

**DUNDARAVE RESOURCES INC.**  
(A Development Stage Company)  
**MANAGEMENT DISCUSSION & ANALYSIS**  
For the Quarter ended March 31, 2008

1.1 Date of This Report:: May 29, 2008

1.2 Overall Performance

**Description of Business**

Dundarave Resources Inc. is a Development Stage Company involved in the business of developing a technology designed to recover and extract nickel and associated by-products contained in nickel tailings under a licence agreement. The Company controls an option to acquire an exclusive worldwide license to ExtrEL leaching system technology and all related intellectual property.

**Operational Overview**

After having obtained the final TSX Venture approval of the transaction related to the option to acquire the ExtrEL license the Company has authorized Enpar Technologies, the developer and licensor of ExtrEL technology, to commence the ExtrEL Optimization and Design Program.

The Optimizaton and Design optimization is the first stage of the Company's technology development plan. The objective of the program is to produce design plans for a pilot plant for recovery of nickel from pyrrhotite-rich nickel tailings. The design optimization will include a number of key modules: reactor optimization, solid/liquids separation, solvent extraction, iron and acid recovery and nickel recovery among others. It is estimated that the design optimization program will be completed by the end of 2008.

Concurrently with the Optimization and Design Program, management has also embarked on an aggressive program of identifying and securing a nickel tailings area suitable for a pilot plant using ExtrEL technology. The contacts and negotiations with various North American government and private organizations have been initiated. The management believes that securing a suitable tailings area for ExtrEL pilot plant will be critical for demonstration of the economic potential of the ExtrEL technology as well as its ability to address environmental issues.

### 1.3 Selected Annual Information

The highlights of financial data for the Company for the three most recently completed financial years are as follows:

	<u>December 31,</u> <u>2007</u>	<u>December 31, 2006</u>	<u>December 31,</u> <u>2005</u>
(a) Net sales	-	-	-
(b) Loss before extraordinary items			
(i) Total income (loss)	\$(51,492)	\$(262,928)	\$38,735
(ii) Income (Loss) per share (basic)	\$(0.01)	\$(0.04)	\$0.01
(iii) Income (Loss) per share (diluted)	\$(0.01)	\$(0.04)	\$0.01
(c) Total assets	\$1,791,284	\$1,091,275	\$1,336,452
(d) Total long-term liabilities	N/A	N/A	N/A
(e) Cash dividends declared per-share	N/A	N/A	N/A

### 1.4 Results of Operations

The net loss for the three months ended March 31, 2008 (“First Quarter”) was \$124,012 as compared to \$9,920 for the comparative previous year. This is mainly due to research and development costs of \$58,460 (2007 – NIL) and gain on sale of marketable securities of \$54,363 (2007 - \$120,927).

The Company received interest of \$12,613 (2007 - \$8,443).

### 1.5 Summary of Quarterly Results

The following is a summary of the Company’s financial results for the eight most recently completed quarters:

	Q1 <u>31-Mar-08</u>	Q4 <u>31-Dec-07</u>	Q3 <u>30-Sep-07</u>	Q2 <u>30-Jun-07</u>	Q1 <u>31-Mar-07</u>	Q4 <u>31-Dec-06</u>	Q3 <u>30-Sep-06</u>	Q2 <u>30-Jun-06</u>
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net income(loss)	\$(124,012)	\$(100,938)	\$64,894	\$(5,528)	\$(9,920)	\$22,263	\$(422,572)	\$20,401
Basic earnings (loss) per share	\$(0.01)	\$(0.01)	\$0.01	\$(0.00)	\$(0.01)	\$(0.00)	\$(0.06)	\$0.00
Diluted earnings (loss) per share	\$(0.01)	\$(0.01)	\$0.01	\$(0.00)	\$(0.01)	\$0.01	\$(0.06)	\$0.00

### 1.5 Liquidity

The Company has no revenue generating projects at this time. The Company's historical capital needs have been met by equity subscriptions. The Company will require additional financing to fund any development of the ExtrEL technology as well as exploration programs on any properties it acquires.

The ability of the Company to successfully develop the ExtrEL technology is conditional on its ability to secure financing when required. The Company proposes to meet any additional financing requirements through the exercise of outstanding stock options and warrants, or arranging other equity financing, and/or finalizing a joint venture agreement with a partner(s) who will be able to assume the costs of recommended research and development in the ExtrEL technology. In light of the continually changing financial markets, there is no assurance that funding by equity subscriptions or finding a joint venture partner will be possible at the times required or desired by the Company.

As at March 31, 2008, the Company's working capital was \$1,592,517 (December 31, 2007 - \$1,727,741).

### 1.7 Capital Resources

The Company currently does not own any mineral properties but is actively seeking nickel tailings properties to utilize the ExtrEL technology.

### 1.8 Off Balance Sheet Arrangements

There is no off-balance sheet arrangements to which the Company is committed.

### 1.9 Transactions with Related Parties

During the First Quarter ended March 31, 2008, the Company paid consulting fees of \$61,000 (2006 - \$70,000).

There are no formal agreements for the related party transactions described above.

### 1.10 Proposed Transactions

None.

### 1.11 Changes in Accounting Policies

Effective on January 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants relating to financial instruments. These new standards have been adopted on a prospective basis with no restatement of prior period financial statements.

#### 1.12 Financial and Other Instruments

The carrying value of cash and cash equivalents and accounts payable approximate their fair values due to the short maturity of those instruments.

#### 1.13 Outstanding share data

At the date of this report, the Company has 8,335,976 issued and outstanding common shares.

#### 1.14 Subsequent Event

None.

#### 1.15 Risk Factors

Prior to making an investment decision investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company, but are not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Directors are currently unaware or which they consider not to be material in relation to the Group's business, actually occur, the Group's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

#### **Dundarave Will Require Additional Capital in the Future**

The Company has limited financial resources. The Company will continue to make substantial capital expenditures related to technology development and production. In particular the Company will have further capital requirements as it proceeds to expand its present development activities, or to take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may be presented to it.

In addition, the Company may incur major unanticipated liabilities or expenses. There can be no assurance that the Company will be able to obtain necessary financing in a timely manner on commercially acceptable terms, if at all.

Volatile demand for nickel and other commodities and the volatile price for nickel and other commodities may make it difficult or impossible for the Company to obtain debt financing or equity financing on commercially acceptable terms or at all. Failure to obtain such additional financing could result in delay or indefinite postponement of further development and commercialization of its projects with the possible loss of the rights to such technologies.

## **Dundarave's Operations are Subject to Operational Risks and Hazards Inherent in the Mining Industry**

The Company's business is subject to a number of inherent risks and hazards, including environmental pollution, accidents or spills; industrial and transportation accidents, which may involve hazardous materials; labour disputes; power disruptions, catastrophic accidents; failure of plant and equipment to function correctly, the inability to obtain suitable or adequate equipment, fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, underground floods, earthquakes, pit wall failures, ground movements, tailings, pipeline and dam failures and cave-ins; and encountering unusual or unexpected geological conditions and technical failure of mining methods.

### **Environmental Risks and Hazards**

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the general, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties. Reclamation costs are uncertain and planned expenditures estimated by management may differ from the actual expenditures required.

### **Government Regulation**

The Company's mineral exploration and planned development activities are subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. Although the Company believes its exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Many of the mineral rights and interests of the Company are subject to government approvals, licenses and permits. Such approvals, licenses and permits are, as a practical matter, subject to the discretion of applicable governments or governmental officials. No assurance can be given that the Company will be successful in maintaining any or all of the various approvals, licenses and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations or applicable laws or regulations.

Amendments to current laws and regulation governing operations or more stringent implementation thereof could have a substantial impact on the Company and cause increases in exploration expenses, capital expenditures or

production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

### **Political Risk**

The Company's future prospects may be affected by political decisions about the nickel market. There can be no assurance that the Canadian or other government or quasi-governmental authority will not enact legislation or other rules restricting potash extraction and processing activities, or restricting to whom the Company can sell its product. In addition the price of commodities may be affected by decisions of state governments.

### **Future Sales of Common Shares by Existing Shareholders**

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares.

### **Availability of Qualified Personnel**

The mining industry generally is experiencing a significant shortage of qualified personnel particularly in the availability of professionals such as mining engineers, metallurgists and geologists. There is also a shortage of staff and skilled workers and, as a result, training to fill the positions may be necessary in order to achieve Dundarave's planned production activities. The current demand for people has also resulted in a significant escalation of salaries and wages.

### **Competition and Technology Innovation**

Dundarave operates in a competitive industry. The ability of the Company to market its current technology and to introduce new products or enhancements of existing products could require significant additional research and development expenditures. While there can be no assurance of the ability of the Company to penetrate target markets and sustain a share of those markets, the Company has no knowledge of existing or upcoming technologies that would render obsolete or significantly displace ExtrEL in the near future. However, such risk exists and, if it was to materialize, would have an adverse impact on the future growth of the Company.

### **Patents**

Although a patent has a statutory presumption of validity, its issuance is not conclusive as to its validity or as to the enforceability of its claims. Moreover, the laws of certain countries may not protect proprietary rights to the same extent, as do the laws of Canada, the United States and the United Kingdom. Accordingly, there can be no assurance that the Company's patents will afford legal protection against competitors, nor can there be any assurance that the patents will not be infringed by others or that others will not obtain patents that the Company would need to license. Furthermore, successful challenges to certain of the Company's patents could materially and adversely affect its competitive and financial condition.

### *Additional information*

Additional information relating to the company is on SEDAR at [www.sedar.com](http://www.sedar.com).