at cost less any applicable impairment provision. No impairment provision was recognized at 31 December 2018.

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 believe 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.

The realisation of the exploration and evaluation assets is dependent on the successful development of 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 written off. By its nature there is inherent uncertainty in such expenditure as to the value of the asset.

**Ireland**

The Company, through its wholly owned subsidiary Minco Ireland Limited, holds two Prospecting Licenses, 1228 and 1229, in County Westmeath, Ireland. Under the terms of these licences, Minco is required to spend a total of €150,000 in staged programmes, by March 1, 2024.

The Company holds indirectly a 20% interest in Licence 1440R (Tatestown), which is being explored under a Joint Venture agreement with Boliden Tara Mines Limited (80%), and which hosts part of the Tatestown–Scallanstown zinc-lead mineral deposit located adjacent to Boliden's large Tara zinc-lead mine at Navan, County Meath, about 50 km northwest of Dublin.

The Company, through its wholly owned subsidiary Minco Ireland Limited, has entered into a joint venture agreement with Boliden Tara Mines on PL 3373, at Kells near Navan, County Meath, contiguous to the west with PL 1440R. Under the terms of this agreement, the Company can earn a 75% joint venture interest through expenditures of €250,000 in staged programmes, by March 2024. Boliden has the right of off-take to purchase or toll process all ore that may be produced from the license area.

The Company, through its wholly owned subsidiary Minco Ireland Limited, has entered into an agreement with Boliden Tara Mines, subject to the approval of the Minister, on twelve licenses at Slieve Dart in County Galway. Minco can earn a 50% interest through expenditure of €385,000 in staged programmes, by 31 July 2024. During 2018, the Company incurred expenditures of €108,235 with respect to the licences and earned the right to a 20% joint venture interest. Boliden has the right of off-take to purchase or toll process all ore that may be produced from the license area.

**7. CASH AND CASH EQUIVALENTS**

At 30 June 2019, the Company had a cash balance of €6,118.

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.



**8. CAPITAL STOCK**

The authorised share capital of the Company at June 30, 2019 was €1,000,000.00 divided into 1,000,000 ordinary shares of €1.00 each, of which 600,100 were outstanding at the date. Subsequently on October 3, 2019 the authorised capital was subdivided into 100,000,000 ordinary shares of €0.01 each.

**9. COMMITMENTS AND CONTINGENCIES**

The Company's mining and exploration 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.

**10. 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 30 June 2019, 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.

**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 30 June 2019, 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.

**Interest rate risk**

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

**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.

**Commodity price risk**

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

**Liquidity Risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

**Market Risk**

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk with respect to its marketable securities and unfavourable market conditions could result in dispositions of marketable securities at less than favorable prices.

**Capital Risk**

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain and explore its exploration assets. The capital structure of the Company consists of shareholders' equity.

**10. FINANCIAL INSTRUMENTS (CONTINUED)****Foreign currency risk**

Although the Company is incorporated in Ireland, the Company has operations in UK, none of which presently generate cash from operations, and holds cash investments in US Dollars, Euros or Sterling. The functional currencies of the majority of the Company's operations are the Euro and UK Sterling; the reporting currency of the Company is the Euro. 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 31 December 2018. 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 and UK Sterling exchange rate will not lead to material impact on net income.

**11. 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.

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 30 June 2019 and 2018. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

**12. SUBSEQUENT EVENT**

On October 3, 2019, the authorised capital of the Company was subdivided into 100,000,000 ordinary shares of €0.01 each. Subsequently on October 28, 2019, 141,284 subdivided shares previously issued to Buchans were canceled, resulting in a total of 59,868,716 ordinary shares outstanding at that date.

On October 28, 2019, the Company entered into an Arrangement Agreement with Buchans and Canadian Manganese Company Inc. to effect a Plan of Arrangement involving a group reorganisation whereby Buchans agreed to distribute to its shareholders, pro rata, all of the shares of Canadian Manganese Company Inc.; and exchangeable warrants entitling such shareholders to receive shares of the Company or additional shares of Buchans, at their option.

Under the Plan of Arrangement, if approved, one share of Canadian Manganese and one Buchans exchangeable warrant will be issued to Buchans shareholders for each Buchans share held, with such exchangeable warrant entitling such shareholders to acquire one share of the Company or 0.25 additional shares of Buchans for each exchangeable warrant held. Any exchangeable warrants which remain unexercised on the first anniversary of the date the Plan of Arrangement becomes effective will be automatically exchanged for shares of the Company.

Court File No. CV-19-00629474-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR

MON DAY, THE 4<sup>th</sup>

JUSTICE

T McOWEN

DAY OF NOVEMBER 2019



**IN THE MATTER OF SECTION 182 OF THE *BUSINESS CORPORATIONS ACT*,  
R.S.O. 1990, c. B-16, AS AMENDED**

**AND IN THE MATTER OF A PROPOSED ARRANGEMENT  
OF BUCHANS RESOURCES LIMITED INVOLVING CANADIAN MANGANESE  
COMPANY INC. and MINCO EXPLORATION LIMITED**

Applicant

**ORDER**

THIS MOTION, made by the Applicant, Buchans Resources Limited (the "**Company**") for an interim order for advice and directions pursuant to subsection 182(5) of the *Business Corporations Act*, R.S.O. 1990, C. B-16, as amended, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Notice of Application issued on October 21, 2019 and the affidavit of John F. Kearney, sworn October 28, 2019 (the "**Kearney Affidavit**"), including the Plan of Arrangement, which forms part of Appendix "H" to the draft Management Information Circular of the Company (the "**Circular**"), which is attached as Exhibit "A" to the Kearney Affidavit, and on hearing the submissions of counsel for the Company, Canadian Manganese Company Inc. ("**CMC**") and Minco Exploration Limited ("**Minco**").

**DEFINITIONS**

1. **THIS COURT ORDERS** that all definitions used in this Interim Order shall have the meaning ascribed thereto in the Circular or otherwise as specifically defined herein.

**THE MEETING**

2. **THIS COURT ORDERS** that the Company is permitted to call, hold and conduct a special meeting (the "**Meeting**") of holders of common shares (the "**Buchans Common Shares**") in the capital of the Company (the "**Buchans Shareholders**") to be held at the offices of the Company, Suite 1805, 55 University Avenue, Toronto, Ontario, M5J 2H7 on December 10, 2019 at 10:00 a.m. (Toronto time) in order for the Buchans Shareholders to consider and, if determined advisable, pass a special resolution authorizing, adopting and approving, with or without variation, the Arrangement Agreement and the Plan of Arrangement (collectively, the "**Arrangement Resolution**").

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the *OBCA*, the notice of meeting of Buchans Shareholders, which accompanies the Circular (the "**Notice of Meeting**") and the articles and by-laws of the Company, subject to what may be provided hereafter and subject to further order of this Court, provided that to the extent there is any inconsistency between this Interim Order and the articles and by-laws of the Company or the *OBCA*, this Interim Order shall govern.

4. **THIS COURT ORDERS** that the record date (the "**Record Date**") for determination of the Buchans Shareholders entitled to notice of, and to vote at, the Meeting, as applicable, shall be the close of business on November 8, 2019.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

- (a) the registered Buchans Shareholders or their respective proxyholders;
- (b) the officers, directors, auditors and advisors of the Company;
- (c) representatives and advisors of CMC and Minco;
- (d) The Director; and
- (e) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that the Company may transact such other business at the Meeting as is contemplated in the Circular, or as may otherwise be properly before the Meeting.

#### **CHAIR AND QUORUM**

7. **THIS COURT ORDERS** that the Chair of the Meeting shall be determined by the Company and that the quorum for the Meeting shall be at least two Buchans Shareholders present in person at the opening of the Meeting who are each entitled to vote at the Meeting.

#### **AMENDMENTS TO THE ARRANGEMENT AGREEMENT AND PLAN OF ARRANGEMENT**

8. **THIS COURT ORDERS** that the Company is authorized, subject to the terms of the Arrangement Agreement among the Company, CMC and Minco, dated October 28,

2019, (the "**Arrangement Agreement**") and paragraph 9, below, to make such amendments, modifications or supplements to the Arrangement Agreement and the Plan of Arrangement as it may determine without any additional notice to the Buchans Shareholders, or others entitled to receive notice under paragraph 12 hereof and the Arrangement Agreement and Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement Agreement and Plan of Arrangement to be submitted to the Buchans Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Honourable Court at the hearing for the final approval of the Plan of Arrangement.

9. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Arrangement Agreement or Plan of Arrangement as referred to in paragraph 8, above, would, if disclosed, reasonably be expected to affect a Buchans Shareholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Honourable Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as the Company may determine.

#### **AMENDMENTS TO THE CIRCULAR**

10. **THIS COURT ORDERS** that the Company is authorized to make such amendments, revisions and/or supplements to the draft Circular as it may determine



and the Circular, as so amended, revised and/or supplemented, shall be the Circular to be distributed in accordance with paragraph 12.

#### **ADJOURNMENTS AND POSTPONEMENTS**

11. **THIS COURT ORDERS** that the Company, if it deems advisable and subject to the terms of the Arrangement Agreement, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Buchans Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as the Company may determine is appropriate in the circumstances, including by press release. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

#### **NOTICE OF MEETING**

12. **THIS COURT ORDERS** that, in order to effect notice of the Meeting, the Company shall send the Circular (including the Notice of Application and this Interim Order), the Notice of Meeting and the forms of proxy along with such amendments or additional documents as the Company may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the "**Meeting Materials**"), to the following:

- (a) the registered Buchans Shareholders at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the

Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:

- (i) by pre-paid ordinary or first class mail at the addresses of the registered Buchans Shareholders as they appear on the books and records of the Company, or its registrar and transfer agent, at the close of business on the Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of the Company;
  - (ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or
  - (iii) by facsimile or electronic transmission, including email, to any Buchans Shareholder, who is identified to the satisfaction of the Company, who requests such transmission in writing and, if required by the Company, who is prepared to pay the charges for such transmission;
- (b) non-registered Buchans Shareholders by providing, in a timely manner, sufficient copies of the Meeting Materials either to the registrar and transfer agent for direct mailing or to intermediaries and registered nominees in compliance with National Instrument 54-101 of the Canadian Securities Administrators; and



- (c) the respective directors and auditors of the Company by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, including email, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. **THIS COURT ORDERS** that accidental failure or omission by the Company to give notice of the meeting or to distribute the Meeting Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of the Company, or the non-receipt of such notice shall, subject to further order of this Honourable Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of the Company, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

14. **THIS COURT ORDERS** that the Company is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials ("**Additional Information**") as the Company may determine in accordance with the terms of the Arrangement Agreement, and that notice of such Additional Information may, subject to paragraph 9, above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as the Company may determine.

15. **THIS COURT ORDERS** that distribution of the Meeting Materials pursuant to paragraph 12 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon the persons described in paragraphs 12 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9, above.

#### **SOLICITATION AND REVOCATION OF PROXIES**

16. **THIS COURT ORDERS** that the Company is authorized to use the proxies substantially in the form of the drafts accompanying the Circular, with such amendments and additional information as the Company may determine are necessary or desirable, subject to the terms of the Arrangement Agreement. The Company is authorized, at its expense, to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as they may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine. The Company may waive generally, in its discretion, the time limits set out in the Circular for the deposit or revocation of proxies by Buchans Shareholders, if the Company deems it advisable to do so.

17. **THIS COURT ORDERS** that Buchans Shareholders shall be entitled to revoke their proxies in accordance with section 110(4) of the *OBICA* provided that such Buchans Shareholder has deposited an instrument in writing executed by him, her, or it or by his, her or its attorney authorized in writing, at the registered office of the

Company at any time up to and including the last day (other than a Saturday, Sunday or any other holiday in Toronto, Ontario) preceding the day of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment or postponement thereof, or in any other manner permitted by law.

## **VOTING**

18. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting to be voted upon by the Buchans Shareholders, as applicable, shall be those Buchans Shareholders, as applicable, who hold any of the Buchans Shares as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

19. **THIS COURT ORDERS** that votes on the Arrangement Resolution shall be taken at the Meeting on the basis of one vote for each Buchans Share held by such holder.

20. **THIS COURT ORDERS** that in order for the Plan of Arrangement to be implemented, subject to further Order of this Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by at least 66 2/3% of the votes cast at the Meeting by Buchans Shareholders. Such votes shall be sufficient to authorize the Company to do all such acts and things as may be necessary or desirable to give effect to the Arrangement Agreement and the Plan of Arrangement on a basis consistent with

what is provided for in the Circular without the necessity of any further approval by the Buchans Shareholders (subject only to final approval of the Arrangement by this Honourable Court).

21. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting the Company to be voted upon by the Buchans Shareholders (other than in respect of the Arrangement Resolution), as applicable, each Buchans Share entitles the holder of record thereof to one vote per Buchans Share.

#### **DISSENT RIGHTS**

22. **THIS COURT ORDERS** that each registered Buchans Shareholder shall be entitled to dissent ("**Dissent Rights**") in connection with the Arrangement Resolution in accordance with section 185 of the *OBCA* (except as the procedures of that section are varied by this Interim Order, the Final Order and the Plan of Arrangement) provided that notwithstanding Section 185(6) of the *OBCA*, the written objection to the Arrangement Resolution referred to in Section 185(6) of the *OBCA* must be received by the Company by 10:00 a.m. (Toronto time) on December 9, 2019, being the business day preceding the Meeting (or, if the Meeting is postponed or adjourned, the business day preceding the date of the postponed or adjourned Meeting) and has otherwise complied strictly with the dissent procedures described in the Circular.

23. **THIS COURT ORDERS** that Buchans Shareholders who duly exercise such Dissent Rights set out in paragraph 22 above and who:

- (a) ultimately are determined to be entitled to be paid fair value for their Buchans Shares shall be entitled to a payment in cash equal to such fair value, which fair value, notwithstanding anything to the contrary contained in Section 185 of the *OBCA*, shall be determined as of the Effective Time and shall be deemed to have transferred to the Company those Buchans Shares in respect of which Dissent Rights have been duly and validly exercised as of the Effective Time at the fair value of the Buchans Shares determined as of the Effective Time, without any further act or formality and free and clear of all liens and claims; or
- (b) ultimately are determined not to be entitled, for any reason, to be paid fair value for their Buchans Shares, shall be deemed to have participated in the Arrangement on the same basis as a holder of Buchans Shares who has not exercised Dissent Rights and shall receive the consideration provided in Section 3.1 of the Arrangement;

but in no case shall the Company, CMC, Minco, Computershare or any other person be required to recognize any such holder as a holder of Buchans Shares on or after the Effective Time and the names of each such holder shall be deleted from the register of holders of Buchans Shares at the Effective Time.

24. **THIS COURT ORDERS** that in addition to any other restrictions in Section 185 of the *OBCA*, no Buchans Shareholders who vote, or have or have been deemed to have



instructed a proxyholder to vote, in favour of the Arrangement Resolution, shall be entitled to exercise rights of dissent.

#### **HEARING OF APPLICATION FOR APPROVAL OF THE ARRANGEMENT**

25. **THIS COURT ORDERS** that upon approval by the Buchans Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, the Company may apply to this Honourable Court for final approval of the Arrangement.

26. **THIS COURT ORDERS** that distribution of the Notice of Application and the Interim Order in the Circular, when sent in accordance with paragraph 12 shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 27.

27. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the lawyers for the Company as soon as reasonably practicable, and, in any event, no less than 5 days before the hearing of this Application at the following addresses: Paliare Roland Rosenberg Rothstein LLP, Barristers, 155 Wellington St. W., 35<sup>th</sup> floor, Toronto, ON, M5V 3H1, Attention: Massimo Starnino, Elizabeth Rathbone.

28. **THIS COURT ORDERS** that, subject to further order of this Honourable Court, the only persons entitled to appear and be heard at the hearing of the within Application shall be:

- (a) the Company;

- (b) CMC;
- (c) Minco; and
- (d) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure*.

29. **THIS COURT ORDERS** that any materials to be filed by the Company in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Court.

30. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 27 shall be entitled to be given notice of the adjourned date.

31. **THIS COURT ORDERS** that the time for the service and filing of the motion materials herein is hereby abridged.

#### **PRECEDENCE**

32. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the Buchans Shares, or the articles or by-laws of the Company, this Interim Order shall govern.

**EXTRATERRITORIAL ASSISTANCE**

33. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States, Ireland or other country to act in aid of and to assist this Court in carrying out the terms of this Interim Order.

**VARIANCE**

34. **THIS COURT ORDERS** that the Company shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Honourable Court may direct.



ENTERED AT 1608 T A TORONTO  
ON / BOOK NO.  
I.E / DANS LE REGISTRE NO.

NOV 04 2019

PER / FAR.





Court File No.

IN THE MATTER OF SECTION 182 OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, c. B-16, AS AMENDEDAND IN THE MATTER OF A PROPOSED ARRANGEMENT OF BUCHANS RESOURCES LIMITED INVOLVING CANADIAN  
MANGANESE COMPANY INC. and MINCO EXPLORATION LIMITED**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**PROCEEDING COMMENCED AT  
TORONTO**ORDER****PALIARE ROLAND ROSENBERG ROTHSTEIN LLP**

Barristers

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elizabeth.rathbone@paliareroland.com

Lawyers for the Applicant

Court File No.

CV-19-00629474-000

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF  
THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, Ch. B-16  
AND RULES 14.05(2) AND 14.05(3) OF THE RULES OF CIVIL  
PROCEDURE**

**AND IN THE MATTER OF a proposed arrangement of BUCHANS  
RESOURCES LIMITED involving CANADIAN MANGANESE  
COMPANY INC. and MINCO EXPLORATION LIMITED**

**Applicant**

**NOTICE OF APPLICATION**

**TO THE RESPONDENTS**

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing on a date to be set by the court at a 9:30 scheduling appointment at 330 University Avenue, 7<sup>th</sup> Floor, Toronto, Ontario, M5G 1R7.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant lawyer or, where the applicant does not have a lawyer, serve it on the applicant and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2 days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.



Date: October 21, 2019

Issued by

Address of  
Court Office

  
330 University Avenue, 9<sup>th</sup> Floor  
Toronto, Ontario M5G 1R7  
"A. Stanojevic"

TO: All shareholders of Buchans Resources Limited

AND TO: The Directors of Buchans Resources Limited

AND TO: The auditor of Buchans Resources Limited

AND TO: Canadian Manganese Company Inc.  
c/o Suite 1805, 55 University Avenue  
Toronto, Ontario, M5J 2H7

AND TO: Minco Exploration Limited  
c/o 17 Pembroke Street Upper  
Dublin 2, Ireland D02 AT22

## APPLICATION

1. The Applicant Buchans Resources Limited (the "**Company**"), makes an Application for:
  - (a) an interim order for advice and directions with respect to:
    - (i) a special meeting (the "**Meeting**") of holders of common shares (the "**Buchans Shareholders**") of the Company to consider, among other things, the Arrangement (as defined below); and
    - (ii) the approval of the Arrangement by the Buchans Shareholders;
  - (b) an order pursuant to s. 182(5) of the *Business Corporations Act*, R.S.O. 1990, c.B.16 (the "**OBCA**") approving a plan of arrangement (the "**Arrangement**") as contemplated by an arrangement agreement entered into among the Company, Canadian Manganese Company Inc. ("**CMC**") and Minco Exploration Limited ("**Minco**") dated October 24, 2019, substantially in the form described in the Notice of Annual and Special Meeting and Management Information Circular (together, the "**Circular**") to be dated on or about November 8, 2019 and delivered to the Buchans Shareholders and others, as specified in this Notice of Application (the "**Final Order**"); and
  - (c) such other relief as counsel for the Applicant may request and this Honourable Court deems fit.

2. The grounds for the Application are:

- (a) the Company is a corporation incorporated under, and governed by, the *OBCA*;
- (b) CMC is a corporation incorporated under, and governed by, the *Canada Business Corporations Act*, (R.S.C., 1985, c. C-44);
- (c) Minco is a corporation incorporated under the laws of the Republic of Ireland;
- (d) the Arrangement is an "arrangement" within the meaning of s. 182(1) of the *OBCA*;
- (e) all pre-conditions to the approval of the Arrangement by the Court will have been satisfied prior to the hearing of the Application;
- (f) the Arrangement is put forward in good faith;
- (g) all statutory requirements under the *OBCA* have been or will have been satisfied prior to the hearing of the Application;
- (h) the Arrangement is fair and reasonable to the parties affected;
- (i) if made, the Final Order approving the Arrangement will constitute the basis for an exemption from the registration requirements of Section 3(a)(10) of the *Securities Act of 1933*, as amended, of the

United States of America with respect to the shares to be exchanged and/or distributed in the United States of America pursuant to the Arrangement;

- (j) in accordance with the Interim Order, as part of the Circular, this Notice of Application will be sent to all Buchans Shareholders, as they appear on the books and records of the Applicant on the day fixed as the record date, namely November 8, 2019;
  - (k) section 182 of the *OBCA*;
  - (l) rules 1.04, 3.02, 14.05(2), 14.05(3), 37 and 38 of the *Rules of Civil Procedure*; and
  - (m) such further and other grounds as counsel for the Company may advise and this Honourable Court may permit.
3. The following documentary evidence will be used at the hearing of the Application:
- (a) such Interim Order as may be granted by this Honourable Court;
  - (b) the Affidavit of John F. Kearney to be sworn and the exhibits thereto;
  - (c) supplementary affidavit material reporting on the results of the Meeting and the exhibits thereto; and

- (d) such further and other material as counsel for the Company may advise and this Honourable Court may permit.

October 21, 2019

**PALIARE ROLAND ROSENBERG  
ROTHSTEIN LLP**

Barristers

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Lawyers for the Applicant



IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, c. B-16, as amended

Court File No.

CV-19-00629474-000L

AND IN THE MATTER OF a proposed arrangement OF BUCHANS RESOURCES LIMITED involving CANADIAN MANGANESE COMPANY INC. and MINCO EXPLORATION LIMITED

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**PROCEEDING COMMENCED AT  
TORONTO**

**NOTICE OF APPLICATION**

**PALIARE ROLAND ROSENBERG ROTHSTEIN LLP**  
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Lawyers for the Applicant



**SCHEDULE H  
PLAN OF ARRANGEMENT**

**PURSUANT TO THE ARRANGEMENT AGREEMENT  
DATED AS OF OCTOBER 28, 2019  
AMONG  
BUCHANS RESOURCES LIMITED CANADIAN  
MANGANESE COMPANY INC. AND  
MINCO EXPLORATION LIMITED**

**PLAN OF ARRANGEMENT UNDER SECTION 182 OF  
THE *BUSINESS CORPORATIONS ACT* (ONTARIO)**

**ARTICLE 1 - INTERPRETATION**

**1.1 Definitions**

In this Plan of Arrangement, unless something in the subject matter or context is inconsistent therewith:

**"Act"** means the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B16; as amended;

**"Arrangement Agreement"** means the Arrangement Agreement to which this Exhibit I is attached, including the Exhibits thereto as the same may be supplemented or amended from time to time;

**"Arrangement"** means an arrangement under the provisions of Section 182 of the Act, on the terms and conditions set forth in this Plan of Arrangement;

**"Buchans"** means Buchans Resources Limited a corporation existing under the laws of the Province of Ontario;

**"Buchans Exchangeable Warrant"** means a non-transferrable warrant to be issued by Buchans entitling the holder thereof to exchange such warrant for either (i) one Minco Share; or (ii) 0.25 New Buchans Shares at the holder's sole discretion at any time on or before the date which is one (1) year following the Effective Date and if not exchanged by that time automatically exchanged for one Minco Share all upon and subject to the terms and conditions contained in the certificate representing such Buchans Exchangeable Warrant substantially in the form attached as Schedule B hereto;

**"Buchans Shares"** means the common shares without par value of Buchans;

**"Circular"** means the information circular to be sent to Shareholders of Buchans in connection with the Meeting;

**"CMC"** means Canadian Manganese Company Inc., a company existing under the federal laws of Canada;

**"CMC Shares"** means the common shares without par value of CMC;

"**Computershare**" means Computershare Trust Company of Canada, located at 8<sup>th</sup> Floor, North Tower, 100 University Avenue, Toronto, Ontario, M5J 2Y1;

"**Court**" means the Superior Court of Justice (Commercial List) of Ontario sitting in Toronto;

"**Dissenting Shareholder**" means a Buchans Shareholder who has duly complied with the procedures set out in Article 4 and is ultimately entitled to be paid for their dissenting shares;

"**DRA**": means a direct registration advice issued by the transfer agent and registrar of a corporation notifying the addressee of such advice of the electronic registration of ownership of shares of such corporation in his or her name;

"**Effective Date**" means the effective date set forth on the certificate and articles of arrangement of Buchans that are filed with or issued by the Director, Business Corporations Act, of Ontario regarding the Arrangement;

"**Effective Time**" means 12:01 a.m. on the Effective Date, unless otherwise set forth on the certificate and articles of arrangement of Buchans that are filed with or issued by the Director, Business Corporations Act, of Ontario regarding the amendments to the authorized share structure of Buchans under Section 3.1;

"**Meeting**" means the annual and special meeting of the shareholders of Buchans to be held at the offices of Buchans commencing at 10:00 a.m. (Eastern Time) on or about December 10, 2019 and any adjournment or postponement thereof;

"**Minco**" means Minco Exploration Limited, a company duly incorporated under the laws of the Republic of Ireland;

"**Minco Shares**": means the ordinary shares of Minco;

"**New Buchans Shares**" has the meaning assigned thereto in Section 3.1(b);

"**Old Buchans Shares**" means the Buchans Shares, after being altered by changing their identifying name to "Class A" common shares pursuant to Section 3.1(b);

"**Plan of Arrangement**" means this plan of arrangement and any amendment or variation hereto made in accordance with Section 6.1 of the Arrangement Agreement;

"**Shareholder**", "**securityholder**" or "**holder of shares**" means a registered or beneficial holder of Buchans Shares;

"**Tax Act**" means the *Income Tax Act* (Canada); and

"**U.S. Tax Code**" means the U.S. Internal Revenue Code of 1986, as amended;

## **1.2 Headings**

The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. The terms "this Plan of Arrangement", "hereof" and "hereunder" and similar expressions refer to this Plan of Arrangement and not to any particular Article or Section hereof and include any agreement or instrument supplemental therewith, references herein to

Articles and Sections are to Articles and Sections of this Plan of Arrangement.

### **1.3 Number**

In this Plan of Arrangement, unless something in the context is inconsistent therewith, words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa, words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and vice versa.

## **ARTICLE 2 – GOVERNING AGREEMENT**

### **2.1 Arrangement Agreement**

This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement.

## **ARTICLE 3 – ARRANGEMENT**

### **3.1 The Arrangement**

On the Effective Date, the following shall occur and be deemed to occur in the following order without any further act or formality:

- (a) each issued Buchans Share held by a Dissenting Shareholder is acquired by Buchans in consideration for Buchans agreeing to pay the amount to be paid as determined in accordance with Article 4 of this Plan of Arrangement in respect of the dissenting shares;
- (b) the authorized capital of Buchans is amended by:
  - (i) the alteration of the Buchans Shares by changing their identifying name to “Class A” common shares (the “**Old Buchans Shares**”);
  - (ii) the creation of an unlimited number of common shares without par value (the “**New Buchans Shares**”) having attached thereto the rights and restrictions set out in Schedule A hereto, and
  - (iii) the stated capital of the New Buchans Shares shall be the same as the stated capital of the Old Buchans Shares,

and the articles of incorporation of Buchans are amended accordingly;

- (c) each issued Old Buchans Share held by a Shareholder (other than a Dissenting Shareholder) will be transferred to Buchans in exchange for:
  - (i) one New Buchans Share;

- (ii) one CMC Share; and
- (iii) one Buchans Exchangeable Warrant;
- (d) the authorized capital of Buchans will be amended by eliminating the Old Buchans Shares from the authorized share structure of Buchans and the articles of incorporation of Buchans will be amended accordingly; and
- (e) the stated capital of the New Buchans Shares immediately prior to the Effective Time shall be reduced by an amount equal to that portion of such stated capital attributable to Buchans' investment in CMC and Minco, respectively.

The board of directors of Buchans may, in its absolute discretion, determine whether or not to proceed with the Arrangement before or after the approval of same by the Buchans Shareholders, without further approval, ratification or confirmation by the Shareholders.

## **ARTICLE 4 – RIGHTS OF DISSENT**

### **4.1 *Rights of Dissent***

Holders of Buchans Shares may exercise rights of dissent in connection with the Arrangement pursuant to and in the manner set forth in Section 185 of the Act provided that the notice of dissent is given by 10:00 a.m. (Toronto Time) on the day which is two business days immediately preceding the date of the Meeting or the day otherwise ordered by the Court. Holders who duly exercise such rights of dissent and who:

- (a) are ultimately to be paid fair value for their Buchans Shares by Buchans and shall be deemed to have had their Buchans Shares transferred to Buchans for such value on the Effective Date; or
- (b) are ultimately not entitled to be paid fair value for any reason for their Buchans Shares shall be deemed to have participated in the Arrangement on the same basis as any non-dissenting holder of Buchans Shares and shall receive New Buchans Shares, CMC Shares and Buchans Exchangeable Warrants on the basis determined in accordance with Section 3.1 hereof.

## **ARTICLE 5 – CERTIFICATES AND DOCUMENTATION**

### **5.1 *Entitlement to and Delivery of Certificates***

As soon as practicable after the Effective Date, Computershare will forward in accordance with Section 3.1 hereof, to each registered holder of record of Buchans Shares who has not dissented to the Arrangement, a DRA or share certificate in respect of the New Buchans Shares to which such holder is entitled pursuant to the Arrangement together with certificates or DRAs representing the appropriate number of,

- (a) CMC Shares; and
- (b) Buchans Exchangeable Warrants, to which they are entitled under the Arrangement.

## **5.2 Fractional Securities**

No holder of Buchans Shares shall receive fractional securities of Buchans, CMC or Minco and no cash will be paid in lieu thereof. Any fractions resulting will be rounded to the nearest whole number, with fractions of one-half or greater being rounded to the next higher whole number and fractions of less than one-half being rounded to the next lower whole number.

## **5.3 Withholding Rights**

Buchans, CMC, Minco and Computershare shall be entitled to deduct and withhold from the consideration or other amounts payable to any Shareholder such amounts as Buchans, CMC, Minco or Computershare is required to deduct and withhold with respect to such payment under the Tax Act, the U.S. Tax Code or any provision of any applicable federal, provincial, state, local or foreign tax law or treaty, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

# **ARTICLE 6 – AMENDMENT**

## **6.1 Amendment**

This Plan of Arrangement may, at any time and from time to time before the Effective Date, be amended by written agreement of the parties hereto without, subject to any order of the Court, applicable law, further notice to or authorization on the part of their respective shareholders. Without limiting the generality of the foregoing, any such amendment may:

- (a) change the time for performance of any of the obligations or acts of the parties hereto;
- (b) waive any inaccuracies or modify any representation contained herein or any document to be delivered pursuant hereto;
- (c) change non-material terms;
- (d) waive compliance with or modify any of the covenants herein contained or waive or modify performance of any of the obligations of the parties hereto; and
- (e) amend the terms of Section 3.1 hereof and the sequence of transactions described in the Plan of Arrangement provided that any amendment thereof in any material respect shall subject to any required approval of the shareholders of Buchans, given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

**SCHEDULE A  
RIGHTS AND RESTRICTIONS ATTACHED TO NEW  
BUCHANS SHARES**

**RIGHTS AND RESTRICTIONS ATTACHED TO COMMON SHARES**

The Common shares without par value (the "**Common Shares**"), which are referred to as New Buchans Shares in the Plan of Arrangement to which this Schedule A is attached, shall have attached to them the rights and restrictions set out below:

**1. Voting**

Each holder of Common Shares shall have the right to one vote per share at any meeting of the shareholders of the Corporation except meetings at which only holders of a specified class of shares are entitled to vote.

**2. Dividend Rights on Common Shares**

Each holder of Common Shares shall be entitled to receive dividends as and when declared by the Corporation. Dividends may be declared and paid on the Common Shares to the exclusion of the declaration or payment of dividends on any other class of shares.

**3. Liquidation, Dissolution or Winding Up**

In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Common Shares shall have the right to receive the remaining property of the Corporation on dissolution, liquidation, winding up or other distribution of its assets or property among its shareholders for the purpose of winding up its affairs on a pro rata basis with all issued Common Shares.

**SCHEDULE B**  
**FORM OF CERTIFICATE REPRESENTING**  
**BUCHANS EXCHANGEABLE WARRANTS**

Exchangeable Warrant # ●  
● Exchangeable Warrants

**THE RIGHTS EVIDENCED BY THIS EXCHANGEABLE WARRANT WILL EXPIRE  
UNLESS EXERCISED BEFORE 5:00 P.M. (TORONTO TIME) ON ●, 2020.**

**BUCHANS RESOURCES LIMITED**

(the “**Company**”)

55 University Avenue, Suite 1805

Toronto, Ontario

M5J 2H7

(Incorporated under the laws of Ontario)

**NON-TRANSFERRABLE, EXCHANGEABLE WARRANT  
ISSUED BY THE COMPANY ON ●, 2019**

**THIS IS TO CERTIFY THAT:**

\_\_\_\_\_ (the **Holder**”) is the holder of the number of exchangeable warrants of the Company (the “**Exchangeable Warrants**”) set out above. Each Exchangeable Warrant entitles the Holder for no additional consideration to exchange such Exchangeable Warrant for either

- (i) One (1) fully paid ordinary share of Minco Exploration Limited (“**Minco Shares**”) or
- (ii) 0.4479 fully paid common shares of the Company (a “**Buchans Share**”),

at the sole option of the Holder at any time before 5:00 pm, Toronto time (the “**Expiry Time**”) on the Expiry Date (as herein defined). The Holder’s right to receive Buchans Shares or Minco Shares hereunder is hereinafter sometimes referred to as the “**Exchange Right**”.

Upon the Company giving notice (the “**Liquidity Event Notice**”) to the Holder in the manner provided herein, of the occurrence of a Liquidity Event (as defined herein), the Expiry Time shall be adjusted to 5:00 pm, Toronto time on the date which is thirty (30) days following the giving of the Liquidity Event Notice (the “**Adjusted Expiry Time**”).

In the event that the Exchange Right is not exercised by the Expiry Time or the Adjusted Expiry Time, the Holder shall be deemed to have exercised the Exchange Right on the Expiry Time or the Adjusted Expiry Time, as the case may be, to receive for no additional consideration and without any further action on the part of the Holder, one fully paid Minco Share only for each Exchangeable Warrant held.

The Exchange Right may only be exercised by the Holder prior to the Expiry Time by:

- (a) completing in the manner indicated and executing the Exchange Form attached hereto as Appendix “A” for that number of Buchans Shares or Minco Shares to which the Holder is entitled to; and
- (b) surrendering this Exchangeable Warrant to the Company at its offices at 55 University Avenue, Suite 1805, Toronto, Ontario M5J 2H7, to the attention of the President.



## **Section 1      Interpretation**

### **1.1      Definitions**

- (a)      **“Articles”** means the constating documents of the Company under which the Company was incorporated, continued or amalgamated;
- (b)      **“Automatic Exchange Date”** has the meaning ascribed to such term in subsection 2.3 hereof;
- (c)      **“Buchans”** or the **“Company”** means Buchans Resources Limited, a corporation incorporated under the laws of the Province of Ontario, Canada, with a registered office in the City of Toronto, Ontario, Canada
- (d)      **“Buchans Share”** means a fully paid common share in the capital of the Company as presently constituted;
- (e)      **“Business Day”** means a day, other than Saturdays, Sundays and statutory holidays, when the banks conducting business in the City of Toronto, Ontario are generally open for the transaction of banking business;
- (f)      **“Exchange Date”** has the meaning ascribed to such term in subsection 2.2 hereof;
- (g)      **“Exchange Form”** means the Exchange Form attached hereto as Appendix “A”
- (h)      **“Exchange Right”** has the meaning ascribed to such term on the face page hereof;
- (i)      **“Expiry Date”** means the ●th day of ●, 2020;
- (j)      **“Expiry Time”** and **“Adjusted Expiry Time”** have the meanings ascribed to such terms on the face page hereof;
- (k)      **“Liquidity Event”** means the completion by Minco of (i) a distribution to the public of Minco Shares in Ireland and the concurrent admission to trading of Minco Shares on the Irish Stock Exchange, or (ii) another transaction as a result of which all outstanding Minco Shares, or the securities of another issuer issued in exchange for all such outstanding Minco Shares, are traded on the Irish Stock Exchange or other exchange in the United Kingdom or Europe and are freely tradable (subject to control block restrictions);
- (l)      **“Liquidity Event Notice”** has the meaning ascribed to such term on the face page hereof;
- (m)      **“Minco”** means Minco Exploration Limited, a company constituted under the laws of the Republic of Ireland with a registered office in Dublin, Ireland;
- (n)      **“Minco Share”** means a fully paid ordinary share in the capital of Minco as presently constituted; and
- (o)      **“Underlying Securities”** has the meaning ascribed to such term in subsection 2.4 hereof.

## **Section 2      Terms and Conditions**

- 2.1 The Holder understands that this Exchangeable Warrant is not transferrable except to the heirs, executors or administrators of the Holder in the event of the death of the Holder or by operation of law.
- 2.2 This Exchangeable Warrant is exchangeable in whole but not in part for Minco Shares or Buchans Shares at any time and from time to time up to, but not after, 5:00p.m., Toronto time, on the Expiry Date.
- 2.3 Upon the exchange and surrender of this Exchangeable Warrant, the Company will cause the issue of that number of the Minco Shares or the Buchans Shares, as the case may be, (the **“Underlying Securities”**) to which the Holder is entitled pursuant to this Exchangeable Warrant to the person or persons stipulated in the Exchange Form and such person or persons will be shareholders of the Company in respect of such Underlying Securities as at the date of such exchange and surrender (the **“Exchange Date”**). Within five Business Days after the Exchange Date, the Company will cause the mailing to such persons at the address or addresses specified in the Exchange Form of a certificate or certificates evidencing the Underlying Securities issuable hereunder.
- 2.4 The Exchangeable Warrants shall be automatically exchanged (without any additional consideration or further act on the part of the Holder) at 5:00 p.m. (Toronto time) on the date (the **“Automatic Exchange Date”**) that is the earlier of: (i) the Expiry Date; and (ii) ten Business Days following the completion of a Liquidity Event. The Company will, as soon as practicable after any Exchangeable Warrants have been automatically exchanged pursuant to this subsection, give notice of such automatic exchange to the holders of such Exchangeable Warrants. Upon the automatic exchange of this Exchangeable Warrant the Company will, within five Business Days, issue Minco Shares to the Holder of this Exchangeable Warrant as entered in the Company’s registry.
- 2.5 On and after the Automatic Exchange Date, the Holder of this Exchangeable Warrant as automatically exchanged will have no rights hereunder except to receive certificates representing the Minco Shares issuable to the Holder hereunder and this Exchangeable Warrant will be deemed to have been surrendered by the Holder for such purpose only.
- 2.6 Upon, the automatic exchange of this Exchangeable Warrant in accordance with subsection 2.3 or upon the exchange of this Exchangeable Warrant by the Holder in accordance with subsection 2.2, the Underlying Securities hereby issuable will be deemed to have been issued, and the person or persons to whom such Underlying Securities are to be issued will be deemed to have become the holder or holders of record thereof, on the Automatic Exchange Date or the Exchange Date (as defined herein), as the case may be, unless the transfer registers of the Company are closed on that date, in which case such Underlying Securities will be deemed to have been issued and such person or persons will be deemed to have become the holder or holders of record thereof on the date on which such transfer registers are reopened, but such Underlying Securities will be issued on the basis of the number of Units to which such person or persons were entitled on the Automatic Exchange Date or the Exchange Date, as the case may be.
- 2.7 Not later than the fifth Business Day on which the transfer registers of the Company have been open, in the case of the exchange of this Exchangeable Warrant and surrender to the Company of this Exchangeable Warrant by the Holder hereof in accordance with subsection 2.32 or after the automatic exchange of this Exchangeable Warrant in accordance with subsection 2.13, as the case may be, the Company will cause to be mailed to the person or persons in whose name or names the Underlying Securities have been issued, at his or their respective addresses, or, if so specified, cause

to be delivered to such person or persons at the place where this Exchangeable Warrant was surrendered, certificates representing the Underlying Securities so issued.

- 2.8 The Company will not, under any other circumstances, be obligated to issue any fraction of an Underlying Security on the exchange or automatic exchange of this Exchangeable Warrant. To the extent that the holder of this Exchangeable Warrant would otherwise have been entitled to receive, on the exchange or automatic exchange of this Exchangeable Warrant, a fraction of an Underlying Security, such holder may exchange such right in respect of such fraction only in combination with another Exchangeable Warrant or Exchangeable Warrants which in the aggregate entitle the Holder to be issued a whole number of Underlying Securities and in no event shall the Company be obligated to make any payment in respect of such fraction.
- 2.9 The Company will record particulars of each Exchangeable Warrant exchanged or automatically exchanged which will include the name and address of each person to whom the Underlying Securities are thereby issued, the number of Underlying Securities so issued and the exchange date in respect thereof.
- 2.10 This Exchangeable Warrant shall not entitle the Holder to any rights whatsoever as a shareholder of the Company.

### **Section 3      Registration, Transfer, Exchange and Reissuance of Exchangeable Warrants**

- 3.1 The Company will cause to be kept by and at its principal office in Toronto, Ontario, a register in which shall be entered in alphabetical order the names and addresses of the holders of Exchangeable Warrants and particulars of the Exchangeable Warrants held by them. The register referred to in this subsection will at all reasonable times be open for inspection by the Company and any Holder. The Company may at any time and from time to time change such place at which the registers referred to in this subsection are kept. Notice of any such change or closure shall be given by the Company to the holders of Exchangeable Warrants.
- 3.2 This Exchangeable Warrant may not be assigned or transferred except to the heirs, executors or administrators of a deceased Holder by operation of law.
- 3.3 In the event of a lost, stolen, destroyed or mutilated Exchangeable Warrant, and upon receipt by the Company of evidence reasonably satisfactory to the Company of such loss, theft, destruction or mutilation, the Company shall execute and deliver to the Holder a new Exchangeable Warrant bearing the same issue date and of like tenor with this Exchangeable Warrant representing the right of the Holder to exchange such Exchangeable Warrant for that number of Underlying Securities to which the Holder is entitled hereunder:
- (a) in the case of a lost stolen or destroyed Exchangeable Warrant, the Holder shall provide the Company with an indemnification indemnifying the Company from any expenses, losses, claims, damages or liabilities arising from such loss, theft or destruction;
  - (b) in the case of a mutilated Exchangeable Warrant, the Holder shall surrender such mutilated Exchangeable Warrant for cancellation.

### **Section 4      Fundamental Change**

- 4.1 In the event of any subdivisions or changes of the Minco Shares or Buchans Shares at any time while this Exchangeable Warrant is outstanding into a greater number of Minco Shares or Buchans

Shares, as the case may be, the Company shall thereafter deliver at the time of exercise or automatic exercise of the Exchange Right, in lieu of the number of Minco Shares or Buchans Shares in respect of which this Exchangeable Warrant is then being exchanged, such greater number of Minco Shares or Buchans Shares, as the case may be, as would result from said subdivision or change or subdivisions or changes had the Exchange Right been exercised before such subdivision or change or subdivisions or changes.

- 4.2 In the event of any consolidations of the Minco Shares or Buchans Shares at any time while this Exchangeable Warrant is outstanding into a lesser number of Minco Shares or Buchans Shares, as the case may be, the Company shall thereafter deliver, and the Holder of this Exchangeable Warrant shall accept, at the time of exchange of this Exchangeable Warrant, in lieu of the number of Minco Shares or Buchans Shares, as the case may be, in respect of which the right to subscribe for Units is then being exchanged, such lesser number of Minco Shares or Buchans Shares, as the case may be, as would result from such consolidation or consolidations had the Exchange Right been exercised before such consolidation or consolidations.
- 4.3 In the event of any reclassification or reclassifications of the Common Shares at any time while this Exchangeable Warrant is outstanding, the Company shall thereafter deliver at the time of exchange of this Exchangeable Warrant, the number of Underlying Securities of the Company of the appropriate class or classes resulting from said reclassification or reclassifications to which the Holder would have been entitled had the Exchange Right been exercised before such reclassification or reclassifications.
- 4.4 If at any time while this Exchangeable Warrant is outstanding, any stock dividend or stock dividends are paid upon the Minco Shares or Buchans Shares, then the Company shall thereafter deliver at the time of the exercise of the Exchange Right, in addition to the number of Underlying Securities in respect of which the Exchange Right is then being exercised, the additional number of Minco Shares or Buchans Shares, as the case may be, as would have been payable if the Exchange Right had been exercised prior to the record date for the payment of the said stock dividend or stock dividends.
- 4.5 If, at any time while this Exchangeable Warrant is outstanding, Minco or Buchans shall distribute any class of shares or rights, options or warrants (other than those referred to above) or evidence of indebtedness or property (excluding cash dividends paid in the ordinary course) to holders of shares in the capital of Minco or Buchans, the number of Underlying Securities to be issued by the Company under this Exchangeable Warrant shall, at the time of exchange, be appropriately adjusted and the Holder shall receive, in lieu of the number of Underlying Securities to which the Holder is entitled hereunder, the aggregate number of Underlying Securities or property to which the Holder would have been entitled as a result of such event if, on the record date thereof, the Holder had been the registered holder of the number of Underlying Securities to which the Holder is entitled upon exchange of the rights of the Holder hereunder.
- 4.6 On the happening of each and every such event, the applicable provisions of this Exchangeable Warrant shall, ipso facto, be deemed to be amended accordingly and the Company shall take all necessary action so as to comply with such provisions as so amended.
- 4.7 The adjustments in the number of Underlying Securities issuable pursuant to the rights attaching to this Exchangeable Warrant provided for above are to be cumulative, and all such adjustments as are applicable to the exchange in question shall be made. If and whenever any action is taken which requires an adjustment in the number of Underlying Securities issuable upon the exchange of this Exchangeable Warrant, the Company shall forthwith deliver to the Holder a certificate of the

Company setting forth the details of the action taken and the adjusted number of Underlying Securities issuable upon the exchange of this Exchangeable Warrant and the details of the calculation of such adjustment. In the event of any question arising with respect to the number of Underlying Securities issuable as the result of any such events, such questions shall be conclusively determined by a firm of chartered accountants carrying on business in the City of Toronto, nominated by the Company, who may be the auditors of the Company; such accountants shall have access, at the office of the Company, to all necessary records and the determination of such chartered accountants shall be binding upon the Company and the Holder.

## **Section 5      General Provisions**

- 5.1      The Company shall not enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other company or entity (herein called a **“Successor Company”**) whether by way of reorganization, reconstruction, consolidation, amalgamation, merger, transfer, sale, disposition or otherwise, unless prior to or contemporaneously with the consummation of such transaction the Company and the Successor Company shall have executed such instruments and done such things as, in the opinion of counsel to the Company, are necessary or advisable to establish that upon the consummation of such transaction: (i) the Successor Company will have assumed all the covenants and obligations of the Company under this Exchangeable Warrant Certificate; and (ii) this Exchangeable Warrant Certificate will be a valid and binding obligation of the Successor Company entitling the Holder, as against the Successor Company, to all the rights of the Holder under this Exchangeable Warrant Certificate.
- 5.2      Whenever the conditions of subsection 5.1 shall have been duly observed and performed, the Successor Company shall possess and from time to time may exchange each and every right and power of the Company under this Exchangeable Warrant Certificate in the name of the Company or otherwise and any act or proceeding by any provision hereof required to be done or performed by any director or officer of the Company may be done and performed with like force and effect by the like directors or officers of the Successor Company.
- 5.3      The Company covenants and agrees that it is duly authorized to create and issue this Exchangeable Warrant and the Minco Shares or Buchans Shares to be issued hereunder and that this Exchangeable Warrant when signed by the Company as herein provided will be a valid and enforceable obligation of the Company in accordance with the provisions hereof and that, subject to the provisions hereof, it will cause the Underlying Securities and the certificates evidencing such Underlying Securities, to be duly issued, and that at all times up to and including the Exchange Date or Automatic Exchange Date, as the case may be, while this Exchangeable Warrant shall be outstanding, it shall retain a sufficient number of Minco Shares and reserve and there shall remain unissued out of its authorized capital a sufficient number of Buchans Shares to satisfy the Exchange Right hereunder. All Underlying Securities which shall be issued upon the exercise of the Exchange Right to, shall be issued as fully paid and non-assessable Underlying Securities and the holders thereof shall not be liable to the Company or its creditors in respect thereof.
- 5.4      Time shall be of the essence.
- 5.5      This Exchangeable Warrant shall be governed by and construed in accordance with the federal laws of the Province of Ontario and the laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

- 5.6 The parties to this Exchangeable Warrant have expressly requested that this Exchangeable Warrant be drawn in English; les parties aux présentes confirment qu'elles ont exigé que le présent bon de souscription soit rédigé en anglais.
- 5.7 This Exchangeable Warrant shall not be valid for any purpose whatsoever until it has been signed by the Company.

**IN WITNESS WHEREOF** the Company has caused this Exchangeable Warrant to be executed by its proper officers duly authorized on that behalf.

**DATED** on ●, 2019.

**BUCHANS RESOURCES LIMITED**

---

Name:

Title:

I have authority to bind the Company

**APPENDIX "A"**

**EXCHANGE FORM**  
**(TO BE COMPLETED IF EXCHANGEABLE WARRANTS ARE TO BE EXCHANGED**  
**PRIOR TO THE EXPIRY DATE)**

**TO:               BUCHANS RESOURCES LIMITED ("Buchans")**

The undersigned registered Holder of the Exchangeable Warrant Certificate attached hereto, hereby:

1. exchanges such Exchangeable Warrant for
  - a. \_\_\_\_\_ ordinary shares of Minco Exploration Limited (or such number of shares or other securities or property to which such subscription entitles the undersigned in lieu thereof or in addition thereto of Minco Exploration Limited); OR
  - b. \_\_\_\_\_ common shares of Buchans Resources Limited (or such number of shares or other securities or property to which such subscription entitles the undersigned in lieu thereof or in addition thereto of Buchans Resources Limited); and
2. delivers herewith the above mentioned Exchangeable Warrant Certificate.

The undersigned hereby directs that the said Units be registered as follows:

<b>Name(s) in Full (in Block Letters)</b>	<b>Address(es) (including Postal Code)</b>

**DATED** this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature of registered Holder

\_\_\_\_\_  
(Print Name of registered Holder)

\_\_\_\_\_  
Title (if applicable)

\_\_\_\_\_  
Address of registered Holder in Full

\_\_\_\_\_  
Signature Guaranteed by:

**Notice: The signature on this Exchange Form must correspond in every particular with the surname and the first name or initials shown on the face of the Exchangeable Warrant Certificate without alteration or any change whatsoever or this Exchange Form may be signed by a duly authorized trustee, executor, administrator or attorney of the Holder or a duly authorized signing officer in the case of a Company provided proper evidence of such signatory's authority to sign accompanies this Exchange Form.**

The certificates will be mailed by registered mail to the Exchangeable Warrant Holder(s) at the address(es) appearing in this Subscription Form.

**Rights of dissenting shareholders**

**185** (1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

- (a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;
- (b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;
- (c) amalgamate with another corporation under sections 175 and 176;
- (d) be continued under the laws of another jurisdiction under section 181; or

**Note: On a day to be named by proclamation of the Lieutenant Governor, subsection 185 (1) of the Act is amended by striking out “or” at the end of clause (d) and by adding the following clauses: (See: 2017, c. 20, Sched. 6, s. 24)**

- (d.1) be continued under the *Co-operative Corporations Act* under section 181.1;
- (d.2) be continued under the *Not-for-Profit Corporations Act, 2010* under section 181.2; or
- (e) sell, lease or exchange all or substantially all its property under subsection 184 (3),

a holder of shares of any class or series entitled to vote on the resolution may dissent. R.S.O. 1990, c. B.16, s. 185 (1).

**Idem**

(2) If a corporation resolves to amend its articles in a manner referred to in subsection 170 (1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

- (a) clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or
- (b) subsection 170 (5) or (6). R.S.O. 1990, c. B.16, s. 185 (2).

**One class of shares**

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares. 2006, c. 34, Sched. B, s. 35.

**Exception**

(3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

- (a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or
- (b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986. R.S.O. 1990, c. B.16, s. 185 (3).

**Shareholder's right to be paid fair value**

(4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted. R.S.O. 1990, c. B.16, s. 185 (4).

**No partial dissent**



(5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (5).

**Objection**

(6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent. R.S.O. 1990, c. B.16, s. 185 (6).

**Idem**

(7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6). R.S.O. 1990, c. B.16, s. 185 (7).

**Notice of adoption of resolution**

(8) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection. R.S.O. 1990, c. B.16, s. 185 (8).

**Idem**

(9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights. R.S.O. 1990, c. B.16, s. 185 (9).

**Demand for payment of fair value**

(10) A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares. R.S.O. 1990, c. B.16, s. 185 (10).

**Certificates to be sent in**

(11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates, if any, representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent. R.S.O. 1990, c. B.16, s. 185 (11); 2011, c. 1, Sched. 2, s. 1 (9).

**Idem**

(12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section. R.S.O. 1990, c. B.16, s. 185 (12).

**Endorsement on certificate**

(13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (13).

**Rights of dissenting shareholder**

(14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

- (a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);
- (b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or
- (c) the directors revoke a resolution to amend the articles under subsection 168 (3), terminate an amalgamation agreement under subsection 176 (5) or an application for continuance under subsection 181 (5), or abandon a sale, lease or exchange under subsection 184 (8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10). R.S.O. 1990, c. B.16, s. 185 (14); 2011, c. 1, Sched. 2, s. 1 (10).

**Same**

(14.1) A dissenting shareholder whose rights are reinstated under subsection (14) is entitled, upon presentation and surrender to the corporation or its transfer agent of any share certificate that has been endorsed in accordance with subsection (13),

- (a) to be issued, without payment of any fee, a new certificate representing the same number, class and series of shares as the certificate so surrendered; or
- (b) if a resolution is passed by the directors under subsection 54 (2) with respect to that class and series of shares,
  - (i) to be issued the same number, class and series of uncertificated shares as represented by the certificate so surrendered, and
  - (ii) to be sent the notice referred to in subsection 54 (3). 2011, c. 1, Sched. 2, s. 1 (11).

**Same**

(14.2) A dissenting shareholder whose rights are reinstated under subsection (14) and who held uncertificated shares at the time of sending a notice to the corporation under subsection (10) is entitled,

- (a) to be issued the same number, class and series of uncertificated shares as those held by the dissenting shareholder at the time of sending the notice under subsection (10); and
- (b) to be sent the notice referred to in subsection 54 (3). 2011, c. 1, Sched. 2, s. 1 (11).

**Offer to pay**

(15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

- (a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or
- (b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c. B.16, s. 185 (15).

**Idem**

(16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms. R.S.O. 1990, c. B.16, s. 185 (16).

**Idem**

(17) Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made. R.S.O. 1990, c. B.16, s. 185 (17).

**Application to court to fix fair value**

(18) Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (18).

**Idem**

(19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow. R.S.O. 1990, c. B.16, s. 185 (19).

**Idem**

(20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19). R.S.O. 1990, c. B.16, s. 185 (20).

**Costs**

(21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders. R.S.O. 1990, c. B.16, s. 185 (21).

**Notice to shareholders**

(22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

(a) has sent to the corporation the notice referred to in subsection (10); and

(b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made,

of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions. R.S.O. 1990, c. B.16, s. 185 (22).

**Parties joined**

(23) All dissenting shareholders who satisfy the conditions set out in clauses (22) (a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application. R.S.O. 1990, c. B.16, s. 185 (23).

**Idem**

(24) Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders. R.S.O. 1990, c. B.16, s. 185 (24).

**Appraisers**

(25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the

dissenting shareholders. R.S.O. 1990, c. B.16, s. 185 (25).

**Final order**

(26) The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22) (a) and (b). R.S.O. 1990, c. B.16, s. 185 (26).

**Interest**

(27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment. R.S.O. 1990, c. B.16, s. 185 (27).

**Where corporation unable to pay**

(28) Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c. B.16, s. 185 (28).

**Idem**

(29) Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

- (a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or
- (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders. R.S.O. 1990, c. B.16, s. 185 (29).

**Idem**

(30) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,

- (a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or
- (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities. R.S.O. 1990, c. B.16, s. 185 (30).

**Court order**

(31) Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission. 1994, c. 27, s. 71 (24).

**Commission may appear**

(32) The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation. 1994, c. 27, s. 71 (24).