

**CANDORADO OPERATING COMPANY LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
NINE MONTHS ENDED SEPTEMBER 30, 2008**

The following information prepared as at November 27, 2008 supplements, but does not form part of, the unaudited interim consolidated financial statement of the Company and the notes thereto for the period ended September 30, 2008. Consequently the management discussion and analysis should be read in conjunction with the unaudited consolidated financial statements of Candorado Operating Company Ltd. for the nine months ended September 30, 2008, as well as the audited consolidated financial statements for the period ended December 31, 2007, the notes attached thereto and the related annual management's discussion and analysis which are prepared in accordance with Canadian generally accepted accounting principles. The Company's critical accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in Canadian dollars unless otherwise indicated.

Description of Business and Summary of Recent Events

Candorado Operating Company Ltd. ("Candorado" or the "Company") is a Venture Issuer and Canadian based resource company focused on the acquisition, exploration and development of resource projects primarily in British Columbia. Candorado is one of British Columbia's largest mineral rights land holder with its copper/gold porphyry targets within the Quesnel Trough in Central British Columbia, the Serb Creek molybdenum deposit, the Eldorado property next to the BC Metal's Red Chris copper porphyry deposit and the Pitt Island VMS prospect all located in Northern British Columbia.

EXPLORATION

In January 2008 the Company acquired the right to earn a 100% interest in the Canoe Hot Springs Geothermal project under permit #55274 based on the following agreement with Comstock Energy Inc., ("Comstock").

Under the terms of the agreement Candorado will pay Comstock \$1 million for a 100% interest in the project and underlying lease and permit. The first payment (\$100,000) on signing (paid) with additional payments due September 30, 2008 (\$100,000) and December 31, 2008 (\$800,000).

The Company entered into a letter of intent dated July 15, 2008 with Christopher James Gold Corp. ("CJGC") to enter into three transactions with CJGC: to provide CJGC with the option to acquire Candorado's interest in the Canoe Creek Hot Springs Geothermal Project, to purchase the Copper Creek Au-Cu Project, and to acquire a 60% interest in Candorado's Tillicum Lake Au-Cu Project.

Canoe Springs Geothermal Project. CJGC can acquire a 100% interest in the Canoe Hot Springs Geothermal Project under the following terms: make payments of \$200,000 upon signing the agreement and an additional payment of \$200,000 on August 15th, 2008, for a 50% interest in the project; make an additional \$100,000 payment on September 25, 2008 and a final payment of \$1,000,000 on December 15, 2008 for 90% interest in the project. Candorado will retain a 10% free-carried interest, which can be bought out by CJGC at any time over the next 5 years for \$2.5 million.

Copper Creek Au-Cu Project. CJGC has the option to acquire a 100% interest in the Copper Creek Au-Cu Project from Candorado on the following terms: upon execution of the agreement, pay Candorado \$125,000, and on July 15, 2009, make an additional payment of \$140,000.

Tillicum Creek Au-Cu Project. Under the terms of the Letter of Intent, CJGC can earn a 60% interest in the Tillicum Creek Au-Cu Project from Candorado. The terms of the Option consist of an initial payment to Candorado of \$50,000 upon signing the agreement, and a commitment to spend \$200,000 and \$250,000 on exploration by July 31, 2009 and July 31, 2010, respectively.

On August 5, 2008 the transaction closed and was accepted by the TSX-Venture Exchange.

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During January 2008 preliminary digital data and images derived from the high resolution helicopterborne multi-sensor geophysical survey over the southern half of the 100% owned K-CR property north of Kamloops Lake, British Columbia. The survey was flown in November 2007 by Fugro Airborne Surveys, and was designed to search for geophysical signatures similar to those that characterize Cu-Au porphyry deposits within the Afton camp, located only a few tens of kilometres to the southeast. Portions of the K-CR property cover geological and structural features similar to the Afton camp. An initial review of the preliminary geophysical data indicated favorable geophysical patterns in several locations within the K-CR property. A detailed interpretation of the survey will be conducted by R. Shives of GamX Inc. These results will be used to target specific areas for follow up during 2008 summer's exploration program in the area.

During early 2008 the Company acquired additional mineral exploration properties in the copper gold belt known as the "Quesnel Trough", a volcanic and sedimentary arc sequence affected by upper Triassic to Jurassic intrusions. The Quesnel Trough extends for over one thousand kilometres from northern Washington State to north-central British Columbia, and hosts alkalic porphyry copper-gold deposits as well as gold-skarns and sedimentary hosted gold deposits.

The Company's primary focus was the continuation of exploration work on the Man/Prime property and the exercise of its option to acquire its 51% interest in the property. In addition to the Man/Prime the Company continued its general staking and exploration programs in British Columbia. Also the Company expended \$121,001 in general property evaluation activities, including assaying, geophysical and staking costs.

On August 14, 2008 the Company entered into a purchase agreement with Bearclaw Capital Corp (TSX-V:BRL) enabling it to acquire the remaining 49% of the Man/Prime Property. This acquisition replaces the remaining terms of the option agreement between the parties announced on January 4, 2007. The Company now owns a 100% interest in the Property.

Candorado will pay the following consideration for the acquisition:

Cash Payments. The following cash payments to Bearclaw:

1. \$100,000 on signing of the agreement;
2. \$100,000 on December 31, 2008; and
3. \$100,000 on July 31, 2009.

Issuance of Shares. Candorado shall issue the following Shares, and deliver certificates representing the Shares registered in the name of Bearclaw, as follows:

1. One hundred and fifty thousand (150,000 issued) Shares upon the Exchange's acceptance of Candorado's application to issue the Shares;
2. One hundred and fifty thousand (150,000) Shares on or before December 31, 2008; and
3. One hundred and fifty thousand (150,000) Shares on or before July 31, 2009.

During October 2008 commenced exploration programs on the Deer Lake property situated in south-central BC. Results for the 2008 program will be released as they become available. Surface and core samples will be submitted to Assayers Canada in Vancouver for gold and multi-element analysis. Quality assurance and quality control (QA/QC) include the insertion of analytical standards and blanks in addition to the laboratory's internal QA program. Copper and gold values exceeding 10,000 ppm and 1,000 ppb (1 g/t) respectively will be assayed.

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Also in October 2008, the Company completed its diamond drilling program at its 100% owned Bluff Lake property located 40 km north of 100 Mile House in south-central BC (forms part of the Murphy Lake Property). The property is immediately north of GWR's Lac La Hache copper-gold property.

Recently a detailed review of airborne geophysical data was conducted on the Bluff Lake property and surrounding area by Mr. Rob Shives of GamX Inc. Mr. Shives, formerly the head of the Radiation Division of the Geological Survey of Canada, has over 20 years of experience in application of airborne surveys in the search for porphyry copper-gold and other deposit types throughout Canada. The review defined eight target areas all of which were subjected to geochemical soil sampling, prospecting and rock sampling.

A prominent easterly trending copper-in-soil anomaly measuring over 500 metres long and 150 metres wide was defined over one target area. Prospecting of this area resulted in the discovery of copper mineralized float containing 1.49% copper and 8.1 g/t silver. The angular nature of this float suggests a nearby source.

In June, 2008 four angled drill holes totaling 700 metres were completed and span a distance of 525 metres along the copper-in-soil anomaly. Each drill hole intersected granitic rocks containing finely disseminated and fracture controlled metallic (native) copper. The two easternmost holes also contain traces of chalcopyrite, bornite and molybdenite. Copper mineralization was evident at the end of all the holes. Work to date indicates that mineralization is open along strike and to depth.

Exploration on the Bluff Lake and Deer/Friendly properties were conducted under the supervision of W. Gruenwald, P. Geo, of Geoquest Consulting Ltd. a "qualified person" as defined by National Instrument 43-101.

Results of Operations

a) Loss for the Period:

Nine Months Ended

During the nine months ended September 30, 2008 the Company recorded a net loss of \$462,920 (\$0.01 loss per share) compared to a loss of \$572,786 (\$0.01 loss per share) in 2007. The net loss for the current period was primarily attributable to property evaluation costs of \$123,975 (2007 - \$54,695) for assaying and general exploration and purchase of concessions later abandoned, insurance costs of \$13,500 (2007 - \$Nil) wages of \$32,958 (2007 - 33,694) consulting fees of \$90,406 (2007 - \$88,756).

Decreases in expenditures to note were shareholder communication costs of \$15,876 (2007 - \$56,902), investor relations of \$8,052 (2007 - \$72,846) related to downsizing the Company's investor relations consulting and program. The Company recorded stock based compensation expenditures for the current period of \$72,249 compared to \$395,520 in 2007. In addition the Company recorded a gain in sale of marketable securities (included Callinan and Nanika shares) of \$39,811 in the current period compared to a gain of \$240,281 for the comparative 2007 period as a result of a decrease in the sale price of the Nanika Shares.

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Three Months Ended

During the three months ended September 30, 2008 the Company recorded a net loss of \$170,008 (2007 \$69,262) which included general and administrative costs of \$97,768 (net of stock based compensation of \$72,240) [2007 - \$69,080 (\$Nil)].

b) Cash Flows:

Nine Months Ended

Cash used in operating activities in the nine months ended September 30, 2008 was \$65,615 compared to cash used in the nine months ended September 30, 2007 of \$535,436. The decrease was attributed to the stock based compensation expense of 72,240 (2007 - \$395,520) a decrease in prepaids of \$13,214 (2007 - \$133,404) for deposits and advances made for the 2007 drilling and exploration programs. The Company also recorded a gain on sale of marketable securities of \$39,811 (2007 - \$240,281). Increase to note for the current 2008 period was payment of accounts payable of \$98,722 (2007 - (\$12,368)).

Cash used in investing activities for the nine months ended September 30, 2008 of \$383,582 (2007 - \$2,043,714) consisted of \$618,458 (2007 - \$2,330,976) towards mineral property exploration, purchase of computers and vehicles of \$Nil (2007 - \$50,053) offset by \$243,876 (2007 - \$288,298) from proceeds on the sale of marketable securities.

Cash received from financing activities for the nine months ended September 30, 2008 was \$180,275 from proceeds of exercise of warrants (2007 - \$2,876,147) from the proceeds of four private placements and the exercise of warrants). Share issue costs for September 30, 2008 recorded a recovery of \$700 \$Nil (2007 - \$187,728).

Three Months Ended

Cash provided in operating activities in the three months ended September 30, 2008 was \$146,184 compared to cash used in the three months ended September 30, 2007 of \$227,137.

Cash provided in investing activities for the three months ended September 30, 2008 of \$239,891 [2007 - (\$1,210,509) used] consisted of \$248,891 in option payments received compared to (2007 - \$1,148,911) towards mineral property exploration.

Cash received from financing activities for the three months ended September 30, 2008 was \$Nil (2007 -\$621,493) from the proceeds of private placements and the exercise of warrants. Share issue costs for the three months ended September 30, 2008 were \$Nil (2007 - \$78,507).

Total cash for the period ended September 30, 2008 decreased \$268,222 for a balance of \$171,581 compared to the period ended September 30, 2007 where cash increased \$296,997 to a balance of \$611,129.

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Summary of Quarterly Results

The following table sets forth selected unaudited financial information prepared by management of the Company.

Three Months Ended	Sept 30 2008	June 30 2008	March 31 2008	December 31 2007
Total Revenues	\$ —	\$ —	\$ —	\$ —
Loss before Other Items	\$ (170,008)	\$ (90,355)	\$ (242,369)	\$ (502,851)
Net Loss	\$ (170,008)	\$ (48,141)	\$ (244,771)	\$ (78,742)
Loss per share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.00)

Three Months Ended	Sept 30 2007	June 30 2007	Mar 31 2007	December 31 2006
Total Revenues	\$ —	\$ —	\$ —	\$ —
Loss before Other Items	\$ (69,080)	\$ (149,546)	\$ (543,763)	\$ (237,353)
Net (loss) income	\$ (69,263)	\$ (176,333)	\$ (327,190)	\$ (221,843)
Loss per share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)

Significant items to report for the quarterly results are as follows:

The Loss before Other Items included:

- 1) December 31, 2007 - \$324,140 tax recovery
- 2) March 31, 2007 - \$395,520 stock based compensation expense

Financing Activities

During the nine months ended September 30, 2008 the Company received \$180,275 pursuant to the exercise of 1,802,750 share purchase warrants at \$.10.

During the period ended September 30, 2007 the Company completed five private placements for 4,600,000 units at a price of \$0.22 for a total proceeds of \$1,012,000; 1,400,000 units at a price of \$0.25 per unit for total proceeds of \$350,000; 500,000 units at a price of \$0.22 per unit for total proceeds of \$150,000; and 1,000,000 units at a price of \$0.50 per unit for total proceeds of \$500,000; and 2,000,000 units at a price of \$0.35 for total proceeds of \$700,000. Aggregate share issue costs of \$109,221 were recorded.

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Liquidity and Capital Resources

At September 30, 2008 the Company had working capital of \$43,459 (December 31, 2007 - \$523,464) and no long-term debt. With respect to working capital, \$171,581 (December 31, 2007 - \$439,003) was held in cash. These funds are not sufficient to meet its payments required under its option agreements for and general and administrative expenses for the next twelve months. The Company has financed its operations to date primarily through the issuance of common shares and share purchase warrants and the sale of marketable securities. The Company will seek capital through the issuance of equity financings.

The Company received 2,000,000 shares of Nanika Resources Inc. ("Nanika") (formerly New Cantech Ventures Inc) at a deemed price of \$0.16 per share for the sale of its remaining interest in the Lucky Ship property. New Cantech is a TSX Venture Exchange ("Exchange") listed company and the shares are escrowed in accordance with the policies of the Exchange under Form 5D. The Company has received the 2,000,000 common shares released from escrow.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Related Party Transactions

During the period ended September 30, 2008, the Company incurred the following to directors, officers and private companies controlled by them: management fees - \$45,000 (2007 - \$45,000); rent - \$3000 (2007 - \$12,000). These transactions were recorded at exchange value, which was the amount of consideration established and agreed to by the related parties.

At September 30, 2008, an amount of \$6,501 (December 31, 2007 - \$8,049) was due to (2007 – from) the President of the Company for staking and cash in lieu of work requirements.

Contingencies

The Company is in receipt of a letter from the British Columbia Ministry of Energy, Mines and Petroleum regarding the old Hedley heap leach operation by the Company's predecessor company, Candorado Mines Ltd. Several environmental issues regarding the site clean up were addressed in the letter dated November 21, 2005 and in an on-site meeting on November 22, 2005. The Company had been given a November 24, 2005 deadline to provide a clean-up plan but has advised the Ministry that in respect to its financial resources, this plan could not have been delivered on time. The Company Ltd. does not admit or deny any liability regarding the responsibility for the clean-up and has engaged legal counsel regarding this matter. As indicated, the Ministry of Energy, Mines & Petroleum Resources will now proceed with the required work and may initiate proceedings to recover the costs incurred. The Company is unable to determine the amount of potential cost, if any, and therefore has not recognized any amount related to this matter as at September 30, 2008.

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Outstanding Share Data

Authorized Capital:

Unlimited common shares without par value

Issued and outstanding

47,815,056 common shares as at November 27, 2008 for a recorded value of \$8,971,233.

Outstanding options, warrants and convertible securities as at November 27, 2008:

Type of Security	Number	Exercise Price	Expiry Date
Share purchase warrants	2,515,380	\$0.50	December 8, 2008
Share purchase warrants	1,526,000	\$0.40	February 6, 2009
Share purchase warrants	4,850,000	\$0.30	February 6, 2009
Share purchase warrants	500,000	\$0.375	March 8, 2009
Share purchase warrants	1,090,000	\$0.65	May 11, 2009
Share purchase warrants	1,180,000	\$0.50	September 25, 2009
Share purchase warrants	1,032,164	\$0.60	November 14, 2009
Stock options	650,000	\$0.125	February 3, 2010
Stock options	575,000	\$0.125	February 9, 2011
Stock options	825,000	\$0.125	March 9, 2010
Stock options*	750,000	\$0.23	January 4, 2012
Stock options*	575,000	\$0.30	February 13, 2012
Stock options*	350,000	\$0.42	February 22, 2012
Stock options*	150,000	\$0.44	April 10, 2010
Stock options	1,000,000	\$0.10	September 25, 2013

* The Company re-priced 1,650,000 between prices of \$0.23 - \$0.42 to a price of \$0.10 per option. These options are now subject to shareholder approval which will be sought at the Company's next annual general meeting.

Adoption of New Accounting Standards

Effective January 1, 2008 the Company adopted the following accounting standards updates issued by the Canadian Institute of Chartered Accountants ("CICA"):

(i) Assessing going concern – Section 1400

The Accounting Standards Board (AcSB) amended the Section 1400, to include requirements for management to assess an entity's ability to continue as a going concern and to disclose material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern. The adoption of this standard did not have an impact on our financial statements.

(ii) Capital disclosures – Section 1535

This new pronouncement establishes standards for disclosing information about an entity's capital and how it is managed. Section 1535 also requires the disclosure of any externally-imposed capital requirements, whether the entity has complied with them, and if not, the consequences.

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(iii) Financial Instruments – Section 3862 and 3863 – Disclosure and Presentation

These new standards require additional disclosures to enable users to evaluate the significance of financial instruments for an entity's financial position and performance. In addition, qualitative and quantitative disclosures are provided to enable users to evaluate the nature and extent of risks arising from financial instruments.

Off balance-sheet arrangements

The Company has no off-balance sheet arrangements to report.

Financial Instruments

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and loan payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

Capital disclosure

The Company's capital currently consists of common shares, options and warrants. As the Company is in the exploration stage its principal source of funds is from the issuance of common shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to meet the Company's property exploration plans to ensure the growth of activities.

Risks and Uncertainties

The Company's principal activity is mineral exploration. Companies in this industry are subject to many and varied kinds of risks, including, but not limited to, environmental, metal prices, political and economical. The Company has no sources of financing other than equity financing. The properties in which the Company has an interest or has an option to earn an interest are in the exploration stages only, are without known bodies of commercial mineralization 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 properties may not result in any discoveries of commercial bodies of mineralization.

Forward Looking Statements

This MD&A may contain forward-looking statements including, but not limited to, comments regarding the timing and content of upcoming work programs, geological interpretations, receipt of property titles, and potential mineral recovery processes. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements.

Accounting Estimates

The information provided in this report including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

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Controls and Procedures

During the period ended September 30, 2008, there were no changes to internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Additional information on the Company can be found on SEDAR at www.sedar.com and on the Company's website at www.candorado.com