VALDOR TECHNOLOGY INTERNATIONAL INC.
Management's Discussion & Analysis
Nine months ended September 30, 2018
(Stated in U.S. Dollars)

This Management's Discussion and Analysis ("MD&A") of Valdor Technology International Inc. (the "Company") is dated November 29, 2018. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes for the nine months ended September 30, 2018 and Audited Consolidated Financial Statements and accompanying notes for the fiscal year ended December 31, 2017, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in U.S. dollars unless otherwise indicated.

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-V.

The Company is headquartered near San Francisco, California and is an optical fiber components company specializing in the design, manufacture and sale of passive fiber optic components, including some that use the Company's proprietary and patented technologies. The Company is focused on harsh environment products for the roll-out of fibre-to-the-home in North America with a unique and compelling splitter design. Fiber-to-the-home hard wiring will enable the bandwidth for television and internet communications of the future.

RESULTS OF OPERATIONS

Three months ended September 30, 2018

During the three months ended September 30, 2018 the Company had a comprehensive loss of $184,907 as compared to a comprehensive loss of $182,909 for the corresponding three months ended September 30, 2017. The revenue from operations of $23,125 which is comparable to the $16,854 for the corresponding three months ended September 30, 2017. Total operating expenses for the three months ended September 30, 2018 amounted to $178,463 as compared to total operating expenses $131,476 for the corresponding three months ended September 30, 2017. The increase in operating expenses can be attributed to consulting fees. All other costs are consistent with that of the prior period.

The Company financed its operations through short term loans during the period.

(Stated in U.S. Dollars)

Nine months ended September 30, 2018

During the nine months ended September 30, 2018 the Company had a comprehensive loss of $243,612 as compared to a comprehensive loss of $386,533 for the corresponding nine months ended September 30, 2017. The revenues from operations of $100,205 is comparable to the $82,004 for the corresponding nine months ended September 30, 2017. Total expenses for the period were $419,169 as compared to $347,718 for the corresponding nine months ended September 30, 2017. The most notable changes from the previous period were increases in consulting fees and salaries, wages and benefits. The stock-based compensation charge recognizes the portion of the fair values of vested options attributable to the period using the Black-Scholes valuation model. The fair values of options are influenced by such parameters as stock price volatility and current interest rates incorporated into the valuation model. Stock-based compensation is a non-cash expenditure.

The Company financed its operations through short term loans during the period.

Summary of Quarterly Results

FOR THE THREE MONTHS ENDED

	September 30, 2018	**June 30, 2018**	**March 31, 2018**	**December 31, 2017**
Revenues	$23,125	$44,361	$32,719	$97,723
Net loss for the period	($155,513)	($50,564)	($90,442)	($12,114)
Per Share – Basic and diluted	($0.00)	($0.00)	($0.00)	($0.00)

FOR THE THREE MONTHS ENDED

	September 30, 2017	**June 30, 2017**	**March 31, 2017**	**December 31, 2016**
Revenues	$16,854	$31,434	$33,716	$33,426
Net loss for the period	($115,165)	($63,362)	($65,644)	($268,365)
Per Share – Basic and diluted	($0.00)	($0.00)	($0.00)	($0.00)

There can be material fluctuations in quarterly results. These fluctuations are mainly due to the timing of consulting and management services relating to reviewing potential business acquisitions.

LIQUIDITY

The Company's working capital deficiency as at September 30, 2018 was $2,305,225 is comparable to the December 31, 2017 working capital deficiency of $2,109,261.

To date, the Company has been able to fund operations primarily through short term loans and through its creditors. The continued volatility in the financial equity markets may make it difficult to raise capital through the private placements of shares. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with its financing ventures.

(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.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

The Company incurred the following expenses with current and former directors and officers of the Company: Ron Boyce (Director and VP Sales and Marketing), Rachelle Findlay (Secretary), directors Ryan Pavey and Robert Sanderson, and private companies controlled by officers and directors Brian Findlay (CFO) and Elston Johnston (Chairman of the Board):

		Three months ended September 30	
	Relationship	2018	2017
Administrative expenses			
Consulting fees	Close family members of the directors and officers of the company	$ 4,592	$ 4,595
Office and miscellaneous – secretarial services	Officer of the Company	-	1,072
Rent	A private company controlled by the CFO of the Company	5,166	5,385
Share-based payments	Officer and close family members of the directors and officers of the Company	-	47
		9,758	11,099
	Relationship		
Key management compensation			
Consulting fees	A private company controlled by the Chairman of the Board	18,368	55,903
Consulting fees	Director of the Company	11,654	-
Management fees	A private company controlled by the CFO	16,073	16,755
Share-based payments	Directors of the Company	-	1,933
		46,095	74,591
		$ 55,853	$ 85,690

(Stated in U.S. Dollars)

	Relationship	Nine months ended September 30 2018	2017
Administrative expenses			
Consulting fees	Officer of the Company	$ 13,984	$ 13,783
Rent	A private company controlled by the CFO of the Company	15,732	15,505
Share-based payments	Officer and close family members of the directors and officers of the Company	-	137
		29,716	30,497

	Relationship	2018	2017
Key management compensation			
Consulting fees	A private company controlled by the Chairman of the Board	55,936	91,884
Consulting fees	Director of the Company	11,654	-
Management fees	A private company controlled by the CFO	48,945	48,239
Share-based payments	Directors of the Company	-	5,608
		116,535	145,731
		$ 146,251	$ 176,228

These transactions were measured by the amounts agreed upon by the related parties.

Included in September 30, 2018 prepaid expenses is an advance rent reimbursement of $1,738 (December 31, 2017: $Nil) to a company with a common director.

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 condensed interim consolidated financial statements is included in the following notes:

a) Recoverability of accounts receivable and allowance for doubtful accounts

The Company makes allowances for doubtful accounts based on an assessment of the recoverability of account receivables. Allowances are applied to account receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of the allowance for doubtful accounts. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade receivables.

b) 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. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 8 to the condensed interim consolidated financial statements.

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

a) Going Concern

The assessment of the Company's ability to continue as a going concern requires significant judgment. The condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern.

b) Functional currency

The analysis of the functional currency for each entity of the Company is a significant judgment. In concluding that the Canadian dollar is the functional currency of the parent and the US dollar is the functional currency of the subsidiaries, management considered the currency that mainly influences the costs of providing goods and services in each jurisdiction in which the Company operates.

International Financial Reporting Standards ("IFRS")

<u>New standards recently adopted</u>

The Company has adopted the following new accounting amendment effective January 1, 2017. The change was made in accordance with the applicable transitional provisions and had no material impact on its condensed interim consolidated financial statements.

The Company has initially adopted IFRS 15, Revenue from contracts with customers, IFRS 9, Financial instruments and amendments made to share-based payments effective January 1, 2018. The adoption of these standards did not have significant effect on the financial statements.

Accounting standards issued but not yet applied

The following new standards and amendments are not yet effective and have not been applied in preparing these condensed interim consolidated financial statements. The Company does not plan to early adopt any of these standards and amendments and is currently evaluating their potential impacts.

IFRS 16 *Leases* establishes a single lease accounting model requiring lessees to recognize assets and liabilities for all leases unless the leases term is twelve months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with the approach to lessor accounting in IFRS 16 substantially unchanged from the predecessor standards IAS 17 Leases. The standard replaces IAS 17 Leases and related interpretations. This standard is effective for reporting periods beginning on or after January 1, 2019.

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.

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount reported in the condensed interim consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the company classifies its financial assets in the following categories depending on the purpose for which the instruments were acquired: financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity investments, available for sale ("AFS") financial assets and loans and receivables.

Subsequent measurement and changes in fair value will depend on their initial classification. Financial assets at FVTPL are measured at fair value and changes in fair value are recognized in net earnings. Investments in equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured are measured at cost. All other available-for-sale financial assets are measured at fair value with changes in fair value recorded in other comprehensive income/loss until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings. Held-to-maturity investments and loans and receivables are measured at amortized cost.

The Company classifies and measures its financial instruments as follows:

- Cash and accounts receivables are classified as loans and receivables. Their fair value approximates their carrying value due to their short term nature.
- The investment in shares of Niagara Video Corp. has been classified as AFS financial assets as the Company determined that it does not have significant influence over the investee. The shares do not have a quoted price in an active market and accordingly, are carried at nil cost.
- Accounts payable and accrued liabilities, loans payable, lease obligation, convertible debentures and due to related parties are classified as other financial liabilities and are measured at fair value at inception.

A fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash, accounts receivable, accounts payable and accrued liabilities, loans payable, convertible debentures 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. The Company's maximum exposure to credit risk is the carrying amounts of cash and accounts receivable on the condensed interim consolidated statements of financial position.

b) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. As at September 30, 2018, the Company has a working capital deficiency of $2,305,225. 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 and debt 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 not exposed to significant 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 September 30, 2018, the Company has Canadian dollars cash of CDN$202, accounts receivable of CDN$7,871, accounts payable of CDN$646,412, loans payable of CDN$50,500 convertible debentures payable of CDN$401,000, and due to related parties of CDN$1,549,831, translated at USD$1 for every CDN$1.2945. These factors expose the Company to foreign currency exchange rate risk, which could have a material adverse effect on the ultimate profitability of the Company. A 10% change in the exchange rate would change other comprehensive income/loss by approximately $205,000. The Company currently does not plan to enter into foreign currency future contracts to mitigate this risk.

OUTSTANDING SHARE DATA

As at November 29, 2018

Common Shares issued	114,242,220
Share purchase options	6,950,000
Share purchase warrants	-

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.