

*The following discussion and analysis of the financial position and results of operations for Royal Roads Corp. (the “Company” or “Royal Roads”) should be read in conjunction with the unaudited financial statements and the notes thereto for the quarter ended March 31, 2008 and the audited financial statements and the notes thereto for the year ended December 31, 2007. The information contained herein is stated as of May 25, 2008 and is subject to change after that date.*

*This discussion includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical fact, that address reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration results, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.*

#### **Date**

The following management discussion and analysis is for the quarter ended March 31, 2008 and includes relevant information up to May 25, 2008. Additional information relating to the Company can be viewed on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Description of Business**

The Company is a mineral exploration company engaged in the business of acquiring and exploring mineral properties. The Company has interests in properties in Newfoundland and Labrador, Canada. The Company’s properties are currently at an “exploration stage”.

The Company has no producing properties, no operating income or cash flow and funds its operations through the proceeds from equity financings.

#### **Major Activities During The Quarter**

The Company announced a new independent mineral resource estimate on March 13, 2008 for the Daniels Pond deposit successfully upgrading a large portion of the deposit to the Indicated category.

The Company formed a committee of independent directors to investigate a possible combination of the Company with Buchans River Ltd. (“Buchans”). On May 2, 2008 the Company and Buchans jointly announced they had approved a binding agreement to combine their assets and operations. The agreement provides that, subject to Court approval and subject to approval by the shareholders of Buchans, a plan of arrangement pursuant to the Canada Business Corporations

Act whereby all outstanding securities of Buchans not already owned by Royal Roads will be exchanged for common shares, common share purchase warrants and options of Royal Roads.

### **Tulks North Property, Central Newfoundland**

The Tulks North Property is strategically located in the centre of the Victoria Lake mining camp of central Newfoundland, Canada and comprises 727 mineral claims covering 18,175 hectares (approximately 32 km x 5 km). The Tulks North property encompasses the entire northern half of the prospective Tulks volcanics belt, one of three volcanics belts located within the Victoria Lake mining camp that hosts VMS base metal deposits. The Tulks volcanic belt is the most active in the area and is host to 8 VMS deposits currently being explored by exploration companies. The property is located approximately 20 km west of Teck Cominco's active Duck Pond base metal mine which hosts proven and probable reserves of 5.2 million tonnes grading 3.3% Cu, 5.8% Zn, 0.9% Pb, 59 g/t Ag and 0.8 g/t Au prior to commencing production in early 2007. The property is also located near the former producing Buchans Mine which represented one of Canada's richest past producing base metal mines, having produced 16.2 million tonnes grading 14.51% zinc, 1.33% copper, 7.56% lead, 126 g/t silver and 1.37g/t gold, between 1929 and 1984.

In late 2006 the new management team initially focussed its efforts on the known Daniels Pond deposit and upgrading the level of confidence in the resource from the National Instrument 43-101 (NI 43-101) Inferred category up to the Indicated category. Over 13,000 metres were drilled on the Daniels Pond deposit in 2007 and early 2008 and successfully upgraded a large portion of the deposit from the Inferred category to the Indicated category. The new resource defined at Daniels Pond is represented in the table below:

<b>Category</b>	<b>Cut-off (Zn %)</b>	<b>Tonnes</b>	<b>Combined Zn%+Pb% +Cu%</b>	<b>Zn %</b>	<b>Pb %</b>	<b>Cu %</b>	<b>Ag g/t</b>	<b>Au g/t</b>
Indicated	<b>1.5</b>	1,162,000	6.88	4.44	2.12	0.31	87.79	0.60
	<b>2.0</b>	929,000	7.98	5.13	2.50	0.34	101.40	0.63
	<b>2.5</b>	787,000	8.79	5.65	2.77	0.37	111.03	0.68
Inferred	<b>1.5</b>	445,000	5.89	3.88	1.74	0.27	81.63	0.52
	<b>2.0</b>	332,000	7.04	4.61	2.13	0.30	85.86	0.53
	<b>2.5</b>	236,000	8.70	5.59	2.79	0.32	112.31	0.55

The bulk of this deposit is located within 150 metres of surface and is potentially mineable by open methods. The drilling also highlighted a number of new targets for future programs to explore for additional resources at depth below the bulk of the current resource. Coinciding with the drilling, the Company completed preliminary metallurgical tests which indicate the deposit has potential to produce metal recovery to marketable grade concentrates of lead and zinc. The next phase of metallurgical work will use fresh samples to investigate methods of reducing the zinc content in the lead product and recovering this zinc to the zinc concentrate. Although an in-house economic scoping study has identified Daniels Pond to be too small to support its own mining operation, the Company will investigate the possibility of combining Daniels Pond with other deposits in the region such that they will support a shared processing operation.

In tandem with continued development of Daniels Pond, management is expanding its exploration activities outward from Daniels Pond to the rest of the expansive and highly

prospective Tulks North property (35 x 5 kilometres). Initial exploration has focused on completing gravity surveys to the northeast of Daniels Pond and conducting small drill programs on historical prospects and gravity targets at the Parking Lot prospect (located about 1.5 km northeast of Daniels Pond) and the Daniels Pond Extension prospect (located about 7 km northeast of Daniels Pond). In addition, the company has completed a compilation study of all previous historical work completed on the Tulks North property that will provide the basis for planning future programs in 2008 and onwards.

In addition to continuing the exploration of the Tulks North property, Royal Roads expanded its footprint in central Newfoundland by staking a 100% interest in mineral claims covering 73.5 km<sup>2</sup> in a newly recognized prospective environment for nickel sulphide deposits known as the Long Range Nickel project. The project is located to the southwest of Tulks North and represents the first time that exploration activity in this region has focussed on nickel. We are currently negotiating with a possible joint venture partner and anticipate beginning exploration on the property later this year.

### **Buchans River Property, owned by Buchans River Ltd.**

Buchans had prepared a comprehensive exploration program on its main Buchans River property that commenced in July 2007 and include a combined drilling, geophysics and data compilation program. Buchans owns 35 licenses issued by the Government of Newfoundland and Labrador consisting of 631 mineral exploration claims (16,408 ha) as well as two Fee Simple Mining Grants totaling 632.8 ha covering various areas of the Province. Buchans has 100% ownership in 524 claims as well as both Fee Simple Mining Grants, while 107 claims are in deferred option arrangements. A discussion of these programs and results to date can be found in Buchans Management Discussion and Analysis (Form 51-102FI) for the quarter ended March 31, 2008.

### **Qualified Persons**

Paul Moore, M.Sc., P.Geo., Vice President of Royal Roads, is a Qualified Person in compliance with National Instrument 43-101 and has reviewed the preceding technical information in this document.

### **Discussion of Property Expenditures**

In the quarter ended March 31, 2008, \$659,585 (2007 - \$586,566) of expenses relating directly to the ongoing exploration of the Company's mineral claims were capitalized. The bulk of the expenditures were directed towards three of the eight licenses comprising the Tulks North property, license 10410 - \$460,428 licence 10402 - \$140,805 and licence 006548M - \$45,925 where drilling programs were under-way.

### **Results of Operations**

The net income for the quarter \$484,068 (2007 - \$349,525) was created by the recognition of \$507,125 (2007 - \$655,643) in benefits on the application of historical operating losses against the future taxes arising on the issue of flow through shares. The operating loss for the quarter was \$104,139 (2007 - \$203,534). The operating loss was reduced from the prior period due to reductions in professional fees of \$50,568 due to reduced legal activities and salaries being reduced by \$58,953 due to overhead sharing and recovery of costs with Buchans River Ltd.

### **Selected Financial Data**

The following is selected quarterly information from the unaudited financial statements for each of the eight most recently completed quarters.

<b>Quarter</b>	<b>Revenue</b> \$	<b>Net Income (Loss)</b> \$	<b>Income (Loss) per Share</b> \$	<b>Total Assets</b> \$	<b>Shareholder Equity</b> \$
Q1/08	3,781	484,068	.007	12,771,411	11,143,040
Q4/07	51,866	(388,154)	(.013)	12,877,234	11,842,805
Q3/07	74,392	(358,568)	(.005)	12,603,190	12,218,964
Q2/07	14,958	(819,778)	(.011)	12,821,299	12,532,135
Q1/07	20,321	349,525	.007	8,748,651	6,809,344
Q4/06	8,366	(264,420)	(.006)	8,589,512	6,832,126
Q3/06	500	(66,631)	(.002)	1,387,132	1,387,132
Q2/06	109	(34,078)	(.001)	1,374,676	1,366,263

### **Liquidity and Cash Reserves**

As at quarter end, the Company had \$2,370,319 in cash and Government of Canada Treasury Bills versus \$2,515,335 at the beginning of the period. The Company also had \$1,272,775 in Government of Canada Treasury Bills held for exploration purposes raised in its Flow Through Share offerings completed in May 2007. Cash decreased primarily as a result of the cash used in operations of \$810,827. The Company has budgeted exploration expenditures in Q2 2008 of approximately \$150,000 and will be planning and budgeting further exploration programs for the later part of 2008 in the next quarter. The proposed combination with Buchans River will add additional cash resources and planned exploration activities, should the combination occur. The Company intends to fund its budgeted expenditures with existing cash.

### **Outstanding Share Data**

The share capital of the Company consists of an unlimited number of common shares, without nominal or par value and an unlimited number of preferred shares, without nominal or par value of which 73,681,908 (2006-59,088,787) common shares were issued and outstanding as at year end and no preferred shares were issued. There was no change in capital as at April 15, 2008. If all the options and warrants were exercised the Company would raise approximately \$5,780,000 in additional capital.

	May 25, 2008	March 31, 2008	December 31, 2007
Shares Outstanding	73,681,908	73,681,908	73,681,908
Fully Diluted Shares Outstanding	84,127,508	84,127,508	88,595,480
Capital Stock	\$12,388,316	\$12,388,316	\$14,658,218

### **Stock Options and Warrants**

During the quarter no options were granted or exercised. Stock-based compensation relates to the fair value of stock options granted to directors, officers, employees and consultants calculated at the date of the grant and expensed over the vesting period of the option. The fair value is determined using the Black-Scholes option-pricing model which takes into account the risk free interest rate, the expected life of the options, the expected volatility and expectation of dividends being paid during the life of the options.

On February 23, 2008 4,467,972 warrants to acquire common shares at \$0.32 expired, the original \$126,749 value allocated to these warrants was reallocated as a reduction in share issue costs.

### **Related Party Transactions**

During the quarter the Company paid rent and reimbursed overhead expenses including salaries in the amount of \$20,000 to Acadian Mining Corporation, which held 44.44 % of the outstanding common shares of the Company as at March 31, 2008. The Company was reimbursed \$35,025 for explorations expenditures and \$71,277 for general and administrative expenditures by Buchans River Ltd., the Company owns 26.39% of Buchans River Ltd.

### **Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, deposits and accounts payable and accrued liabilities. As at March 31, 2008, there were no significant differences between the carrying amounts of these financial instruments as reported on the balance sheets and their estimated fair values. Management does not believe that the Company is exposed to significant interest risk.

The Company's financial instruments that are exposed to a credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents are deposits with major Canadian banks and Government of Canada Treasury Bills. Accounts receivable consists of Goods and Services Tax recoverable and is subject to a maximum credit risk of the value of the refunds and grants should an audit result in complete denial of amounts claimed.

Effective July 1, 2007, the Company adopted the CICA new accounting requirements on the classification of financial instruments as liabilities or equity in Section 3855, Financial Instruments – Recognition and Measurement. The CICA amended its disclosure requirements surrounding the presentation of financial instruments that may be settled in cash or by an issuer's own equity instruments, at the issuer's discretion, as liabilities in Section 3861 – Financial Instruments – Disclosure and Presentation. Adoption of this new standard did not have an impact on the Company financial statements.

### **Contractual Obligations**

At the quarter end the Company had no material contractual obligations outstanding.

### **Off-balance Sheet Obligations**

At the quarter end the Company had no off-balance sheet obligations.

### **Critical Accounting Estimates**

Significant accounting policies used by the Company are disclosed in Note 2 of the financial statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimate amounts that differ materially from current estimates.

### **Disclosure Controls and Procedures**

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures (as defined in Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings). The Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the design and operation of the Company's disclosure controls and procedures as of March 31, 2008 have concluded that the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the company and its consolidated subsidiaries required to be disclosed in the Company's reports filed or submitted under the Multilateral Instrument would have been known to them.

There has been no change in the Company's internal control over financial reporting that occurred during the quarter ended March 31, 2008 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

*Signed*

“D. Warren MacLeod”  
President and Chief Executive Officer

*Signed*

“John C. Rawding”  
Chief Financial Officer

Directors:

G. William Felderhof, Chair of the Board  
Warren MacLeod  
Terrance Coughlan  
Scott Harkness  
David Felderhof  
Edmund Merringer  
John Rawding