

BUCHANS MINERALS CORPORATION (formerly Royal Roads Corp.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended March 31, 2011

The following management's discussion and analysis of the financial position and results of operations of Buchans Minerals Corporation (the "Company"), prepared as of June 22, 2011, should be read in conjunction with the unaudited condensed consolidated interim financial statements and the notes thereto for the three months ended March 31, 2011, prepared in accordance with International Accounting Standard 34, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). 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 National Instrument 43-101 (NI 43-101) compliant technical reports for the Company's exploration properties, ongoing participation of joint exploration 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 pre-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 NI 43-101 compliant Lundberg deposit is an Inferred Resource on which a NI 43-101 compliant Preliminary Economic Assessment (PEA) 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 uncategorized historical resource estimates for manganese and iron. While these historical estimates are not compliant with NI 43-101, nor have they been independently confirmed by the Company, and

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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 a NI 43-101 compliant PEA for this Inferred Resource. A recently completed open pit mine plan by Wardrop and the recently completed metallurgical test by SGS Mineral Services will be incorporated into the PEA, which is anticipated to be completed by the end of the second quarter of 2011.

The metallurgical bench-scale test work recently completed by SGS Mineral Services' laboratories demonstrates that saleable concentrate grades are readily obtainable at excellent recovery levels. The program consisted of thirty two (32) flotation scoping tests and three (3) locked cycle flotation tests and indicates that the following concentrate grades and recoveries are achievable:

Copper:	24.1% concentrate grade	89.3% recovery
Lead:	73.9% concentrate grade	78.7% recovery
Zinc:	53.0% concentrate grade	66.2% recovery

Silver in Lead concentrate: 27.8% recovery at a grade of 360 g/t

Silver in Copper concentrate: 10.5% recovery at a grade of 37.8 g/t

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.Geol., 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.*

BUCHANS MINERALS CORPORATION (formerly Royal Roads Corp.)**MANAGEMENT'S DISCUSSION AND ANALYSIS****For the three months ended March 31, 2011*****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 Buchans Minerals Corporation (formerly 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 comprised of 3,875 hectares in four claim groups and in April of 2011 staked an additional claim group expanding the property to its current total of 5,800 hectares (58 square kilometres). 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 hydrometallurgical 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 (EMM) and the other producing manganese precipitate.

The key breakthrough by Witteck was the utilization of hydrometallurgical techniques to successfully leach the manganese from the Plymouth deposit (one of the three Woodstock deposits owned by the Company). In terms of the world EMM market, the potential significance of the leach-ability of manganese has recently been demonstrated by American Manganese Inc. on their Artillery Peak deposit in Nevada, who recently published a PEA demonstrating that they can potentially produce electrolytic manganese metal at an average on-site operating cost of US \$0.44 per pound, in comparison to estimated operating costs of ~US \$0.98 per pound by Chinese producers and ~US \$1.10 per pound by South African producers utilizing more expensive roasting techniques. With current EMM market prices of

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approximately US \$1.54 per pound (CIF Rotterdam), the potential profitability and competitiveness of operations that can successfully utilize hydrometallurgical techniques to undercut most of the world's EMM producers is a significant incentive to advance the Company's Woodstock project and evaluate if it can become a low cost EMM producer.

The Company has initiated plans to complete a 5-hole drill program on the Plymouth manganese deposit, to complete hydrometallurgical tests to confirm the leach-ability of the manganese and optimize the leaching and purification process. In addition, the Company will complete an internal economic model to assist in the ongoing evaluation and development of the Plymouth deposit.

***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.*

Exploration Projects

The Company has a number of exploration prospects that are a mix of more advanced and early stage exploration prospects. The most active of its exploration properties is the 50/50 joint exploration arrangement with Benton Resources Corp. exploring for gold, copper and nickel on the Long Range property. The Long Range property covers a virtually unexplored region of central Newfoundland where exploration under the joint exploration agreement over the past three years has yielded encouraging results on a number of prospects, with particular emphasis on the recently discovered Goldquest prospect. In addition to the Long Range property, the Company has two base metal prospects of merit on its 100% owned Buchans property, the Buchans North and Clementine West prospects. Both Buchans prospects are considered excellent prospects for discovery of high-grade Buchans style mineralization, however due to the depth of the targets and higher cost of exploration, the Company has decided to seek joint exploration partners to explore these prospects. In addition, the Company has a 100% interest in the Tulks North property, which hosts the Daniels Pond deposit, and 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). Depending on the outcome of the Lundberg PEA, the Company may consider evaluating the Daniels Pond deposit as a possible satellite mining operation to provide additional feed to a possible processing facility at Lundberg.

Long Range

The Long Range property, located 65 kilometres southwest of Buchans, covers 45,050 hectares (450.5 km²) and is operated under a 50/50 joint exploration agreement between Buchans Minerals and Benton Resources (the "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, exploration since 2008 has revealed a variety of prospects that include the recently discovered Goldquest gold prospect, the Range copper prospect and the Portage nickel prospect. Exploration in the summer of 2011 will focus on possible vein hosted gold & silver deposits at Goldquest and possible copper bearing massive sulphide mineralization at the Range prospect. In addition, the Companies will conduct airborne geophysics and grass routes exploration on newly staked ground.

To summarize exploration activities in late 2010, the Companies identified several areas hosting anomalous assays for base metals and gold in soils, 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 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 identified a gold in soil anomaly coincident with a mineralized trend defined by anomalous gold in float and bedrock, and running parallel to the strike of gold-bearing veins in outcrop. This trend is currently defined as having a minimal extent of 1 kilometre and remains open in both strike directions. The Companies plan to undertake significant additional work in this area in 2011, including expansion of soil geochemical surveys, as well as 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

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the Companies in the second quarter of 2011.

Exploration at the Range and Portage prospects continued during the quarter with the Companies completing a 12-hole 1,387 metre diamond drilling program to further test these select base metal targets. Results included extending copper-bearing sulphide mineralization over a minimum strike length of 200 metres at the Range prospect, where the zone remains open in both strike directions and at depth. New assays suggest the overall sulphide abundance, thickness and copper grades may be increasing to the north and include intersections of 12.9 metres (estimated true width) averaging 0.48% copper and 0.023% cobalt, including 0.91 metres averaging 2.24% copper and 0.011% cobalt. The Companies intend to carry out additional geophysical surveys and diamond drilling to test the Range prospect in 2011. Drilling at the Portage nickel prospect was less successful with results suggesting the prospect's mineralization may be discontinuous or have limited strike extents leading the Companies to believe minimal exploration potential remains for discovery of a large, near-surface, nickel-copper resource at this location.

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, however given the depth of the drill targets and the higher cost of exploration, the Company has decided for the time being to focus its exploration budget on the Long Range property.

** 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. Given the depth of the drill targets and the higher cost of exploration, the Company has decided for the time being to focus its exploration budget on the Long Range property.

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

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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 exploration 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 exploration partner in the future to advance exploration of this under-explored property. It is however important to note that depending on the outcome of the Lundberg PEA, the Company's Daniels Pond deposit could possibly be evaluated as a satellite mining operation to ship ore to a possible processing facility at Lundberg.

Qualified Person

Paul Moore, M.Sc., P.Geo., (NL), 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 three months ended March 31, 2011 and 2010, claim costs and expenditures relating directly to the ongoing exploration of the Company's mineral claims were capitalized, as follows:

Three months ended March 31, 2011

Property	Opening \$	Acquisition costs \$	Exploration Expenditures \$	Write- downs \$	Total \$
Buchans	7,856,155	675	149,560	-	8,006,390
Tulks North	4,809,132	-	-	-	4,809,132
Long Range	850,552	(10,460)	76,168	-	916,260
Woodstock	66,690	-	10,743	-	77,433
Other	8,394	-	7,082	-	15,476
Total	13,590,923	(9,785)	243,553	-	13,824,691

Three months ended March 31, 2010

Property	Opening \$	Acquisition costs \$	Exploration Expenditures \$	Write- downs \$	Total \$
Buchans ⁽¹⁾	7,393,171	4,430	245,073	-	7,642,674
Tulks North	4,809,132	125	-	-	4,809,257
Long Range	368,134	12,500	106,150	-	486,784
Woodstock	-	-	-	-	-
Other	-	-	-	-	-
Total	12,570,437	17,055	351,223	-	12,938,715

Note:

(1) Net of government assistance received of \$199,047.

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The review of results of operations should be read in conjunction with the unaudited condensed consolidated financial statements of the Company for the three months ended March 31, 2011.

The Company had a net loss for the quarter of \$217,027 compared to a net loss in the same quarter of the previous year of \$309,356. Expenses decreased to \$259,171 (2010 - \$314,671) primarily due to a decrease in salaries and consulting fees (due to severance fees paid the prior year), partially offset by an increase in other administrative costs and share-based payments related to the vesting of stock options during the quarter.

Expenses for the quarters ended March 31, 2011 and 2010 are as follows:

Expenses	2011 \$	2010 \$
Professional fees	36,028	28,118
Depreciation	3,584	1,439
Director fees	6,500	-
Office and general	29,179	24,398
Salaries and consulting fees	69,168	239,437
Promotion and travel	35,622	3,194
Filing and transfer agent fees	11,365	8,035
Investor relations and shareholder information	40,563	10,050
Provincial capital taxes	7,500	-
Share-based payments	27,787	-
Unrealized gain on fair value through profit and loss financial assets	(8,125)	-
Total	259,171	314,671

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 \$
Q1/11	Nil	259,171	(217,027)	(0.002)
Q4/10	Nil	189,781	276,521	0.003
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)

* Prepared in accordance with Canadian GAAP

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 a major shareholder's interest in the Company.

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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 \$701,059 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 were higher than in 2009 as the Company had put in place the administrative and management structure required to support its growth.

Liquidity and Capital Resources

As at March 31, 2011, the Company had \$3,354,097 in cash and cash equivalents compared to \$1,287,748 at the beginning of the quarter. The increase in cash of \$2,066,349 in the quarter was attributable to financing activities generating \$2,338,745 in cash, resulting from a private placement of \$2,572,545 in proceeds (net of issuance costs), offset by a transfer of \$233,800 to restricted cash (2010 - \$Nil), offset by the use of cash in operating activities of \$216,312 (2010 – cash generated of \$64,342) and investing activities of \$56,084 (2010 - \$399,833).

As at March 31, 2011, the Company had working capital of \$3,958,964 compared to working capital of \$1,845,877 at December 31, 2010.

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 of \$140,875 in connection with the offering. The fair value of the warrants issued of \$1,330,300 was recorded to warrants and was estimated using the relative fair values and the Black-Scholes model with the following assumptions: dividend yield of 0%, expected volatility of 187%, risk-free interest rate of 1.53% and expected life of 24 months.

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

Under Canadian reporting requirements, management of the Company is required to identify and comment on significant risks and uncertainties associated with its business activities. For a summary of potentially significant inherent risks and uncertainties that management considers to be particularly unique to its operations and business plans in the upcoming years, please refer to the Company's 2010 Management Discussion and Analysis, which is available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

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.

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Warrants outstanding:

Expiry date	Exercise price per share	Number of Shares
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:

Expiry date	Exercise price per share	Number of Shares
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

The Company's related parties consist of executive officers and directors, the spouse of an executive officer, and companies controlled by executive officers and directors.

During the quarter, the Company paid or accrued the following amounts to related parties:

- \$3,600 (2010 - \$Nil) in head office rent to an officer and director, which was charged to loss for the period;
- \$101,533 (2010 - \$53,883) in salaries, management fees and director fees to key management personnel, of which \$69,700 (2010 - \$23,466) was charged to loss for the period and \$31,833 (2010 - \$30,417) was charged to mineral properties;
- \$Nil (2010 - \$Nil) in share-based payments, post-retirement benefits, or other long-term benefits to key management personnel;
- \$Nil (2010 - \$101,000) in termination benefits to key management personnel; and
- \$11,000 (2010 - \$Nil) in consulting fees to a director of the Company, outside of his capacity as a director, which was charged to loss for the period.

Included in accounts payable and accrued liabilities are amounts owing to related parties of \$21,567 (2010 - \$Nil). Included in prepaid expenses is an amount of \$3,600 (2010 - \$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.

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Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, restricted cash, amounts receivable, marketable securities, accounts payable and accrued liabilities and flow-through share premium liability. As at March 31, 2011, 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, restricted cash and amounts receivable. The Company holds its cash and cash equivalents and restricted cash with a Canadian chartered bank and the risk of default is considered to be remote. Amounts receivable include an amount receivable from a joint exploration 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 March 31, 2011, 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 \$123,089.

Off-balance Sheet Arrangements

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

Changes in Accounting Policies

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 condensed consolidated interim financial statements for the three months ended March 31, 2010 are the Company's first financial statements prepared in accordance with International Accounting Standards 34 using accounting policies consistent with IFRS. Previously, the Company prepared its financial statements in accordance with Canadian GAAP. The accounting policies described in Note 2 to the financial statements are consistent with IFRS as expected to be effective on December 31, 2011, which will be the Company's first annual IFRS reporting date.

Impact of Adopting IFRS on the Company's Business

The adoption of IFRS has resulted in minimal changes to the Company's accounting systems and business processes. The Company has not identified any contractual arrangements that are significantly impacted by the adoption of IFRS. The Company's staff and advisers involved in the preparation of financial statements have been appropriately trained in the relevant aspects of IFRS and the changes to accounting policies. The Board of Directors and Audit Committee have been regularly updated through the Company's IFRS transition process, and are aware of the key aspects of IFRS affecting the Company.

First-Time Adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, First Time Adoption of International Financial Reporting Standards ("IFRS 1"). IFRS 1 requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was January 1, 2010 (the "Transition Date"). IFRS 1 requires retrospective application of IFRS effective at the end of its first annual reporting period, which for the Company will be December 31, 2011. In addition, IFRS 1 provides for certain optional exemptions and mandatory exceptions to this retrospective treatment. The optional exemptions applied by the Company in preparing its opening statement of financial position at January 1, 2010 were as follows:

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- **Business Combinations**
To apply IFRS 3 Business Combinations prospectively from the Transition Date, therefore not restating business combinations that occurred prior to January 1, 2010.

- **Share-based payment transactions**
To apply IFRS 2 Share-based Payments only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.

- **Consolidated and Separate Financial Statements**
To apply IAS 27 Consolidated and Separate Financial Statements prospectively, as the Company has elected to apply IFRS 3 Business Combinations prospectively.

- **Restoration, rehabilitation and environmental obligations (Decommissioning Liabilities)**
To apply the exemption from full retrospective application of decommissioning provisions allowed under IFRS 1. As a result, the company has re-measured the provisions at January 1, 2010 under IAS 37 Provisions, Contingent Liabilities and Contingent Assets and estimated the amount to be included in the cost of the related asset by discounting the liability to the date at which the liability first arose.

- **Lease Arrangements**
To apply the transition provisions of IFRIC 4 Determining Whether an Arrangement Contains a Lease, therefore determining if arrangements existing at the Transition Date contain a lease based on the circumstances existing at that date. The Company has no leases.

- **Financial Instruments**
The Company has elected to designate its financial assets classified as held-for-trading at the Transition Date as fair value through profit and loss (FVTPL) financial assets. This designation applies to cash and cash equivalents, restricted cash and marketable securities. The fair value of financial assets designated as FVTPL at the Transition Date was \$3,256,130.

The estimates previously made by the Company under Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that these estimates were in error. Estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date are consistent with those made under Canadian GAAP.

Impact of Adopting IFRS on the Company's Accounting Policies

The Company has changed certain accounting policies to be consistent with IFRS effective or available for early adoption on December 31, 2011, the Company's first annual IFRS reporting date. Adoption of IFRS has had no material impact on the Company's statements of cash flows for the three months ended March 31, 2010 and the twelve months ended December 31, 2010. The changes to accounting policies are as follows:

a) **Share-based payment transactions**

Under IFRS, each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches. Forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value for share purchase options granted to non-employees for services provided is measured at the date the services are received. The fair value of the share purchase options granted is measured at the fair value of the services received, unless the fair value of services received cannot be estimated reliably, in which case they are valued using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted.

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Under Canadian GAAP, the fair value of stock-based awards to employees with graded vesting are calculated as one grant and the resulting fair value is recognized on a straight line basis over the vesting period. Forfeitures of awards are recognized as they occur.

The Company's accounting policies relating to share-based payment transactions have been changed to reflect these differences. There is no impact on the financial statements.

b) Impairment of (non-financial) Assets

IFRS requires a write-down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Canadian GAAP required a write-down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies relating to impairment of non-financial assets have been changed to reflect these differences and there is no impact on the financial statements.

c) Restoration, Rehabilitation and Environmental Obligations (Decommissioning Liabilities)

IFRS requires the recognition of a decommissioning liability for legal or constructive restoration, rehabilitation and environmental obligations, while Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to decommissioning liabilities have been changed to reflect these differences. Management has determined that it has no legal or constructive obligations and accordingly, there is no impact on the financial statements.

d) Flow-through Shares

The Company will, from time to time, issue flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. Under IFRS, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders and the premium liability is reversed. The reversal of the premium liability and the deferred tax liability are recognized as tax recoveries to the extent that suitable deferred tax assets are available. Under Canadian GAAP, the Company recorded the tax cost of expenditures renounced to subscribers on the date the deductions were renounced to the subscribers. Share capital was reduced and future income tax liabilities were increased by the tax cost of expenditures renounced to the subscribers, except that the amount was recognized as a tax recovery to the extent that suitable future tax assets were available.

At the Transition Date, this change in accounting policy resulted in an increase in capital stock of \$88,436 (December 31, 2010: \$161,564) and an increase in the deficit of \$88,436 (December 31, 2010: decrease of \$11,564). The increase in net loss for the three months ended March 31, 2010 was \$Nil (December 31, 2010: decrease of \$100,000).

Where flow-through shares were issued at a premium but expenditures were not incurred by the end of the reporting period, a liability is shown in "flow-through share premium liability". This resulted in a liability of \$Nil on the date of transition (March 31, 2010 - \$Nil; December 31, 2010 - \$150,000).

e) Provisions

Under IFRS, a provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic

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benefits will be required to settle the obligation. Under Canadian GAAP, a liability was recognized for legal obligations.

The Company's accounting policies relating to provisions has been changed to reflect this difference and there is no impact on the financial statements.

Accounting pronouncements applicable to future periods

IFRS 9, Financial Instruments: Classification and Measurement, effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the period beginning January 1, 2013 and has not yet considered the potential impact of the adoption of IFRS 9.

In May 2011, the IASB issued the following standards, effective for annual periods beginning on or after January 1, 2013 with early adoption permitted, which have not yet been adopted by the Company. The Company has not yet begun to assess the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

International Financial Reporting Standard 10, Consolidation ("IFRS 10")

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation – Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

International Financial Reporting Standard 11, Joint Arrangements ("IFRS 11")

IFRS 11 requires a venture to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionally consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Controlled Entities – Non-monetary Contributions by Venturers.

International Financial Reporting Standard 12, Disclosure of Interests in Other Entities ("IFRS 12")

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

International Financial Reporting Standard 13, Fair Value Measurement ("IFRS 13")

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

International Accounting Standard 28, Investments in Associates and Joint Ventures ("IAS 28")

As a consequence of the issuance of IFRS 10, IFRS 11, and IFRS 12, IAS 28 has been amended and will further provide accounting guidance for investments in associates and will set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This standard will be applied by the Company when there is joint control or significant influence over an investee.

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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.