

**CANDORADO OPERATING COMPANY LTD.  
MANAGEMENT DISCUSSION AND ANALYSIS  
THREE MONTHS ENDED MARCH 31, 2008**

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The following information prepared as at May 20, supplements, but does not form part of, the unaudited interim consolidated financial statement of the Company and the notes thereto for the period ended March 31, 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 three months ended March 31, 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).

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 expending \$73,968 in exploration costs and \$137,489 in acquisition costs. Also the Company expended \$106,926 in general property evaluation activities, including assaying, geophysical and staking costs.

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***Results of Operations***

During the period ended March 31, 2008 the Company recorded a net loss of \$244,771 compared to a loss of \$327,190 (\$0.01 loss per share) in 2007. The net loss for the current period was primarily attributable to property evaluation costs of \$106,926 (2007 - \$Nil) for assaying and general exploration and purchase of concessions later abandoned, insurance costs of \$13,500 (2007 - \$Nil) wages of \$21,566 (2007 - 6,680) the increase in the current period included an additional employee.

Decreases in expenditures to note were shareholder communication costs of \$9,804 (2007 - \$24,666), investor relations of \$Nil (2007 - \$23,894) related to downsizing the Company's investor relations consulting and program. Also the Company did not record any stock based compensation expenditures for the period compared to \$395,520 in 2007. Also the Company recorded a loss in sale of marketable securities of \$2,402 in the current period compared to a gain of \$240,281 for the three months ended March 31, 2008 as a result of a decrease in the sale price of the New Cantech Shares.

***Capital Expenditures***

Total expenditures on mineral properties for the three months ended March 31, 2008 \$518,178 net of option payments received of \$150,000 compared to \$333,901 for the comparative period March 31, 2007. The Company did not purchase any equipment for the current period compared to \$38,438 during the three months ended March 31, 2007.

***Summary of Quarterly Results***

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

Three Months Ended	March 31 2008	December 31 2007	Sept 30 2007	June 30 2007
Total Revenues	\$ —	\$ —	\$ —	\$ —
Loss before Other Items	\$ 242,369	\$ (502,851)	\$ (69,080)	\$ (149,546)
Net Loss	\$ 244,771	\$ (78,742)	\$ (69,263)	\$ (176,333)
Loss per share	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)

Three Months Ended	Mar 31 2007	December 31 2006	Sept 30 2006	June 30 2006
Total Revenues	\$ —	\$ —	\$ —	\$ —
Loss before Other Items	\$ (543,763)	\$ (237,353)	\$ (39,395)	\$ (66,004)
Net (loss) income	\$ (327,190)	\$ (221,843)	\$ 36,818	\$ (18,797)
Loss per share	\$ (0.01)	\$ (0.01)	\$ 0.00	\$ (0.01)

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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 three months ended March 31, 2008 the Company received \$180,275 pursuant to the exercise of 1,802,750 share purchase warrants at \$.10.

During the three months ended March 31, 2007 the Company received \$1,637,279 from the proceeds of three private placements and the exercise of warrants. In addition the Company received \$35,000 in subscriptions. Share issue costs for March 31, 2007 were \$50,848).

***Liquidity and Capital Resources***

The Company's aggregate operating, investing and financing activities for the three months ended March 31, 2008 resulted in a net cash and cash equivalent inflow of \$180,275 compared to a net cash inflow of \$1,637,279 as at March 31, 2007. As at March 31, 2008 the Company had cash of \$82,070 compared to \$439,803 as at December 31, 2007.

At March 31, 2008 the Company had working capital of \$312,266 and no long-term debt. With respect to working capital, \$82,070 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 New Cantech Ventures Inc. ("New Cantech") 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 received 1,700,000 common shares (sold) upon acceptance from the Exchange with the remaining 300,000 shares to be released over a 36-month period from Exchange acceptance.

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 March 31, 2008, the Company incurred the following to directors, officers and private companies controlled by them: management fees - \$15,000 (2007 - \$15,000); rent - \$4,500 (2007 - \$1,500). These transactions were recorded at exchange value, which was the amount of consideration established and agreed to by the related parties.

At March 31, 2008, an amount of \$36,783 was advanced to the President of the Company for staking and cash in lieu of work requirements. At March 31, 2007, the Company was indebted to the President of the Company in the amount of \$2m872 for management fees, legal fees, mineral property payments and reimbursement of office expenses.

These charges were measured by the exchange amount which is the amount agreed upon by the transacting parties.

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***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 March 31, 2008.

***Outstanding Share Data***

Authorized Capital:

Unlimited common shares without par value

Issued and outstanding

47,640,056 common shares, as at May 20, 2008 for a recorded value of \$8,941,783.

Outstanding options, warrants and convertible securities as at April 25, 2008:

<b>Type of Security</b>	<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Share purchase warrants	555,888	\$0.20	July 28, 2008
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

***Management's Responsibility for Financial Statements***

**Off balance-sheet arrangements**

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

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***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.

***Controls and Procedures***

During the period ended March 31, 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](http://www.sedar.com) and on the Company's website at [www.candorado.com](http://www.candorado.com)