

The following management's discussion and analysis of the financial position and results of operations of Buchans Minerals Corporation (the "Company"), prepared as of April 8, 2011, should be read in conjunction with the audited consolidated financial statements and the notes thereto for the years ended December 31, 2010 and 2009, prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts are expressed in Canadian dollars unless otherwise noted.

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. Similarly, statements about the need for future financings are also forward-looking statements. These statements include assumptions regarding exploration and development expenditures, liquidity to support operations, completion of NI 43-101's for the Company's exploration properties, ongoing participation of joint venture partners, establishment and estimates of mineral reserves and resources, cash operating costs, timing and issuance of any future permits, the ability to obtain financing to fund estimated expenditures, and the impact of adoption of new accounting standards. 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. These factors are not intended to represent a complete list of the general or specific factors that may affect the Company. 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. The information contained herein is subject to change and the Company does not assume the obligation to revise or update these forward-looking statements, except as may be required under applicable securities laws.

This MD&A has been prepared in accordance with the provisions of National Instrument 51-102, Section 5 and Form 51-102F1 and has been approved by the Company's Board of Directors.

Description of Business

Buchans Minerals Corporation (TSX-V: BMC) is a mineral exploration company engaged in the process of acquiring, exploring and developing mineral properties. The Company has interests in properties located on the island of Newfoundland within the province of Newfoundland and Labrador, Canada and in the province of New Brunswick, Canada. The majority of the Company's properties are currently at an exploration stage, whilst the Lundberg property is in the early development stage. The Company has no producing properties, no operating income or cash flow and funds its operations through the proceeds from equity financings.

Mineral Resource Properties

The Company is focused on exploration and development of its base metal and gold properties and deposits located in the vicinity of the famous Buchans mining camp in central Newfoundland and its manganese properties near Woodstock, New Brunswick.

The Buchans Mine was one of Canada's richest base metal mines which produced 16.2 million tonnes of ore between 1928 and 1984, averaging 14.51% zinc, 1.33% copper, 7.56% lead, 126 g/t silver and 1.37g/t gold. The Company has three main properties in and around the Buchans area that contain numerous exploration prospects, namely the 100% owned Buchans property (which contains the Lundberg deposit, located at the heart of the former Buchans Mine), the 100% owned Tulks North property (which contains the Daniels Pond deposit) and the 50% joint-ventured Long Range base metal & gold property. The National Instrument 43-101 ("NI 43-101") compliant Lundberg deposit is an Inferred resource on which a

National Instrument compliant Preliminary Economic Assessment is currently underway and is expected to be complete during the second quarter of 2011.

The Woodstock manganese properties are located near the town of Woodstock in western New Brunswick where historical work outlined uncatagorized historical resource estimates for manganese and iron. While these resources have not been independently confirmed by the Company, and should not be relied upon, the Company believes the historic resource estimates are an indication of the exploration and development potential of the project as a significant target resource or exploration target. Acquisition of the project was largely based upon the Company's review of previous detailed metallurgical test work on the project as well as recognition of an optimistic outlook for the future of the manganese market.

Resource Development

Lundberg Deposit

In 2008, the Company researched archive files from the former Buchans Mine, identifying a zone of base metal stockwork mineralization peripheral to the former Lucky Strike mine and underlying portions of the former mine infrastructure just west of the town of Buchans. This mineralization was subsequently named the Lundberg and Engine House zones and was the subject of a drill program that resulted in the definition of an NI 43-101 compliant Inferred Resource.

The Company believes the Lundberg resource has potential to become an operating open pit mine and has engaged Wardrop Engineering ("Wardrop") to complete an NI 43-101 compliant preliminary economic assessment ("PEA") of this Inferred Resource. Metallurgical bench-scale test work continues at SGS Mineral Services' laboratories and is anticipated to be incorporated with Wardrop's recently completed mine plan into the PEA. The PEA is anticipated to be complete in the second quarter of 2011. Inferred Resource thresholds that are currently being evaluated for the PEA are identified in the tables below:

Table 1. Lundberg Inferred Resource Estimate*

Threshold	Tonnes	Zn %	Pb %	Cu %	Combined Cu Pb Zn %	Ag g/t	Au g/t
1.00% Zn+Pb+Cu	20,700,000	1.68	0.72	0.38	2.78	5.92	0.07

Table 2. Engine House Inferred Resource Estimate*

Threshold	Tonnes	Zn %	Pb %	Cu %	Combined Cu Pb Zn %	Ag g/t	Au g/t
1.00% Zn+Pb+Cu	1,120,000	2.04	0.85	0.82	3.71	9.79	0.12

** Based on Technical Report on the Mineral Resource Estimate for the Lundberg and Engine House Deposits, Buchans Area, Newfoundland, Canada, prepared by Peter Webster P.Geo., and James Barr, B.Sc., Mercator Geological Services Limited, effective date November 3rd, 2008. Mineral resources that are not mineral reserves do not have demonstrated economic viability.*

Daniels Pond Deposit

Daniels Pond is a volcanogenic massive sulphide ("VMS") deposit located on the Company's Tulks North property south of Red Indian Lake, and approximately 90 kilometres by road from the Lundberg deposit. Daniels Pond hosts a NI 43-101 compliant Indicated Resource at a 1.5% Zn cut-off of 1.16 million tonnes grading 4.44% zinc, 2.12% lead, 0.31% copper, 87.79 g/t silver and 0.60 g/t gold, as well as an Inferred resource totaling 0.45 million tonnes grading 3.88% Zn, 1.74% Pb, 0.27% Cu, 81.63 g/t Ag and 0.52 g/t Au (see Table 3). The bulk of these resources occur within 150 metres of surface in two lobes of mineralization. Should a future preliminary economic assessment on the Lundberg deposit indicate that it

could be developed into an operating mine, Daniels Pond may be evaluated in greater detail at that time for possible satellite mine development.

Table 3. Daniels Pond Deposit Mineral Resource Estimate*

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

* Based on Revised Technical Report on the Daniels Pond Deposit and Property Holdings of Royal Roads Corp., Red Indian Lake Area, Newfoundland, Canada, prepared by Peter Webster, P.Geo., James Barr, B.Sc., and Rafael de Albuquerque, B.Sc., Mercator Geological Services Limited, effective date April 29th, 2008, revised date June 13, 2008. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Woodstock Manganese Deposits

In August of 2010, the Company acquired the Woodstock manganese property, which is comprised of 3,875 hectares (39 square kilometres) in four claim groups. The property is reported to host three zones of sediment-hosted-manganese and iron mineralization, which together, potentially represent the largest undeveloped manganese resource in North America. In 1957, previous operators, Strategic Manganese Corporation, estimated a non NI 43-101 compliant, historic, uncategorized resource estimate for the Plymouth deposit of **51.2 million tons (46.5 million tonnes) averaging 10.9% Mn (manganese) and 13.3% Fe (iron) and **50 million tons (45 million tonnes) for each of the East and West Hartford deposits averaging 8.0% Mn and 12% Fe.

In addition to the project's significant resource potential, acquisition of the property was driven by the Company's review of past metallurgical test work completed in 1987 by Witteck Development Inc., ("Witteck") of Mississauga Ontario, funded by the Canada-New Brunswick Mineral Development Agreement. Witteck evaluated ten hydro-metallurgical processing techniques designed to produce high-purity manganese products, of which they identified two prospective processes with positive operating margins that may have been potentially economic in 1987; one producing electrolytic manganese metal and the other producing manganese precipitate. The Witteck study was reviewed by the Company which, in August of 2010, engaged Wardrop to review and update the two processes with positive operating margins as presented by Witteck using current cost and market data. From this evaluation, Wardrop concluded that in today's market conditions and given larger tonnage through-puts, both of the prospective flow-sheets are potentially economic; and that with the application of more modern metallurgical processes, Wardrop expects it is possible to achieve much improved process recoveries and concentrate grades, which may lead to improved project economics. It is however, important to note that the foregoing comments are not intended to imply any certainty that current economic viability has been established.

**Quoted historic estimates are based on data obtained and prepared by previous operators. The Company has not located the original assay sheets or details of the estimation methodology completed, nor has the Company undertaken the work necessary to verify or classify the mineral resource estimate. The Company is not treating the mineral resource estimate as a NI 43-101 defined resource verified by a qualified person, and the estimate should not be relied upon. Verification and classification of the resource will

require considerable further evaluation, the scope of which is currently being assessed by the Company's management.

The Company is evaluating undertaking exploration and metallurgical test work focused on assessing the exploration and development potential of historic mineral resources within its Woodstock manganese project. The Company is also assessing scenarios for advancing this property through a joint venture or other means. The Company has not yet determined a budget for these potential expenditures.

Exploration Projects

The Company has a number of exploration prospects that are a mix of more advanced and early stage exploration prospects. Management believes that within the Buchans property there are a number of prospects of merit that include two of particular note, Buchans North and Clementine West. Both prospects are considered excellent prospects for discovery of high-grade Buchans style mineralization. In addition, the Company is the operator under a 50/50 joint venture agreement with Benton Resources Corp. to explore the Long Range property for nickel, copper and gold. The Long Range property covers a virtually unexplored region of central Newfoundland where exploration under the joint venture agreement over the past three years has yielded results considered encouraging for discovery of gabbro-hosted or Voisey's Bay-style magmatic nickel sulphide mineralization. The Tulks North property, which hosts the Daniels Pond deposit, is located in a prolific geologic region known to host several VMS-style base metal deposits (Bobby's Pond, Boomerang, Hurricane, Duck Pond, and Tulks Hill) and as a result of limited past exploration, is considered to host significant exploration potential for the discovery of additional VMS base metal deposits of zinc, lead, and copper. In addition to the plans described below, the Company may pursue joint ventures for further funding of Buchans exploration activities and is engaged in preliminary discussions with other companies in this regard.

Buchans North (located within the Buchans property)

The 100% owned Buchans North prospect, located within the Buchans property, was discovered by the previous mine operator, Asarco, in the early 1950s, approximately 500 metres northwest of the former Oriental Mine, where Asarco mined 3.3 million tonnes averaging 14.18% Zn, 7.90% lead, 1.47% copper, 154.0 g/t silver and 1.96 g/t gold between 1935 and 1983*. The prospect was last drilled by previous operators in 1967, and occurs approximately 290 metres below surface within a less explored, fault repeat of the same horizon that hosts the Oriental mine. Interpretation of previous drilling suggests the Buchans North horizon may still be open in several directions and further exploration may track mineralization into less explored areas where additional sizeable deposits similar to Oriental may yet be discovered. The Company completed a two-hole diamond drill program in late 2009 designed to assess the prospect's continuity and extents. The first hole intersected massive sulphides assaying 15.50% copper, 1.85% lead, 5.80% zinc, 214.8 g/t silver and 2.92 g/t gold over 0.30 metres (core length), and the second hole intersected massive sulphides averaging 15.52% zinc, 7.61% lead, 0.92% copper, 148.9 g/t silver and 1.15 g/t gold over 2.1 metres (core length). A further five-hole drilling program comprising approximately 2,100 metres was undertaken in late 2010 to further test for extensions to the mineralization. Results of the program include a 3.1 metre drilled intersection (core length) of semi-massive to massive sulphides averaging 7.32% zinc, 3.93% lead, 0.40% copper, 75.0 g/t silver & 1.75 g/t gold. This intercept represents a 41 metre step-out from previous high-grade sulphide drill intersections and extends the zone down plunge. Each of the other holes drilled in 2010 intersected favorably altered and variably mineralized felsic volcanic rocks at the target horizon, including disseminated and stockwork mineralization similar to that typically seen adjacent to massive sulphide deposits in the Buchans Camp. Based on these results, the Company believes additional drilling is warranted in this area, where the host stratigraphy remains essentially untested by previous drilling. The Company has not yet determined a budget for these potential expenditures.

** Past production figures for the Oriental Mine were obtained from an article written by Thurlow, G.J., and Swanson, E.A., 1981: Geology and ore deposits of the Buchans area, central Newfoundland. In:*

Swanson, E.A., Strong, D.F., and Thurlow, J.G., editors), The Buchans Orebodies: Fifty Years of Geology and Mining. Geological Association of Canada Special Paper 22. page 123.

Clementine West (located within the Buchans property)

Located within the Company's 100% owned Buchans property, the Clementine West prospect hosts stringer-stockwork mineralization intercepts measuring up to 121 metres in length. This mineralization is similar to that observed beneath the former, high-grade massive sulphide Lucky Strike mine, where historic mining by Asarco produced 5.6 million tonnes averaging 18.4% zinc, 8.6% lead, 1.6% copper, 112 g/t silver and 1.7 g/t gold. Results obtained from drilling completed by the Company in 2008 and 2010 suggest the mineralization found to date may be indicative of a large, as yet undiscovered accumulations of massive sulphides analogous to those previously mined in Buchans. The prospect remains essentially unexplored at depths below 200 metres along its minimum 1.5 kilometre strike length. The Company is seeking a joint venture partner to further develop the project.

Long Range Joint Venture

The Long Range property, located 65 kilometres southwest of Buchans, covers 37,250 hectares (370.25 km²) and is operated under a 50/50 joint venture agreement between Buchans Minerals and Benton Resources (the "JV Companies"), with the Company as the operator. Exploration at Long Range was originally focused on the discovery of magmatic nickel sulphide deposits akin to Vale S.A.'s Voisey's Bay mine; however, discovery of the Portage nickel prospect in late 2009 highlighted additional potential for bulk tonnage nickel-copper mineralization analogous to Lundin's Aguablanca mine in Spain. In addition, the discovery of copper and gold prospects elsewhere on the property since 2008 have resulted in exploration being broadened to explore for copper-bearing massive sulphide deposits as well as vein-hosted gold and silver deposits. These new discoveries include the Range copper prospect and the Goldquest gold prospect.

Exploration at the Portage prospect continued in 2010 with additional ground geophysical surveys, soil geochemical surveys and trenching undertaken to identify and prioritize drilling targets for near surface, low-grade, bulk-tonnage mineralization. In consideration of results obtained in 2010, the JV Companies initiated a diamond drilling program in March 2011 to further test the Portage prospect and other base metal targets. This program, which comprised 12 holes totalling 1,387 metres, was completed on April 2, 2011 and assays will be released when received. Nine of the holes were drilled to further test the Portage prospect, while the remaining three holes tested the Range copper prospect. Previous drilling at Range in 2009 returned a mineralized intercept of semi-massive to massive sulphides averaging 0.39% copper and 0.032% cobalt over a core length of 37.8 metres and the Company believes this prospect hosts significant exploration potential for discovery of a copper-rich massive sulphide deposit.

Also in 2010, the JV Companies undertook a 1,400 line kilometre airborne survey to identify additional targets for magmatic nickel sulphide deposits within the property. Follow-up work consisted of prospecting and reconnaissance soil sampling. Results from this work include identification of several areas hosting anomalous assays for base metals and gold in soils, as well as in float and bedrock; including discovery of gold at the Goldquest prospect. At Goldquest, prospecting identified abundant mineralized quartz vein material containing trace to several percent sulphides and assaying up to 106.38 g/t gold and 364.3 g/t silver in float as well as grab samples from outcrop assaying up to 8.52 g/t gold and 30.7 g/t silver. Of a total of approximately 42 samples collected from mineralized quartz float and bedrock, assays for gold and silver range between 5 ppb and 106.4 g/t gold (average 6.93 g/t Au) and between 0.2 g/t and 364.3 g/t silver (average 92.6 g/t Ag). Soil sampling over the prospect also yielded a discrete gold in soil anomaly coincident with the mineralized trend defined by anomalous gold in float and bedrock, and running parallel to the strike of gold-bearing veins observed in outcrop. This trend is currently defined as having a minimal extent of 1 kilometre and remains open in both strike directions. The JV Companies plan to undertake significant additional work in this area in 2011, including expansion of soil geochemical surveys currently underway. Other work is expected to include trenching and drilling in the second half of

2011. A budget for continued exploration of the Long Range property (including the Goldquest prospect) is expected to be approved by the JV Companies in the second quarter of 2011.

Tulks North

The 100% owned Tulks North property covers 16,850 hectares (approximately 32 kilometres x 5 kilometres) situated within the Victoria Lake mining camp, located south of Red Indian Lake in central Newfoundland. The property is considered highly prospective, being located within the north half of the Tulks Volcanic belt, the same belt of rocks that hosts Messina Minerals' Boomerang, Hurricane and Tulks East base metal deposits, as well as the Tulks Hill deposit jointly owned by Buchans Minerals (49%) and joint venture partner Prominex Resources (51%). The Company's Daniels Pond deposit is located within the Tulks North property, less than 10 kilometres southwest of Mountain Lake Resources Inc.'s Bobby's Pond base metal deposit and less than 30 kilometres west of Teck Resources Limited's operating Duck Pond mine. In addition to the Daniels Pond deposit, the property is host to a number of prospective targets that remain partially evaluated through limited past exploration. The Company has completed a digital compilation of historic work completed on the property and, considering the number of VMS base metal deposits in the area, may seek a joint venture partner in the future to advance exploration of this under-explored property.

Qualified Person

Paul Moore, M.Sc., P.Geo., (NL), Buchans Mineral's Vice President of Exploration, is acting as Qualified Person in compliance with National Instrument 43-101 with respect to the technical information provided in this Management's Discussion and Analysis and has reviewed the contents for accuracy.

Mineral Resource Property Expenditures

During the years ended December 31, 2010 and 2009, claim costs and expenditures relating directly to the ongoing exploration of the Company's mineral claims were capitalized, as follows:

Year ended December 31, 2010

Property	Opening \$	Acquisition costs \$	Exploration Expenditures \$	Write- downs \$	Total \$
Buchans ⁽¹⁾	7,393,171	(1,270)	712,710	(248,456)	7,856,155
Tulks North	4,809,132	-	-	-	4,809,132
Long Range	368,134	19,040	463,378	-	850,552
Woodstock	-	28,060	38,630	-	66,690
Other	-	3,245	5,149	-	8,394
Total	12,570,437	49,075	1,219,867	(248,456)	13,590,923

Note:

(1) Net of government assistance received of \$199,047 for the Buchans property.

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**For the year ended
December 31, 2010**

Year ended December 31, 2009

Property	Opening \$	Acquisition costs \$	Exploration Expenditures \$	Write- downs \$	Total \$
Buchans	6,641,917	6,670	744,584	-	7,393,171
Tulks North	4,805,514	14,758	(11,140)	-	4,809,132
Long Range	82,574	-	285,560	-	368,134
Woodstock	-	-	-	-	-
Other	-	-	-	-	-
Total	11,530,005	21,428	1,019,004	-	12,570,437

Selected Annual Financial Data and Overall Performance

The following table sets out selected financial information for the periods indicated:

	Years Ended December 31		
	2010	2009	2008
	\$	\$	\$
OPERATIONS			
Revenue	Nil	Nil	Nil
Net income (loss) and comprehensive income (loss)	(921,146)	(92,285)	373,497
Basic and diluted income (loss) per share	(0.01)	(0.00)	0.00
BALANCE SHEET			
Working capital	1,845,877	3,232,806	4,716,216
Total assets	15,785,951	15,978,520	16,540,192
Total mineral resource properties	13,590,923	12,570,437	11,530,005

The Company's net loss in 2010 was higher than the net loss in 2009 primarily due to higher stock-based compensation, professional fees, salaries and consulting fees, write-downs of mineral properties, and lower interest income, offset by a higher future income tax recovery. The Company's net income in 2008 was the result of lower administrative expenses and a future tax recovery. The Company's mineral resource properties have been increasing over the three-year period, as the Company continues to conduct exploration programs and acquire new properties.

Results of Operations

The review of results of operations should be read in conjunction with the audited financial statements of the Company for the years ended December 31, 2010 and 2009.

The Company had a net loss for the year of \$921,146 compared to a net loss of \$92,285 in 2009. Expenses increased in 2010 to \$1,339,409 (2009 - \$705,778) primarily due to an increase in stock based compensation related to the vesting of stock options during the year, severance costs for staff changes during the year, implementation of director fees for independent directors, higher investor relations costs, an increase in legal fees, and higher provincial capital taxes. Interest income in the year decreased substantially, to \$18,143 compared to \$241,421 in 2009. In 2009, the Company was receiving interest in relation to a loan with Acadian Mining Corporation ("Acadian") at a rate of interest substantially in excess of bank rates. The loan was paid in full on November 25, 2009. Accordingly, interest income has decreased substantially due to the interest rate differential. Write-down of mineral resource properties

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increased to \$248,456 in 2010 compared to \$Nil in 2009, due to the write-off of spending on mineral claims that the Company did not renew and the write-down of the Company's Granite Lake expenditures which were converted to a net smelter royalty. A future income tax recovery of \$601,059 was recognized in 2010, compared to \$372,072 in 2009, due to the recording of incremental loss carryforwards to offset the Company's future tax liability.

Expenses for the years ended December 31, 2010 and 2009 are as follows:

Expenses	2010 \$	2009 \$
Professional fees	227,643	107,956
Amortization	10,817	21,379
Director fees	27,500	-
Office and general	124,698	164,839
Salaries and consulting fees	479,466	329,134
Promotion, travel and entertainment	34,023	24,941
Filing and transfer agent fees	30,257	27,175
Investor relations and shareholder information	75,949	38,479
Provincial capital taxes	47,212	-
Property investigation costs	28,928	-
Stock based compensation	244,791	-
Unrealized loss (gain) on marketable securities	8,125	(8,125)
Total	1,339,409	705,778

Summary of Quarterly Results

The following is selected quarterly information for each of the eight most recently completed quarters:

Quarter	Revenue \$	Expenses \$	Net income (loss) after tax \$	Net income (loss) per share – basic and diluted \$
Q4/10	Nil	189,781	176,521	0.002
Q3/10	Nil	253,351	(242,524)	(0.002)
Q2/10	Nil	546,394	(545,787)	(0.005)
Q1/10	Nil	349,883	(309,356)	(0.003)
Q4/09	Nil	208,918	191,910	0.002
Q3/09	Nil	156,255	(91,510)	(0.001)
Q2/09	Nil	166,190	(87,634)	(0.001)
Q1/09	Nil	174,415	(105,051)	(0.001)

Expenses were higher in the first and second quarters of 2010 primarily due to severance expenses associated with a restructuring of staff and professional fees associated with the sale of Acadian's interest in the Company. Net loss is generally consistent with the trend in administrative expenditures, with the exception of the fourth quarter of 2010 in which the net income was related to a tax recovery of \$601,059 associated with a reduction in the future tax liability, partially offset by a write-down of mineral resource properties of \$248,456. Expenses in 2010 are higher than in 2009 as the Company has put in place the administrative and management structure required to support its growth.

Fourth Quarter

While administrative expenses in the fourth quarter were consistent with those of the previous quarter, the Company had net income in the quarter of \$189,781 related to a tax recovery of \$601,059 associated with a reduction in the future tax liability, partially offset by a write-down of mineral resource properties of \$248,456.

Liquidity and Capital Resources

As at December 31, 2010, the Company had \$1,287,748 in cash and cash equivalents compared to \$3,233,380 at the beginning of the year. The use of cash of \$1,945,632 in the year was attributable to operating activities of \$1,154,071 (2009 - \$608,309) and investing activities of \$1,096,127 (2009 - \$1,738,979 cash provided by investing activities), with financing activities generating \$304,566 in cash, resulting from a private placement of \$906,066 in proceeds (net of issuance costs), offset by a transfer of \$601,500 to restricted cash (2009 - \$828,134).

As at December 31, 2010, the Company had working capital of \$1,845,877 compared to working capital of \$3,232,806 at December 31, 2009 and working capital of \$4,716,216 on December 31, 2008.

On October 15, 2010, the Company issued 12,500,000 units at \$0.08 per unit for gross proceeds of \$1,000,000. Each unit consists of one flow through share and one-half of one common share purchase warrant ("Warrant"). Each whole Warrant entitles the holder to purchase one common share of the Company at a price of \$0.12 until October 15, 2011 and at a price of \$0.15 until their expiry on October 15, 2012. The Company paid a cash finders' fee of \$54,000 in connection with certain subscriptions, \$39,934 in due diligence and legal fees, and issued 787,500 non-transferable finders warrants, each exercisable into one common share of the Company at a price of \$0.12 until October 15, 2011 and at a price of \$0.15 until their expiry on October 15, 2012.

On February 18, 2011, the Company issued 23,293,362 units at a price of \$0.11 per unit for gross proceeds of \$2,562,270, and 2,977,693 flow-through units at a price of \$0.13 per flow-through unit for gross proceeds of \$387,100. Each Unit consists of one common share and one common share purchase warrant ("Warrant"), with each Warrant entitling the holder to acquire one common share at an exercise price of \$0.17 on or before February 18, 2013. Each flow-through unit consists of one flow-through common share and one half of one common share purchase warrant ("Flow-through Warrant"). Each whole Flow-Through Warrant entitles the holder to acquire one common share at an exercise price of \$0.18 on or before February 18, 2013. The Company issued Broker Warrants to acquire 2,101,684 units exercisable at \$0.11 per unit on or before February 18, 2013. Each Warrant issued upon exercise of the Broker Warrants will be exercisable for one common share at an exercise price of \$0.17 per common share on or before February 18, 2013. The Company paid a cash commission of \$235,950 and incurred legal and filing fees in connection with the offering.

Management has estimated that the Company will have adequate funds from existing working capital to meet its corporate, administrative and property obligations and exploration plans for the next twelve months. If the Company is to advance or develop its mineral properties more quickly than planned, it may be necessary to obtain additional financing. While the Company has been successful in obtaining financing in the past, there can be no assurance that it will be able to do so in the future.

Risks and Uncertainties

The Company's principal activities are mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, metal pricing, financing, permitting, environmental and economical.

The property interests owned by the Company are in the exploration stages only and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. Exploration of the Company's mineral

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exploration may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company has no significant source of operating cash flow and no revenues from operations. The Company has limited financial resources. The Company's ability to advance its projects depends on raising additional capital. There is no certainty that such financing will be obtained. Market conditions and other unpredictable events could have an impact on the capacity of the Company to raise the funds needed for its development.

Although the Company obtained permits required to continue its operations, there is no certainty that existing permits will not change or that required future permits will be obtained in the future.

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 150,898,545 common shares were issued and outstanding as at the date of this MD&A. There are no preferred shares issued and outstanding.

Warrants outstanding:

<u>Expiry date</u>	<u>Exercise price per share</u>	<u>Number of Shares</u>
October 15, 2012	\$0.12	7,037,500
February 18, 2013	\$0.17	23,293,362
February 18, 2013	\$0.11	2,101,684
February 18, 2013	\$0.18	1,488,846
		<u>33,921,392</u>

The warrants at an exercise price of \$0.12 per share are exercisable at \$0.12 per share until October 15, 2011 and at a price of \$0.15 per share thereafter until their expiry on October 15, 2012.

Stock options outstanding:

<u>Expiry date</u>	<u>Exercise price per share</u>	<u>Number of Shares</u>
May 9, 2015	\$0.10	5,180,000
May 27, 2015	\$0.10	250,000
August 16, 2013	\$0.10	750,000
September 22, 2015	\$0.10	400,000
December 21, 2015	\$0.10	75,000
December 18, 2011	\$0.22	155,000
December 20, 2012	\$0.23	635,500
May 28, 2012	\$0.25	139,500
June 25, 2012	\$0.25	201,500
December 18, 2011	\$0.35	200,000
May 23, 2012	\$0.35	880,000
		<u>8,866,500</u>

Related Party Transactions

To July 31, 2010, the Company shared certain employment, rent and office costs with Acadian, a company which owned 29.18% of the Company up to April 30, 2010. From January 1, 2010 to July 31, 2010, the Company paid \$105,000 to Acadian for office overhead costs which was charged to loss for the period.

During the year, the Company received \$Nil (2009 - \$236,081) in interest income in relation to a loan to Acadian which was paid in full on November 25, 2009.

The Company rents its head office on a month-to-month basis from Warren MacLeod, a director and the Company's Chief Executive Officer ("CEO"), effective May 1, 2010. During the year, the Company paid or accrued \$9,600 (2009 - \$Nil) in rent, which was charged to loss for the period.

During the year, the Company paid or accrued a total of \$486,082 in salaries and fees to its CEO; Teri Anderson, its Chief Financial Officer; Paul Moore, its Vice President, Exploration and a director; and Kari MacLeod, the spouse of the CEO, for employment and consulting services rendered, of which \$358,678 was charged to loss for the period and \$127,404 was charged to mineral properties.

During the year, the Company paid or accrued \$27,500 (2009 - \$Nil) in director fees to the non-management directors of the Company, which was charged to loss for the period.

During the year, the Company paid or accrued \$28,750 (2009 - \$Nil) in consulting fees to Andrew Forrest, a non-management director of the Company, which was charged to loss for the period.

Included in accounts payable and accrued liabilities are amounts owing to related parties of \$4,070 (2009 - \$60,979). Included in prepaid expenses is an amount of \$3,600 (2009 - \$Nil) representing a retainer on a services contract with an officer of the Company.

The above transactions were in the normal course of operations and were measured at the exchange amount, which are the amounts agreed to by the related parties.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, marketable securities and accounts payable and accrued liabilities. As at December 31, 2010, there were no significant differences between the carrying amounts of these financial instruments as reported on the balance sheets and their estimated fair values. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

The Company's financial assets that are exposed to credit risk are cash and cash equivalents and amounts receivable. The Company holds its cash and cash equivalents with a Canadian chartered bank and the risk of default is considered to be remote. Amounts receivable include an amount receivable from a joint venture partner from which management believes the risk of loss to be limited based on historical experience.

Interest rate risk is the risk that future cash flows of the Company's assets and liabilities can change due to a change in interest rates. The Company is not exposed to interest rate risk as all financial instruments that bear interest do so at a fixed rate of interest.

Contractual Obligations

As at December 31, 2010, the Company has a lease commitment for office space expiring on March 31, 2013. Total minimum lease payments, including estimated taxes and operating expenses, to the end of the lease are \$63,396.

Off-balance Sheet Arrangements

At the year end, the Company had no off-balance sheet arrangements.

Changes in accounting policies

There were no new accounting pronouncements adopted in the year.

Accounting pronouncements applicable to future periods

From January 1, 2011, the Company will prepare its consolidated financial statements in accordance with IFRS as discussed below. Accordingly, future accounting changes to Canadian GAAP are not discussed in this MD&A as they will not be applied by the Company.

International Financial Reporting Standards

In February 2008, the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The transition from Canadian GAAP to IFRS will be applicable for the Company for the first quarter of 2011 when the Company will prepare both the current and comparative financial information using IFRS. The Company must also present an opening IFRS statement of financial position as at January 1, 2010, its date of transition to IFRS (Transition Date) which will form part of its interim financial report for the quarter ending March 31, 2011.

The Company's consolidated financial statements for the year ending December 31, 2011 will be its first annual financial statements that comply with IFRS, and IFRS 1 *First-time Adoption of IFRS* will be applicable. In accordance with IFRS 1, the Company will apply IFRS retrospectively as of January 1, 2010, for comparative purposes as if IFRS had always been in effect, subject to certain mandatory exceptions and optional exemptions applicable to the Company, discussed below.

The Company is implementing a four stage conversion process for IFRS. Phase 1 – preliminary scoping, Phase 2 – detailed assessment, Phase 3 – implementation and parallel reporting and Phase 4 – ongoing monitoring. As of the date of this MD&A, the Company is finalizing Phase 2 which includes an impact assessment, drafting IFRS policies, and application of IFRS 1 "First Time Adoption of International Financial Reporting Standards". While a number of differences have been identified, the areas of highest potential impact to the Company are share-based payment, mineral properties and related deferred costs, and presentation and disclosure, as well as the initial selection of applicable transitional exemptions and exemptions under the provisions of IFRS 1 *First Time Adoption of IFRS*. During the implementation phase, currently underway, the Company will revise accounting and business processes as required, finalize financial statement templates, consider tax implications, revise internal controls if required and finalize the opening balance sheet for January 1, 2010. The fourth phase will be post-implementation and will involve ongoing monitoring of changes in IFRS.

Transitional elections under IFRS 1

The following summary provides details of the opening statement of financial position transitional provisions to be adopted effective January 1, 2011.

- Share-based payment: The Company will apply IFRS 2 to equity instruments granted after November 7, 2002 only if they had not vested by the transition date. The application of IFRS 2 is not expected to result in a change in the statement of financial position at the date of transition, as all equity instruments granted after November 7, 2002 had vested by the transition date.
- Property, plant and equipment: The Company will retain assets at historical cost on the transition date rather than taking the allowed election to recognize assets at fair value.
- Business combinations: The Company will not retrospectively restate any business combinations, and IFRS 3 will be applied prospectively to acquisitions after January 1, 2010.

The remaining optional exemptions are not expected to be applicable to the Company.

Estimates made under IFRS at January 1, 2010 are consistent with estimates made for the same date under Canadian GAAP. All other mandatory exceptions under IFRS 1 were not applicable because there were no significant differences in management's application of Canadian GAAP in these areas.

Share-based payment transactions

Under IFRS 2, share-based payments to employees are measured at the award's fair value on the grant date and recognized over the vesting period, similar to Canadian GAAP. Share-based payments to parties other than employees are measured at the fair value of the goods or services received. Under Canadian GAAP, the Company measured share-based payments to parties other than employees at the award's fair value. Under IFRS 2, initial measurement of share-based payments is adjusted to reflect the number of options expected to vest, which is not required under Canadian GAAP. In addition, the definition of employees is broader under IFRS 2, which is expected to change the measurement basis for share-based payments to certain service providers compared to Canadian GAAP.

Accounting for mineral properties and related deferred costs

The Company defers costs associated with the acquisition and exploration of mineral properties until the properties are brought into production, abandoned or sold, or management determines the property is impaired. IFRS 6 – *Exploration for and Evaluation of Mineral Resources* provides guidance similar to Canadian GAAP for deferring costs when a company is in the “exploration and evaluation” stage. However, IAS 36 - *Impairment of assets* provides an impairment test that is more stringent than under Canadian GAAP as estimated future cash flows must be discounted under IFRS, whereas they are undiscounted in the initial impairment test under Canadian GAAP. As well, Canadian GAAP requires an impairment to be recognized when there is a “significant and prolonged decline in value below the carrying amount” whereas IFRS is simply when the recoverable amount is less than the carrying amount. This may result in more frequent adjustments in the carrying value of assets under IFRS since asset carrying values that were previously supported under Canadian GAAP based on undiscounted cash flows may not be supported on a discounted cash flow basis under IFRS. However, under IAS 36, previous impairment losses may be reversed where circumstances change such that the impairment has been reduced. This also differs from Canadian GAAP, which prohibits the reversal of previously recognized impairment losses. The Company does not expect the implementation of IFRS to have an impact on the carrying value of its mineral properties.

Additional Information

The financial statements and additional information regarding the Company, including the Company's certificates of annual and interim filings, news releases and technical reports referred to herein, are available on SEDAR at www.sedar.com.