

**DOT Resources Ltd.**  
**Management's Discussion and Analysis of Financial Condition  
and Results of Operations**  
**For the Three Month Ended March 31, 2008**

This management's discussion and analysis ("MD&A") focuses on key items from the unaudited financial statements for DOT Resources Ltd. (also referred to as "DOT" or the "Corporation") for the three months ended March 31, 2008 and the factors reasonably expected to impact future operations and results as prepared on May 28, 2008. This discussion should not be considered all-inclusive, as it excludes changes that may occur in general economic, political and environmental conditions. Additionally, other matters may occur which could affect the Corporation in the future. This discussion should be read in conjunction with the audited financial statements of the Corporation for the period from incorporation on May 17 to December 31, 2007 and the related notes and the unaudited financial statements for three months ended March 31, 2008. The financial statements have been prepared in accordance with Generally Accepted Accounting Principles ("GAAP") in Canada.

This MD&A was reviewed and approved by the Corporation's Audit Committee and Board of Directors and is effective as of May 28, 2008. Additional information on the Corporation is available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

All dollar amounts are Canadian unless otherwise stated.

**Forward-looking information**

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from actual future results and achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made. Readers are also advised to consider such forward-looking statements while considering the risks set forth below.

**Business overview**

The Corporation was incorporated on May 17, 2007 under the Business Corporations Act (Alberta).

On June 25, 2007, the Corporation entered into an Arrangement Agreement (the "Arrangement") with Alhambra Resources Ltd. ("Alhambra"). Under the terms of the Arrangement, which became effective August 29, 2007, Alhambra transferred its 100% interest in its claim units located in the Province of British Columbia, together with related assets and obligations pertaining thereto (the "Properties"), in exchange for 30,000,000 common shares of the Corporation.

The cost of the Properties acquired by the Corporation was \$933,424 which represents the amount recorded by Alhambra as at the date of sale.

As part of, and concurrent with completing the Arrangement, the Corporation completed a private placement of 11,500,000 units at a purchase price of \$0.20 per unit for aggregate gross proceeds of \$2,300,000 (the "Private Placement"). Each unit was comprised of one (1) common share and one-half (1/2) of a common share purchase warrant ("Warrant"), with each whole Warrant entitling the holder to acquire one (1) common share at an exercise price of \$0.35 for a term of two (2) years. If the closing trading price of the Corporation's common shares is equal to or exceeds \$0.55 for fifteen (15) consecutive trading days during the term of the Warrants, then the expiry time of the

Warrants shall automatically accelerate to the date which is thirty (30) days following the date a news release is issued by the Corporation announcing the reduced expiry time without further notification made by the Corporation, after which the Corporation's Warrants shall be null and void.

In connection with the Private Placement, the Corporation paid a commission of \$138,000 and granted Agent options that entitle the Agent to purchase up to 690,000 units of the Corporation at \$0.20 per unit. These Agent options expire on August 29, 2009. The units are subject to the same terms and conditions as the units issued pursuant to the Private Placement except that the automatic acceleration conditions do not apply to the Agent options.

The Corporation's common shares are listed for trading on the TSX Venture Exchange Inc. under the trading symbol of DOT. Trading of the common shares of the Corporation began on September 17, 2007.

### **Operational review**

The Corporation commenced the exploration program as recommended in an independent National Instrument 43-101 compliant report entitled "TECHNICAL REPORT ON 2006 GROUND GEOPHYSICS AND PREVIOUS EXPLORATION, INCLUDING DIAMOND DRILLING, DOT PROPERTY, BRITISH COLUMBIA, NICOLA MINING DIVISION, (the "Aurora Report") dated May 31<sup>st</sup>, 2007, prepared by Aurora Geosciences Limited ("Aurora")<sup>1</sup> in the final quarter of 2007.

The exploration program consisted of geology, geophysical surveys and a diamond drilling program. The geology and geophysical surveys were completed in the last quarter of 2007. The diamond drilling program commenced in the last quarter of 2007 and was completed in February 2008.

### **Exploration model**

The exploration model for the Properties is based on the copper-molybdenum deposits located within the Highland Valley Mining District located 17 kilometres north of the Properties. Several of these deposits in the Highland valley District are currently in production. The Highland Valley District and the Properties occur within the Guichon Creek Batholith, a large multi-phase intrusion. The deposits in the Highland Valley District occur within an interpreted northwest trending structural trend and are characterized by disseminated iron and copper sulphide minerals and a concentric alteration pattern that changes from the prophyritic alteration at the periphery to potassic alteration at the center of the porphyry system. The four known zones of mineralization on the Properties also occur within a northwest trending structural zone and exhibit moderate to strong potassic and argillic alteration. The structural setting, the alterations and lithologies of copper mineralization on the Properties show many similarities to the deposits in the Highland Valley District and more specifically the Bethlehem Copper deposit.

---

<sup>1</sup> This report is filed on SEDAR in its entirety and can be viewed on Alhambra's profile at [www.sedar.com](http://www.sedar.com).

The following table shows the reserves and average copper and molybdenum grades for the deposits located within the Highland Valley Mining District.

<b>Deposit Name</b>	<b>Reserves (million tonnes)</b>	<b>Copper Grade (%)</b>	<b>Molybdenum Grade (%)</b>
Bethlehem Copper	143	0.48	N/A
Krain	58	0.56	0.010
Highmont	116	0.25	0.025
J.A.	286	0.43	0.017
Lornex	576	0.39	0.014
South Seas	36	0.47	N/A
Valley Copper	716	0.47	N/A

The Properties have a historical estimate<sup>2</sup> of 9.6 million tonnes at an average grade of 0.46% copper contained in the Northwest and Southeast zones of mineralization.

### **Mapping & sampling**

The project is in the early exploration stage. Due to its early stage, it is important to know the various intrusive phases of the Guichon Creek Batholith lithologies that occur within the project. The amount of outcrop exposed on the Properties is estimated to be less than 1% which requires a considerable amount of interpretation of the field data collected. Based on the mapping completed in late 2007 and compilation of the geophysical and diamond drilling data, the Properties are primarily underlain by quartz monzonite, granodiorite and granodiorite phases of the Chataway or Guichon Creek variety.

A total of 33 outcrop samples were collected and analyzed for copper and molybdenum concentrations. The copper values ranged from 39 parts per million (“ppm”) to 1,470 ppm. Molybdenum values in all samples were low. The sample that returned 1,470 ppm copper is located approximately 300 meters (“m”) north of the Aberdeen showing and occurs in granodiorite. Additional field work will be required to determine the significance of this result.

The recent mapping shows that the mineralized zones located within the project occur in either Chataway or Guichon Phase granodiorite whereas the N0. 4 zone located immediately northwest of the Properties occurs in Skeena Phase quartz monzonite. These rock types are similar to those that host the copper-molybdenum deposits of the Highland Valley Mining District located northwest of the Properties.

### **Geophysical Surveys**

The geophysical exploration program consisted of Induced Polarization/Resistivity (“IP”), total field magnetometer and Very Low Frequency Electromagnetic (“VLF-EM”) surveys. This work was completed in late 2007 and was designed to explore that portion of the Properties between the Northwest zone of mineralization and the No. 4 zone located immediately adjacent to the northwest of the Properties’ boundary. Preliminary interpretation of the IP data suggests that a zone of

---

<sup>2</sup> The historical estimate completed for the Properties was not prepared by an independent Qualified Person, nor has any of the information contained therein been audited by an independent Qualified Person. This historical estimate does not conform to the requirements of Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”) standards of reporting pursuant to requirements under National Instrument 43-101 and the Standards of Disclosure of Mineral Projects and the definition of Measured, Indicated or Inferred resources, as defined by CIM. As a result, the Corporation wishes to clarify that: (i) there are no mineral resources and no mineral reserves on the Properties as such terms are defined under National Instrument 43-101.

sulphide mineralization may be present on profile 2200N, profile 2700N and profile 2900N. The IP anomalies occur in areas with a low magnetic signature.

### Diamond drilling

A diamond drilling program to test the four known zones of mineralization was completed in the first quarter 2008. The 14 drill hole (3,097.4 m) program intersected significant copper mineralization in Northwest and Southeast zones. The mineralization in the Copper and Vimy zones, although significant, is relatively narrow and low grade. At a 0.10% copper cut-off grade, the apparent lengths and weighted average grades for the mineralized intervals in the four zones are set out below.

Zone ID	Easting	Northing	Dip	Azi-muth	Drill hole ID	From (m)	To (m)	Interval (m)	Copper (%)	Silver (g/t)
Northwest	653168	5576456	-60	245	DOT-07-NW-01	132.00	146.00	14.00	0.11	1.2
	653325	5576216	-50	235	DOT-07-NW-02	101.00	111.00	10.00	0.22	1.6
	653186	5576427	-60	245	DOT-07-NW-03	72.00	80.00	8.00	0.15	0.6
						105.00	136.00	31.00	0.50	4.3
	652986	5576574	-50	235	DOT-08-NW-04	No significant mineralization				
Copper	653286	5576088	-60	235	DOT-08-CU-01	170.00	179.00	9.00	0.18	0.6
	653328	5575893	-50	235	DOT-08-CU-02	41.55	49.00	7.45	0.11	0.2
						147.00	155.00	8.00	0.11	0.4
Southeast	653553	5575635	-76	55	DOT-07-SE-01	72.20	84.40	12.20	0.14	1.6
						102.70	150.50	47.80	0.38	3.3
						252.00	262.00	10.00	0.12	2.2
	653574	5575553	-60	55	DOT-07-SE-02	87.00	135.00	48.00	0.23	1.5
	653330	5575774	-60	55	DOT-08-SE-03	No significant mineralization				
	653507	5575992	-45	55	DOT-08-SE-04	170.00	172.00	2.00	0.36	1.6
						226.00	230.00	4.00	0.60	0.5
	653411	5575706	-50	55	DOT-08-SE-05	160.00	182.00	22.00	0.25	2.1
						206.00	240.00	34.00	0.25	2.3
						262.00	270.00	8.00	0.29	2.0
					278.00	300.23	22.23	0.22	1.4	
	653481	5575840	-55	55	DOT-08-SE-06	39.00	75.00	36.00	0.24	2.5
Vimy	653466	5576550	-45	235	DOT-07-VM-01	89.00	91.00	2.00	0.19	0.2
						129.00	130.00	1.00	0.59	1.2
						142.00	144.00	2.00	0.25	3.4
	653477	5576439	-90	0	DOT-08-VM-02	No significant mineralization				

The intervals set out in the above table are not true widths.

The molybdenum and gold concentrations in the drill core samples were erratic and represent background concentrations. Based on the results of the 2007-2008 drilling program it appears that the mineralized zones have been affected by post-mineralization faulting. Modeling of the mineralization and compilation of the drilling and geophysical results is ongoing.

### Future exploration plans

The 2008 exploration program has not been finalized yet. The following steps have to be taken in order to complete the 2008 exploration program: i) investigate the copper mineralization in outcrop located approximately 300 m north of the former Aberdeen mine; ii) conduct the geophysical surveying to the west, northwest and southeast sides of the Properties; iii) conduct the diamond drill testing of IP anomalies; iv) perform the detailed petrographic studies of the mineralized and non-mineralized core samples; and v) prepare a 3D geological model of the four mineralized zones. A preliminary interpretation of the drilling data suggests that the Southeast and the Northwest zones may be one continuous zone of copper mineralization. Additional diamond drilling should be considered to test these open mineralized intervals and the interpretation of the

continuous mineralization between these two zones. The Corporation is assessing the current drilling results with a view to finalizing the 2008 exploration program.

## Financial review

Activities for the three months ended March 31, 2008 were minimal.

During the three months ended March 31, 2008, the Corporation incurred \$63,542 in general and administrative expenses detailed as follows:

Management fees	\$ 60,000
Stock exchange fees	5,400
Investor relations expenses and news releases	1,837
Transfer agent's fees	1,648
Other	(5,343)
	\$ 63,542

The management fees of \$60,000 are amounts paid to Alhambra under an Administrative and Corporate Services Contract (the "Contract") for the three months ended March 31, 2008. Other expense includes an over-accrual of the year end expenses of \$6,000.

Stock based compensation expense totaled \$81,976 for the period and is the amortization of the value ascribed to stock options granted on August 29, 2007. The Corporation uses the fair value method of accounting for stock options granted. The fair value of employee stock options is estimated on the date of grant and the resulting fair value is recorded as an expense over the vesting period of the stock option. The fair value of non-employee stock options is revalued each reporting date with the change in fair value of the unvested options expensed over the remaining vesting period. In determining the fair value of the stock options granted, the Black-Scholes model is used and assumptions regarding interest rates, underlying volatility of the Corporation's stock and expected life of the options are made.

The Corporation earned \$9,640 in interest income for the period from funds received from the Private Placement that have been invested in short term deposits with a major Canadian chartered bank.

Net loss for the three months ended March 31, 2008 totaled \$141,878 or \$0.00 per common share based on a weighted average number of common shares outstanding for the period of 41,500,001.

## Summary of quarterly results

	Period from Incorporation on May 17 to June 30, 2007	Third Quarter 2007	Fourth Quarter 2007	First Quarter 2008
Net loss	\$ —	\$ (123,822)	\$ (182,190)	\$ (141,878)
Basic and diluted net loss per share	\$ —	\$ (0.01)	\$ (0.00)	\$ (0.00)

## Liquidity and capital resources

At this early stage of its development, the Corporation does not have sources of revenue and relies solely on raising capital through the public markets. The ability of the Corporation to raise capital in the future will directly affect its liquidity and future development of the Properties.

As of March 31, 2008, the Corporation had \$583,780 in cash and cash equivalents, which consist of bank balances and term deposits that can be converted to cash at any time.

## Capital expenditures

During the three months ended March 31, 2008 the Corporation had \$737,308 in capital expenditures for exploration work that was done as recommended in the Aurora Report. Following is a breakdown of these capital expenditures:

Drilling	\$	645,393
Geology		68,449
Geophysics		630
Other		22,836
	\$	737,308

## Related party transactions

During the three months ended March 31, 2008, the Corporation paid \$60,000 to Alhambra in management fees under the Contract. The amount owing under the Contract as of March 31, 2008 was \$nil.

During the three months ended March 31, 2008, the Corporation incurred \$95 in costs from a law firm in which an officer of the Corporation is a partner. This amount was charged to legal expenses.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## Outstanding share data

At March 31, 2008, there were 41,500,001 common shares issued and outstanding. In addition, there were options to purchase 2,325,000 common shares under the Corporation's stock option plan, of which 1,162,500 were vested as of March 31, 2008. Also, outstanding were Warrants to purchase 5,749,999 common shares and Agent options to purchase 690,000 units. All Warrants and Agent options are fully vested as of March 31, 2008. Subsequently, up to May 28, 2008, no additional common shares, options or warrants have been issued.

## Financial instruments

The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are approximated by their carrying amounts because of their short-term nature or because they bear interest at market rates.

## Off balance sheet arrangements

The Corporation has no off balance sheet arrangements.

## Business risks

### Exploration and development

The mining industry in general is inherently risky in nature. Mineral properties are often non-productive for reasons that cannot be anticipated in advance and the Corporation may be subject to risks from operations, mining law, environmental regulations, permits, licenses, land claims and financing.

The Corporation focuses exploration efforts in areas in which it has existing knowledge and expertise. Exploration activities rely on the exploration results collected at that time and on professional judgment of people involved in the exploration business. There can be no assurance that exploration programs will result in a discovery being made. In the event that a discovery is made, no assurance can be given that the discovery will result in either resources or reserves being established on the property. If reserves are established, it may take a number of years and

substantial expenditures until production is achieved, during which the economic feasibility of the project may change.

The long-term profitability of the Corporation's operation will, in part, be directly related to the success of its exploration programs in finding additional reserves, which may be affected by a number of factors that are beyond the control of the Corporation.

### **Operations risk**

Operations risk relates to the ability to recover metal from an established mineral reserve. Using skilled and experienced professional staff reduces this risk. Using the latest technologies and controlling costs to maximize profitability also assists in minimization of this risk. Other possible risks include changes in metal prices, unstable ground conditions, procurement of reagents, supplies and fuels and qualified operating personnel as well as severe weather conditions.

### **Regulations and mining law**

DOT's mining operations and exploration activities are subject to the laws and regulations of the Province of British Columbia, Canada. There is no assurance that these laws will not change in the future.

### **Environmental factors**

All phases of the Corporation's operations are subject to environmental regulation in British Columbia. Although DOT takes the steps necessary to protect the environment around its operations, there is no assurance that future changes in environmental regulation, if any, will not adversely affect DOT's operations or result in substantial costs and liabilities in the future.

### **Permits and licenses**

The operations of the Corporation require permits from the Province of British Columbia. The Corporation has secured the necessary permits for its current exploration program. There can be no assurance that the Corporation will be able to obtain all necessary permits that may be required to carry out its operations in the future.

### **Financing risks**

Continued exploration and development of the Properties is dependent on DOT's ability to obtain the funds necessary to finance these planned activities. As the Corporation is not currently producing from its Properties, it will be necessary for the Corporation to seek additional equity to finance its programs. While the Corporation has been successful in attracting equity financing required to carry out its currently planned exploration program, there can be no assurance that additional funding will be available in the future. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration plans.

## **Significant Accounting Policies**

The significant accounting policies used by the Corporation are disclosed in the notes to the Corporation's audited financial statements for the period from incorporation on May 17 to December 31, 2007. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The following discussion outlines such accounting policies and is included in this MD&A to aid the reader in assessing the significant accounting policies and practices of the Corporation and likelihood of materially different results being reported. The Corporation's management reviews its estimates regularly.

The interim financial statements have been prepared by management following the same accounting policies and methods that were used and disclosed in the audited financial statements for the period from incorporation on May 17 to December 31, 2007, except as disclosed below. The interim financial statements include all adjustments necessary to present fairly the results for the interim period ended March 31, 2008. The interim financial statements should be read in conjunction with the most recent audited financial statements and notes filed on SEDAR for the period from incorporation on May 17 to December 31, 2007.

The following summarizes accounting changes that will be relevant to the Company's financial statements, effective January 1, 2008.

### **Capital disclosures**

Effective January 1, 2008 the Company adopted CICA Handbook Section 1535 "Capital Disclosures". This Handbook Section requires companies to disclose their objectives, policies and processes for managing capital as well as compliance with any externally imposed capital requirements.

### **Financial instruments disclosures and financial instruments presentation**

Effective January 1, 2008 the Company adopted CICA Handbook Section 3862 "Financial Instrument – Disclosures" and Section 3863 "Financial Instruments – Presentation and Disclosure". These standards were adopted prospectively and require companies to provide information about the nature and extent of risk arising from financial instruments and how an entity manages those risks.

### **International financial reporting standards**

In January 2006 the CICA Accounting Standards Board adopted a strategic plan for accounting standards in Canada and under the current plan, accounting standards for public companies in Canada are expected to converge with International Financial Reporting Standards by the end of 2011. The Corporation continues to monitor the developments in regards to the plan and has not yet assessed the impact of these prospective changes.

### **Disclosure controls and procedures**

The Corporation's CEO and CFO are responsible for establishing and maintaining (i) disclosure controls and procedures in respect of material information and (ii) internal controls over financial reporting. Disclosure controls and procedures should ensure that material information is accumulated and communicated to management to allow timely decisions regarding disclosure. Internal controls over financial reporting should provide reasonable assurance that the Corporation's financial reporting is reliable and in accordance with GAAP.

Because of their inherent limitations, disclosure controls and procedures and internal controls over financial reporting may not prevent or detect omissions, misstatement, errors or fraud. Control systems, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met.