**Form 51-102F1**

**VALDOR TECHNOLOGY INTERNATIONAL INC.**
(the "Company")

**MANAGEMENT DISCUSSION & ANALYSIS**
**(U.S. Dollars)**
**YEAR ENDED DECEMBER 31, 2010**

1.1 Date of this Report

May 3, 2011

1.2 Overall Performance

During the year ended December 31, 2010, the Company's working capital deficiency was $524,491 a decrease of $426,644 as compared to the working capital deficiency of $951,135 as of December 31, 2009.

1.3 Selected Annual Information

| | **2010** | **2009** | **2008** |
|---|---|---|---|
| Total revenues | $ 239,600 | $ 276,953 | $ 488,518 |
| Net income (loss) | $ (1,249,882) | $ (1,588,163) | $ (1,062,843) |
| Basic and diluted loss per share | $ (0.04) | $ (0.06) | $ (0.08) |
| Total assets | $ 460,674 | $ 208,055 | $ 210,160 |
| Total long-term liabilities | $ - | $ - | $ - |
| Cash dividends | $ - | $ - | $ - |

1.4 Results of Operations

During the year the Company had a net loss of $1,249,882 as compared to a net loss of $1,588,163 for the corresponding year ended December 31, 2009. The revenues decreased to $239,600 as compared to $276,953 for the year ended December 31, 2009. Expenses for the year were $1,461,237 as compared to $1,617,627 for the year ended December 31, 2009.

1.5 Summary of Quarterly Results

The quarterly financial statements are prepared in accordance with Canadian GAAP but are stated in U.S. Dollars.

**FOR THE THREE MONTHS ENDED**

| | **December 31, 2010** | **September 30, 2010** | **June 30, 2010** | **March 31, 2010** |
|---|---|---|---|---|
| Revenues | $45,664 | $60,196 | $66,833 | $66,907 |
| | | | | |
| Net Income (Loss) | ($532,927) | ($226,909) | ($204,960) | ($285,086) |
| | | | | |
| Per Share - Basic | ($0.02) | ($0.01) | ($0.00) | ($0.01) |
| Diluted | ($0.02) | ($0.01) | ($0.00) | ($0.01) |

**FOR THE THREE MONTHS ENDED**

| | December 31, 2009 | September 30, 2009 | June 30, 2009 | March 31, 2009 |
|---|---|---|---|---|
| Revenues | $80,802 | $60,913 | $72,760 | $62,478 |
| | | | | |
| Net Income (Loss) | ($718,870) | ($251,850) | ($374,922) | ($242,521) |
| | | | | |
| Per Share - Basic | ($0.03) | ($0.01) | ($0.02) | ($0.01) |
| Diluted | ($0.03) | ($0.01) | ($0.02) | ($0.01) |

1.6 Liquidity

The Company's working capital deficiency as at December 31, 2010 was $524,491 as compared to a working capital deficiency of $951,135 as at December 31, 2009, a decrease of $426,644. The decrease in working capital deficiency was a result of the net amounts received from the share subscriptions owing from the December, 2009 private placement, exercise of options and exercise of warrants offset by operating activities.

On November 8, 2010, the Company reported on advances that Meglab Electronique Inc. ("Meglab") has made as a Valdor Distributor. Since July 19, 2010, when Valdor announced Meglab as Valdor's first Canadian distributor, Meglab has trained their sales team for marketing Valdor's various product lines. Meglab and Valdor have arranged video conference capability to enhance communication between Valdor's California operations, Meglab's sales team and Meglab's customers. Meglab is developing a customer base for the Valdor product lines and has identified mining customers for Valdor's Omega Field Installable Kit. This Omega Kit has various applications including: connectorizations, cable extensions, and service and repair.

On December 2, 2010, the Company reported that its fiber optic components production facility in Shanghai, China has been audited and has had its ISO certification updated to the latest worldwide version. This certification conforms to GB/T19001-2008 idt ISO 9001:2008 Quality Management System Standards and applies to all production and services relating to fiber optic attenuators, connectors, cable assemblies, installation devices and tool kits.

The ISO 9001:2008 is an independently audited continuing certification process that demonstrates complete compliance with all applicable ISO 9001 Quality Management System's prescribed standards. ISO 9001 includes a requirement for continuous, planned improvement of the facility's Quality Management System. It is an internationally recognized family of standards for quality management systems. A company or organization that has been independently audited and certified to be in conformance with ISO 9001 may publicly state that it is "ISO 9001 certified" or "ISO 9001 registered". Several of the high profile companies that are purchasing or considering purchasing Valdor products require the manufacturing facility to be ISO 9001 certified.

On December 9, 2010, the Company reported that a North American aerospace and military supply company, with annual sales in excess of $25 billion, has purchased and will begin testing Valdor's patented Impact Mount™ miniature SP fiber optic connector.

In this phase of the project the Valdor SP connector will be tested in high power applications. Following qualification of the connector, Valdor will move on to the next phase of this project; it has a high priority and is on a fast-track schedule. This client has government and commercial customers worldwide and markets a wide range of equipment that uses fiber optic components.

On December 16, 2010, the Company reported that an Oregon based OEM manufacturer has purchased Valdor's Impact Mount™ Omega Kits, following testing and evaluation. The company provides OEM fiber optic products for their customers in the telecommunications, military, broadcast and networking industries. Products purchased will be used as marketing tools to promote the line to their customers, and for training purposes. The Omega Kits allow their customers to quickly repair and extend cable in the field and will eventually become an added value to their various product lines.

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.

1.7 Off Balance Sheet Arrangements

None.

1.8 Transactions with Related Parties

The Company incurred the following charges with directors and officers of the Company and companies with common directors:

| | Year ended December 31, 2010 | Year ended December 31, 2009 |
|---|---|---|
| Cost of sales – manufacturing | $ 63,777 | $ 35,794 |
| Research and development | 218,536 | 210,875 |
| Consulting fees | 104,806 | - |
| Management fees | 49,492 | 39,613 |
| Office and miscellaneous – secretarial services | 11,645 | 15,845 |
| Rent | 23,290 | 21,127 |
| Salaries, wages and benefits | 112,153 | 144,496 |
| | $ 583,669 | $ 467,750 |

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

Included in prepaid expenses at December 31, 2010 is $2,218 (2009: $2,834) of prepaid rent and salaries to an officer of the Company and a company with a common director.

1.10 Fourth Quarter

The Company had revenues of $45,664 during the fourth quarter from sales of its fiber optics products against $82,429 in direct costs of sale resulting in a gross loss of $36,765 for the quarter. A further $504,465 was expended during the fourth quarter for general and administrative expenditures, stock based compensation, marketing, research and development, amortization and interest charges resulting in a loss from operations of $541,230 for the quarter. The Company's working capital deficiency decreased by $149,622 from $674,113 at the end of September 2010 to $524,491 at the end of December 2010.

1.11 Proposed Transactions

None at this time.

1.12 Critical Accounting Estimates

None

1.13 Significant Accounting Policies

Future Accounting Changes

Convergence with International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.

The Company has carried out a line-by-line review of its financial statements and assessed IFRS and its adoption for 2011, and it is management's opinion that, with the possible exception of additional notes and possible format changes, the financial reporting impact of the transition to IFRS will not cause significant changes in the preparation and presentation of the Company's financial statements.

Impact of Adopting IFRS on the Company's Financial Statements

The adoption of IFRS will result in some changes to the Company's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements.

The following provides a summary of the Company's evaluation to date of potential changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas the Company has identified as having the most potential for a significant change. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company's accounting policies on adoption of IFRS. At the present time however, the Company is not aware of any significant expected changes prior to its adoption of IFRS that would affect the summary provided below:

Share-based payments

For stock options granted to non-employees Canadian GAAP requires the value of goods or services received (and the corresponding increase in equity) to be measured based on the fair value of the consideration received, or the fair value of the equity instrument, whichever is more reliably measured.

IFRS requires that for transactions with non-employees the fair value of the goods and services received are measured directly at their fair value on the date the Company obtains the goods or the counterparty renders the services.

Under IFRS the recording of stock based compensation is only permitted using the graded vesting method. The Company currently uses this method which is acceptable under Canadian GAAP. Accordingly on transition there may be little or no impact on the statement of operations on the recording of stock based compensation at the transition date.

Foreign currency

IFRS requires that the functional currency of the Company and its subsidiaries be determined separately. The Company has determined that its functional currency will be the Canadian dollar and the functional currency of its subsidiaries will be the United States dollar. The Company will continue to report its financial results using the United States dollar.

Under Canadian GAAP foreign exchange gains or losses arising upon the translation into the reporting currency are taken to the statement of loss in the period incurred. IFRS requires such foreign exchange translation adjustments to be recorded as part of equity as foreign currency translation reserves.

First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1 First-time Adoption of IFRS 1, which provides guidance for an entity's initial adoption of IFRS.

Upon initial adoption of IFRS, generally retrospective application of IFRS is required, effective at the end of its first annual IFRS reporting period. However, IFRS 1 allow certain optional exemption and mandatory exceptions to this general retrospective treatment.

The Company has reviewed the exemptions available and currently believes it will have to rely on certain exemptions at its transition date.

1.14 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. They are measured at amortized cost using the effective interest rate in subsequent periods.

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 December 31, 2010, the Company has Canadian dollars cash of $209,871 (December 31, 2009: $52,413) and accounts payable of $58,063 (December 31, 2009: $274,341). 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.

1.15 Other

Legal Matters - Nil

Capitalization as at May 3, 2011

| | |
|---|---|
| Common Shares | 40,300,220 |
| Share purchase options | 4,700,000 |
| Share purchase warrants | 7,355,000 |

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 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.

1.16 Subsequent Events

Subsequent to December 31, 2010 the Company issued 385,000 common shares at CDN$0.125 per share for proceeds of CDN $48,125 pursuant to the exercise of share purchase warrants.

On January 18, 2011, the Company reported that it will be an exhibitor at the 2011 SPIE Photonics West Trade Show ("Photonics West") being held in the San Francisco Moscone Center from January 25 to 27 inclusive. Valdor has presentation booth #2621 located in the South Hall. Trade shows are an effective platform for Valdor to showcase the Valdor technology and products to international exhibitors, launch new products and increase customer awareness.

This is one of the world’s premier optical shows. More than 1,100 entrants with several high profile high technology companies will be represented and 18,000 attendees are expected. The latest innovations are showcased across a wide range of technologies. Profile for exhibit includes: lasers and other light sources; fiber optic components, equipment and systems; optical components; illumination engineering; optical detectors; high speed imaging and sensing; and optical materials and substrates.

On February 8, 2011, the Company reported that Fort Bragg Electric Inc. (“Fort Bragg”) has made a purchase order for the Valdor Omega Enclosure Kit. Fort Bragg will be using the Valdor Omega Kits for fiber optic projects where the Valdor technology provides installation and/or finished product quality benefits. The Valdor technology allows significantly faster installation for the Fort Bragg technicians and a faster repair with shorter downtime for the end user.

Fort Bragg, located in Fort Bragg, California, is a full service electrical contractor that has been in business since 1979, predominately serving the San Francisco Bay area of California. They specialize in the installation of electrical and fiber optic cables in large commercial projects, schools and custom homes. The Valdor product line supports Fort Bragg’s initiative to have a competitive advantage while simultaneously giving their clients a higher quality product.