VALDOR TECHNOLOGY INTERNATIONAL INC.
Management's Discussion & Analysis
Six Months Ended June 30, 2012
(Stated in U.S. Dollars)

This Management's Discussion and Analysis ("MD&A") of Valdor Technology International Inc. (the "Company") is dated August 30, 2012. This MD&A should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes for the six months ended June 30, 2012 and the Audited Consolidated Financial Statements and accompanying notes for the fiscal year ended December 31, 2011.

FORWARD LOOKING INFORMATION

Certain statements contained in this MD&A and elsewhere 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 of achievements of the company to be materially different from any future results, performance or 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, and readers are advised to consider such forward-looking statements in light of the risks that could cause the actual results to differ materially from those in forward-looking statements. These factors include market prices, continued availability of capital and financing and general economic or business conditions.

CORPORATE OVERVIEW

The Company was incorporated under the British Columbia Company Act on March 19, 1984 and is publicly traded on the TSX Venture Exchange under the symbol VTI.

The Company is a high technology fiber optic components company specializing in the design and manufacture of new generation fiber optic connectors, enclosures, laser pigtails and other optical and optoelectronic components using its proprietary and patented Impact Mount™ and HeptoPort™ technologies. The Impact Mount™ technology incorporated in the Company's line of connectors is user friendly and environmentally friendly. This technology is all-mechanical with no epoxy or index matching gel required. The Impact Mount™ technology field installable termination kits and connectors are ideal for harsh environment applications and quick repair in the field. The Company holds several patents on its connector technology in strategic global regions.

During the period, Mr. Robert Nickel, Mr. Ralph Kettell, Mr. Rick Pogue and Mr. Ron Boyce increased their commitment to the Valdor team. Messrs. Kettell, Pogue and Boyce have joined the Board of Directors. Mr. Nickel has been named CEO and President and has been nominated to join the Board of Directors at the upcoming Annual General Meeting on June 29, 2012. Mr. Boyce has been promoted to the office of Vice President Sales & Marketing. Mr. Elston Johnston, Director, has been named Chairman of the Board. Mr. Brian Findlay, Director, remains Chief Financial Officer. Mr. Las Yabut, remains Vice President Manufacturing. This reorganization brings forward an exciting change in leadership, with experience in building companies in the technology/telecom sector. The Company will focus on growth of sales and profitability taking advantage of its industry leading next generation product lines.

Mr. Nickel received the degree of Bachelor of Commerce (B. Comm.) from the University of Manitoba, in 1979, and obtained the designation of Chartered Accountant (CA), in 1982. He has 30 years of entrepreneurial experience in: leading manufacturing company turnarounds; venture capital funded startups; purchase of businesses; sale of businesses; Fortune 100 strategic alliances and; joint ventures with industry leading Fortune 100 companies, in the capacities of Director, President, CEO and CFO. In 1992 he was recognized as Entrepreneur of the Year in the Province of Manitoba. Mr. Nickel currently lectures at the Stu Clark Centre for Entrepreneurship at the Asper School of Business, Winnipeg, Manitoba.

Mr. Kettell received degrees of Bachelor of Science in Electrical Engineering and Master of Science in Electrical Engineering (BSEE & MSEE) from Lehigh University and has worked as a Consulting Electrical

Engineer for several high profile aerospace and industrial engineering companies. He has worked principally as a microwave and radio frequency (RF) circuit and systems design engineer on military, space and commercial programs. Mr. Kettell was the lead RF Engineer at Litton Space Systems on the Space to Space Communications System used in the construction of the International Space Station. He has consulted for many of the largest aerospace firms in the U.S. including 14 years with Northrop Grumman and three years with Lockheed Martin. He is an independent investor and owns more than 9% of the Valdor shares.

Mr. Pogue attended Western University in London Ontario majoring in Business. He has over twenty-five years experience in the investment industry. Mr. Pogue has worked with several national banks and investment companies as an investment adviser and most recently has worked at Raymond James Ltd. Mr. Boyce received a Bachelor of Commerce with a major in Marketing from the University of Alberta in 1981. He has held several high profile positions with Manitoba Telecom Services Inc. and was Director of Sales and Marketing for AT&T Canada for the Prairie Provinces.

Mr. Boyce was the first hire in the Prairie Provinces for Metronet Communications Corp., the first national competitive local exchange carrier in Canada and was Director of Sales Western Canada for Netstone Communications Inc., the first building exchange carrier in Canada. During Mr. Boyce's tenure, Metronet Communications Corp. installed more than $200 million of fibre optics infrastructure across Central Canada. He was one of the founders of Parabola IP Solutions Inc., an IP management software company, where he held the position of Vice-President of Sales and Marketing. He has won Presidents Club, Everest League and Summit awards, in recognition of his success in sales and marketing. Early in his career, Mr. Boyce was an Advanced Certified Financial Planner with Investors Group Financial Services Inc.

Dr. Pier Antoniucci has resigned as Director. The Company's Board thanks Dr. Antoniucci for his contributions during the past years and wish him well with his future endeavors. Dr. Michel Rondeau has resigned as CEO and President of the Company, but will continue to provide services and support on a consulting basis.

OUTLOOK

Fiber optics is the future of communications and fiber optic connectors are one of the major profit centres within this market. The signal transmission business is in the early stages of a fiber optics bull market. All signal transmission, in their many and various forms, are being converted from electrical, using copper wire and coaxial cable, to fiber optics. In the USA, the Obama administration has recently pledged US$7.2-billion for 100 million Americans to have access to super high speed internet. This high speed internet will require significant fiber optic infrastructure. An increase in demand for shorter optical links is fueling the market for fiber-optic connectors and mechanical splices, according to ElectroniCast Consultants (www.electronicast.com). Demand for high speed access is bringing fiber closer to end users. Demand for shorter links, where connectors represent a substantial share of the total installation cost, is accelerating. According to Stephen Montgomery, president of ElectroniCast, "Worldwide multimode connector consumption value is forecast to nearly double during the 2010-2015 timeframe." (Lightwave Online Article).

(Stated in U.S. Dollars)

RESULTS OF OPERATIONS

During the six months ended June 30, 2012 the Company had a comprehensive loss of $521,853 as compared to a comprehensive loss of $673,237 for the corresponding six months ended June 30, 2011. The revenues decreased to $66,377 as compared to $107,583 for the corresponding six months ended June 30, 2011. Expenses decreased to $573,907 as compared to $670,438 for the corresponding six months ended June 30, 2011.

Summary of Quarterly Results

FOR THE THREE MONTHS ENDED

	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011
Revenues	$23,165	$43,212	$30,027	$31,675
Net Comprehensive Income (Loss)	($141,302)	($380,551)	($53,114)	($238,267)
Per Share - Basic	($0.00)	($0.01)	($0.00)	($0.00)
Diluted	($0.00)	($0.01)	($0.00)	($0.00)

FOR THE THREE MONTHS ENDED

	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010
Revenues	$75,138	$32,445	$45,664	$60,196
Net Comprehensive Income (Loss)	($306,159)	($367,079)	($515,117)	($216,145)
Per Share - Basic	($0.01)	($0.01)	($0.02)	($0.01)
Diluted	($0.01)	($0.01)	($0.02)	($0.01)

LIQUIDITY

The Company's working capital deficiency as at June 30, 2012 was $1,307,805 as compared to a working capital deficiency of $803,136 as at December 31, 2011, an increase of $504,669. The increase in working capital deficiency was a result of the net loss from operations funded by short term loans.

(Stated in U.S. Dollars)

CAPITAL RESOURCES

During the reporting period the Company remains dependant upon funds provided by directors, business associates and equity markets for financing. However, assuming that the company continues to maintain its current level of sales and administrative and general expenditures, it should be able to cover its normal overhead expenses for the next twelve months.

OFF-BALANCE SHEET ARRANGEMENTS

During the reporting period there were no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Company incurred the following revenues and expenses with directors and current and former officers of the Company and companies with common directors:

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Research and development	$ -	$ 60,000	$ -	$ 60,000
Administrative expenses				
Office and miscellaneous – secretarial services	2,380	-	$ 3,977	$ -
Salaries, wages and benefits	14,128	11,545	24,737	24,127
	16,508	11,545	28,714	24,127
Key management compensation				
Consulting fees	8,846	9,450	35,797	36,828
Management fees	14,846	9,288	32,913	18,414
Rent	6,276	6,192	14,651	12,276
Salaries, wages and benefits	11,839	17,204	28,513	31,198
	41,807	42,134	111,874	98,716
	$ 58,315	$ 113,679	$ 140,588	$ 182,843

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

Included in prepaid expenses at June 30, 2012 is $2,063 (December 31, 2011: $2,091) of prepaid rent paid to a company with a common director.

Included in advances on private placement is $275,620 (December 31, 2011: $204,035) received from a director and companies with common directors.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the interim consolidated financial statements is included in the following notes:

a) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

b) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

International Financial Reporting Standards ("IFRS")

<u>Accounting standards issued but not yet applied</u>

The following new standards and interpretations are not yet effective and have not been applied in preparing these interim consolidated financial statements. The Company is currently evaluating the potential impacts of these new standards.

IFRS 9, *Financial Instruments* (effective January 1, 2015) introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39.

IFRS 10, *Consolidated Financial Statements*, IFRS 11, *Joint Arrangements*, IFRS 12, *Disclosure of Interests in Other Entities* (all effective January 1, 2013) provide revised guidance on the accounting treatment and associated disclosure requirements for joint arrangements and associates, and a revised definition of "control" for identifying entities which are to be consolidated.

IFRS 13, *Fair Value Measurements* (effective January 1, 2013) provides new guidance on fair value measurement and disclosure requirements. • Amendments to IAS 1, *Presentation of Comprehensive Income* (effective for annual periods beginning on or after July 1, 2012) require that elements of other comprehensive income that may subsequently be recycled through profit or loss be differentiated from those items that will not be recycled.

IAS 27, *Consolidated and Separate Financial Statements* (effective January 1, 2013) provides new guidance on fair value measurement and disclosure requirements and IAS 28, *Investments in Associates and Joint Ventures* were revised and reissued to align with the new consolidation guidance.

FINANCIAL AND OTHER INSTRUMENTS

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's common shares are classified as equity instruments. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings. The Company classifies and measures its financial instruments as follows:

- Cash is classified as "held-for-trading". They are measured at fair value and changes in fair value are recognized in the statements of operations.
- Accounts receivables are classified as loans and receivables and are initially measured at fair value and subsequently at amortized cost, using the effective interest method less provisions for impairment.
- Accounts payable and accrued liabilities, promissory notes payable, and due to related parties are classified as other financial liabilities and are measured at fair value at inception. Promissory notes payable are measured at amortized cost using the effective interest rate at subsequent periods. Accounts payable and accrued liabilities and due to related parties' carrying amounts approximate their fair values due to their short term nature.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. The Company provides credit to its clients in the normal course of operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent losses.

b) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The Company may seek additional financing through equity offerings and advances from related parties, but there can be no assurance that such financing will be available on terms acceptable to the Company.

c) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates.

d) Foreign Currency Risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The majority of the Company's operations are carried out in the United States of America, however the majority of financing is carried out in Canada. The parent company's operations are in Canada and operate in Canadian dollars. As at June 30, 2012, the Company has Canadian dollars cash of $48,080 (December 31, 2011: $7,564), accounts payable of $52,094 (December 31, 2011: $242,727), advances on private placement of $1,100,940 (December 31, 2011 $250,500) due to related parties of $290,776 (December 31, 2011: $119,185). These factors expose the Company to foreign currency exchange rate risk, which could have a material adverse effect on the profitability of the Company. The Company currently does not plan to enter into foreign currency future contracts to mitigate this risk.

INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

The Management of the Company, including the Certifying Officers have evaluated whether there were any changes in the Company's internal control over financial reporting during the six months ended June 30, 2012. No material changes in the Company's internal controls and procedures have occurred during the Company's most recent interim period, which have materially affected, or are reasonably likely to materially affect, the Company's IFCR.

Similar to other small companies, certain inherent weaknesses in the Company's ICFR exist due to its small size and its inability to segregate incompatible functions. The risk associated with these weaknesses is associated with the Company's ability to safeguard assets.

These weaknesses in ICFR result in a more than remote likelihood that a material misstatement would not be prevented or detected on a timely basis. The existence of these weaknesses is being compensated for by Senior Management review and involvement to mitigate the risk of material misstatement. However, these mitigating procedures are not considered sufficient to reduce the likelihood that a material misstatement would not be prevented or detected. The Company currently has no plans to fully remediate these weaknesses, as Management believes that it is not currently economically feasible to achieve complete segregation of incompatible duties. As the Company grows, there would be plans to expand the number of individuals to segregate incompatible functions. It should be noted that a control system, no matter how well conceived or operated can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met.

OUTSTANDING SHARE DATA

As at August 30, 2012

Common Shares	44,077,720
Share purchase options	5,702,500

OTHER

Additional information and other publicly filed documents relating to the Company, including its press releases and quarterly and annual reports, are available on SEDAR and can be accessed at www.sedar.com.