VALDOR TECHNOLOGY INTERNATIONAL INC.
Management's Discussion & Analysis
Period ended March 31, 2023
(Stated in U.S. Dollars)

This Management's Discussion and Analysis ("MD&A") of Valdor Technology International Inc. (the "Company") is dated May 29, 2023. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes for the period ended March 31, 2023, 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 Canadian Securities Exchange under the symbol VTI. The address of the Company's corporate office is 810 789 West Pender Street, Vancouver, BC V6C 1H2.

The Company's subsidiary, Valdor Fiber Optics, Inc., 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.

On December 1, 2022, the Company entered into a binding letter of intent (the "LOI") with 1000175307 Ontario Ltd. ("1000175307") which contemplates the acquisition by Valdor of all of the issued and outstanding common shares of 1000175307 (the "1000175307 Transaction") from the shareholders of 1000175307. 1000175307 is party to a letter of intent that contemplates a transaction pursuant to which 1000175307 may have the option to acquire a 90% interest in and to mining rights located in South America.

On December 16, 2021, the Company entered into a share purchase agreement (the "SPA") with Layer 2 Ventures Ltd. ("Layer 2") and the Layer 2 shareholders respecting the acquisition by the Company of all of the issued and outstanding shares of Layer 2 (the "Transaction"). As consideration, the Company will issue an aggregate of 16,666,667 common shares (the "Consideration Shares") at CDN$0.30 per share, representing aggregate consideration of CDN$5,000,000. As of the date of this MD&A, the Company agreed to terminate the transactions relating to the acquisition of all of the issued and outstanding shares of Layer 2. During the year ended December 31, 2022, the Company and Layer 2 have agreed to mutually terminate the agreement and the parties are negotiating settlement terms for the outstanding loan.

RESULTS OF OPERATIONS

Three months ended March 31, 2023

During the three months ended March 31, 2023 the Company had a comprehensive loss of $24,880 as compared to a comprehensive loss of $85,919 for the corresponding three months ended March 31, 2022. The revenue from operations of $68,522 has increased from $58,811 for the corresponding three months ended March 31, 2022. Total operating expenses for the three months ended March 31, 2023 amounted to $40,255 as compared to total operating expenses of $120,772 for the corresponding three months ended March 31, 2022.

(Stated in U.S. Dollars)

RESULTS OF OPERATIONS (CONTINUED)

Three months ended March 31, 2023 (continued)

In the current period, foreign exchange decreased to $1,336 (2022 - $18,468), leading to an overall decrease in operating expenditures. The change in foreign exchange is attributed to fluctuations in the US and Canadian dollar. Consulting fees decreased from $46,991 to $4,436 as the Company entered into a share purchase agreement on December 16, 2021 and as a result, consulting fees had increased in the comparative period. The Company has incurred various expenditures related to the Transaction, leading to an increase in general and administrative expenditures.

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

Summary of Quarterly Results

FOR THE THREE MONTHS ENDED

	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Revenues	$68,522	$50,384	$67,546	$33,508
Net loss for the period	$(25,435)	$(278,897)	$(428,684)	$(54,898)
Per Share – Basic and diluted	$(0.00)	$(0.00)	$(0.01)	$(0.00)

FOR THE THREE MONTHS ENDED

	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Revenues	$58,811	$77,937	$51,542	$64,353
Net loss for the period	$(115,941)	$(1,637,393)	$(41,158)	$(77,162)
Per Share – Basic and diluted	$(0.00)	$(0.03)	$(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 as at March 31, 2023 was $93,480 compared to the December 31, 2022 working capital of $118,360.

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 has made it difficult to raise capital. 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 accrued or paid the following expenses with directors and officers of the Company: Rachelle Findlay (former Secretary), a private company controlled by a director Patrick O'Flaherty and private companies controlled by officers and directors Francis Rowe (CFO), Lucas Russell (Chairman of the Board) and Elston Johnston (former Chairman of the Board):

	Relationship	2023	2022
Key management compensation			
Consulting fees	Director of the Company	-	1,185
Consulting fees	A private company controlled by the CFO	-	6,318
Management fees	A private company controlled by the CEO	2,218	8,293
Management fees	A private company controlled by the CFO	2,218	-
Management fees	Director of the Company	2,218	-
		$ 6,654	$ 15,796

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

The Company owed $2,956 (December 31, 2022 - $4,725) to related parties. Amounts owed to related parties are unsecured and due on demand.

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 consolidated financial statements is included in the following notes:

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

a) Recoverability of accounts receivable and allowance for doubtful accounts

The Company makes allowances for lifetime expected credit losses 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 lifetime expected credit losses. 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 consolidated financial statements.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the 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 consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern.

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. Deferred income taxes are based on estimates as to the timing of the reversal of temporary differences, tax rates currently substantively enacted and the determination of tax assets not recognized. Tax assets not recognized are based on estimates of the probability of the Company utilizing certain tax pools and losses in future periods.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

c) 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")

Future Accounting Pronouncements

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2022. The Company has reviewed these updates and determined that many of these updates are not applicable or consequential to the Company and have been excluded from discussion within significant accounting policies.

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 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.

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 consolidated statements of financial position.

FINANCIAL AND OTHER INSTRUMENTS (CONTINUED)

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 March 31, 2023, the Company has a working capital of $93,480 (December 31, 2022 – $118,360). 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 March 31, 2023, the Company has Canadian dollars cash of CDN$9,029, accounts receivable of CDN$24,238, loan receivable of CAD$83,229, accounts payable of CDN$52,926 and debentures payable of CDN$45,000. 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 by approximately USD$3,000 (2022 - $20,000). The Company currently does not plan to enter into foreign currency future contracts to mitigate this risk.

TERMINATED PROPOSED FUNDAMENTAL TRANSACTION

On December 16, 2021, the Company entered into a share purchase agreement (the "SPA") with Layer 2 Ventures Ltd. ("Layer 2") and the Layer 2 shareholders respecting the acquisition by the Company of all of the issued and outstanding shares of Layer 2 (the "Transaction"). As consideration under the Transaction, the Company will issue an aggregate of 16,666,667 common shares (the "Consideration Shares") at CDN$0.30 per share, representing aggregate consideration of CDN$5,000,000. In addition to any hold periods or escrow provisions imposed under applicable securities laws or stock exchange policies, the Consideration Shares will be subject to voluntary hold periods as follows: 50% of the Consideration Shares will be subject to a voluntary six month hold period from closing; and the remaining 50% of the Consideration Shares will be subject to a voluntary 12 month hold period from closing.

In connection with the Transaction, the Company, in its sole discretion, may conduct a private placement financing for gross proceeds of up to $5,000,000 through the issuance of up to 16,666,667 units (each, a "Unit") at a price of CDN$0.30 per Unit, with each Unit to be comprised of one common share and one warrant, each warrant exercisable for an additional common share at an exercise price of CDN$0.75 for two years after the date of issuance.

TERMINATED PROPOSED FUNDAMENTAL TRANSACTION (CONTINUED)

In addition, in connection with the Transaction, the Company will make a "line of credit" (the "Loan") to Layer 2 for up to CDN$250,000 (advanced CDN$250,000 on January 7, 2022) pursuant to a loan agreement and general security agreement between the Company and Layer 2 dated December 16, 2021. The Loan is secured, bears interest at 10% per annum, and is repayable by Layer 2 on the earlier of December 16, 2023 and the date which is 30 days after the termination of the SPA.

The Transaction will be a "fundamental change" of the Company pursuant to the policies of the Canadian Securities Exchange ("CSE"), requiring approval from the CSE and approval of the Company's shareholders.

During the year ended December 31, 2022, the Company agreed to terminate the transactions relating to the acquisition of all of the issued and outstanding shares of Layer 2. The Company and Layer 2 have agreed to mutually terminate the agreement and the parties are negotiating settlement terms for the outstanding loan.

PROPOSED FUNDAMENTAL TRANSACTION - 1000175307

On December 1, 2022, the Company entered into a binding letter of intent (the "LOI") with 1000175307 Ontario Ltd. ("1000175307") which contemplates the acquisition by Valdor of all of the issued and outstanding common shares of 1000175307 (the "1000175307 Transaction") from the shareholders of 1000175307. 1000175307 is party to a letter of intent that contemplates a transaction pursuant to which 1000175307 may have the option to acquire a 90% interest in and to mining rights located in South America.

As consideration under the 1000175307 Transaction, Valdor will issue an aggregate of 72,000,000 common shares in the capital of Valdor (the "Consideration Shares") at a deemed price of $0.10 per share, representing aggregate consideration of $7,200,000. In addition to any hold periods or escrow provisions imposed under applicable securities laws or stock exchange policies, it is expected that Consideration Shares will be subject to voluntary hold periods on substantially the following terms: 50% of the Consideration Shares shall be subject to a voluntary six month hold period following closing; and the remaining 50% of the Consideration Shares shall be subject to a voluntary 12 month hold period following closing.

In connection with the 1000175307 Transaction, Valdor intends to conduct a private placement financing (the "Private Placement") for aggregate gross proceeds of no less than $2,500,000 consisting of either (i) common shares in the capital of Valdor (each, a "Share"); or (ii) units (each, a "Unit") with each Unit being comprised of one Share and one Share purchase warrant (the "Warrants"), with each Warrant exercisable for one Share at a price of $0.50 per Warrant for a period of 2 years following closing of the Private Placement. The price per Unit or Share, as applicable, is expected to be no less than $0.10 per Share or Unit. The Company will determine, in the context of the market, if the Private Placement will consist of Shares or Units.

In addition, in connection with the 1000175307 Transaction, the Company will make a loan (the "Loan") to 1000175307 for up to CDN$100,000 (advanced CDN$80,718 during the year ended December 31, 2022) pursuant to a loan agreement and general security agreement between the Company and 1000175307 dated December 21, 2022.

The Loan is secured, bears interest at 10% per annum, and is repayable by 1000175307 on or before the date (the "Maturity Date") which is 30 days after: (a) the date of termination of the LOI (unless the LOI is terminated in conjunction with the execution of the Definitive Agreement) or the Definitive Agreement; or (b) the date that is two (2) years following the Effective Date; provided however that the Company will forgive CDN$20,000 of the unpaid Loan Amount if 1000175307 has repaid the remaining aggregate unpaid Loan Amount together with all accrued and unpaid interest on or prior to the Maturity Date.

OUTSTANDING SHARE DATA

As at May 29, 2023

Common Shares issued	65,922,033
Share purchase options	13,050,000
Share purchase warrants	60,000,000

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.