BELLAIR VENTURES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2012

December 31, 2012

Introduction

This management discussion and analysis ("MD&A") of the financial condition and results of operations of Bellair Ventures Inc. (the "Company" or "Bellair") is for the year ended August 31, 2012. It is supplemental to, and should be read in conjunction with the Company's audited annual financial statements of the Company for the year ended August 31, 2012, as well as the filing statement dated July 12, 2012.

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Comparative financial information has been restated to conform to IFRS, unless otherwise stated. All amounts presented herein are stated in Canadian dollars, unless otherwise indicated.

Company overview

Bellair was incorporated under the Canada Business Corporation Act on August 22, 2008 and was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange Inc. (the "TSX-V" or the "Exchange"). On July 30, 2012 the Exchange issued its Final Exchange Bulletin approving the Company's Qualifying Transaction, as the term is defined within the Exchange's corporate finance manual.

Bellair, through its wholly owned subsidiary Clean Energy Developments Corp. ("CleanEnergy"), is a Canadian industry leading geoexchange company that provides heating and cooling solutions for residential and commercial buildings using energy from the earth.

CleanEnergy provides a complete energy solution and is able to provide engineering and design, geo installation, equipment and control systems as well as manage the complete project. In a highly fragmented Canadian market, CleanEnergy is the only complete solution provider that operates nationally. CleanEnergy is currently the commercial geoexchange leader in Canada and intends to continue to build market share doing increasingly larger projects in this growing market segment.

Notice concerning forward-looking statements

Certain statements in this MD&A constitute forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include the intention to grow the business and operations of the Company. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: the ability of the Company to obtain necessary financing; the economy generally; consumer interest in the services and products of the Company; competition; and anticipated and unanticipated costs. While the Company anticipates that subsequent events and developments may cause its views to change, the Company specifically disclaims any obligation to update these forward-looking statements. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Company. Additional factors are noted under "Risk Factors" in this MD&A. These forward-looking statements are made as of the date of the MD&A, and the Company assumes no obligation to update or revise them to reflect new events or circumstances.

Highlights during the year

Qualifying transaction

On July 26, 2012, Bellair completed its qualifying transaction by acquiring all of the issued and outstanding shares of CleanEnergy for $5 million in consideration satisfied by the issuance of 10,000,000 of the Company's common shares. In addition, working capital of CleanEnergy in excess of $nil on closing will be paid for in cash by Bellair.

The transaction has been accounted for as a business combination in accordance with IFRS 3. Although the vendor received more than 50% of the outstanding common shares of Bellair upon closing of the transaction, the acquisition was not considered a reverse takeover. This is due to specific arrangements in the agreement including a restriction on the vendor's voting ability to the lesser of 49.9% of the total votes regarding a matter, and the actual percentage of votes held by the vendor.

Private placement

On June 6, 2012, CleanEnergy completed a brokered private placement of 4,788,000 subscription receipts at $0.50 per subscription receipt for gross proceeds of $2,394,000. Concurrent with the qualifying transaction, the subscription receipts were exchanged for units of Bellair. Each unit consisted of one common share and one warrant of the Company exercisable at $0.75. Share issuance costs for the placement were $548,186, which includes $125,763 allocated to agent options under contributed surplus. The total proceeds net of share issuance costs were attributed to the common shares.

Outlook

Urban Mechanical acquisition

On December 5, 2012 the Company completed the acquisition of all of the issued and outstanding shares of Urban Mechanical pursuant to the terms and conditions of a share purchase agreement for a purchase price equal to $10,000,000 less all outstanding long term debt of Urban Mechanical as at closing of the acquisition. On closing, Urban Mechanical had $1,721,581 of long term debt outstanding.

The purchase Price was satisfied by the Company through the issuance of 9,597,125 common shares of the Company at an issue price of $0.55 per share, the payment of $500,000 in cash, payable within 90 days after closing and the assignment to the vendor by the Company of a $500,000 term loan previously advanced by the Company to Urban Mechanical. Up to an additional 3,636,363 common shares of the Company will be issued in satisfaction of the balance of the purchase price. These shares will not be issued at closing but will be issued on the date that is one year following the closing of the transaction to ensure the vendor's performance of certain obligations under the agreement, and shall be subject to adjustment in certain events.

Private placement

The Company intends to complete a brokered private placement (the Private Placement) of a minimum of 2,000,000 units of the Corporation (each, a Unit) and up to a maximum of 4,000,000 Units at a purchase price of $0.50 per Unit, for gross proceeds of a minimum of $1,000,000 and up to a maximum of $2,000,000.

Each Unit shall be comprised of: one common share of the Company (a "Common Share"); and one Common Share purchase warrant (a "Warrant"). Each Warrant shall entitle the holder to purchase one Common Share at an exercise price of $0.75 for a period of 24 months following the closing of the Private Placement (the "Closing"), subject to adjustment in certain events. Proceeds of the Private Placement shall be used for targeted acquisitions and general working capital purposes.

The Company has engaged Portfolio Strategies Securities Inc. (the "Agent") as lead agent for the Private Placement. As compensation, the Corporation shall pay to the Agent a cash commission equal to 8% of the gross proceeds of the Private Placement upon Closing. The Agent will also be issued that number of broker warrants (each, a "Broker Warrant") that is equal to 8% of the number of Units sold under the Private Placement at an exercise price of $0.50 per Broker Warrant. Each Broker Warrant is comprised of (a) one Common Share; and (b) one Common Share purchase warrant, which shall entitle the Agent to purchase one Common Share at an exercise price of $0.75 per Common Share for a period of 24 months from date of Closing, subject to adjustment in certain events.

Selected financial information

Selected annual information

	2012 (IFRS)	2011 (IFRS)	2010 (CGAAP)
Total revenue	$ 426,851	$ nil	$ nil
Net loss	$ 939,064	$ 351,120	$ 31,909
Net loss per share	$ 0.26	$ 0.26	$ 0.01
Total assets	$ 8,378,178	$ 107,208	$ 605,215
Long-term liabilities	$ nil	$ nil	$ nil
Dividends per share	$ nil	$ nil	$ nil

Selected Quarterly Financial Information

	Q4-2012	Q3-2012	Q2-2012	Q1-2012	Q4-2011	Q3-2011	Q2-2011	Q1-2011
Net loss	$ 801,435	$53,354	$60,975	$23,300	$190,313	$126,988	$32,698	$1,121
Basic loss per share	$ 0.19	$0.04	$0.03	$0.01	$0.10	$0.05	$0.01	$0.00

Results of Operations

Given the transaction closing on July 26th, at August 31st the Company had just over a month of operating results with CleanEnergy. During that period, the Company had the following sales and direct costs:

	2012	2011
Sales	$ 426,851	$ -
Cost of sales	287,283	-
Gross margin	$ 139,568	$ -

Revenues are earned on services provided for the design and engineering of geoexchange projects, the sale of geoexchange equipment and the installation of geoexchange systems.

Direct cost of sales includes direct labour and expenditures for services provided, as well as equipment costs and materials for geoexchange projects.

Year ended August 31, 2012, compared with the year ended August 31, 2011

For the year ended August 31, 2012, the Company reported a loss of $939,064 versus a loss of $351,120 in the prior year. Given the closing of the qualifying transaction in July of 2012, year-over-year results will not be directly comparable.

Significant expenses during the year ended August 31, 2012 include $705,134 of transaction costs, which relate to the closing of the Company's qualifying transaction. These are not expected to be recurring costs. During the prior year, no such costs were classified as transaction costs.

General and administrative expenses were $369,945 during the year ended August 31, 2012. This includes items such as salaries and wages, professional fees, filing fees, and other office expenses. This increased from $121,620 from the prior year, which is due to the closing of the qualifying transaction and the inclusion of CleanEnergy operations for the stub period.

Note Receivable

On August 31, 2012, the Company advanced $500,000 to Urban Mechanical Contracting Ltd. ("Urban Mechanical"). The term loan is repayable on demand at any time after 6 months following the date of advance and is subject to interest charged at a rate of 10% per annum. The amount advanced is subject to a security interest granted over all of the personal property of Urban Mechanical. Refer to "*Outlook-Urban Mechanical acquisition*" for additional details.

Liquidity and capital resources

As at August 31, 2012, the Company had working capital of $1,395,641. Working capital provides funds for the Company to meet its operational and capital requirements. For the near-term, management believes that increases in revenues will provide the necessary capital to fund operations.

The Corporation has contractual commitments on capital lease obligations for approximately $4,266. The Company also anticipates closing a private placement of up to 4,000,000 units at $0.50 per unit in the near future (refer to "*Outlook – Private placement*").

Related party transactions

Included in general and administrative expenses is remuneration of key management personnel of the Company. For the year ended August 31, 2012, remuneration included $84,646 of short-term compensation.

A corporation that holds significant influence over the Company was owed approximately $1,142,714 as at August 31, 2012 (August 31, 2011 - $nil) as a result of the qualifying transaction. This amount includes consideration as part of the transaction as well as transaction and share issuance costs to be reimbursed by the Company of $143,976.

Transition to IFRS

The Company's consolidated financial statements for the year ended August 31, 2012 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). Previously, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). IFRS 1, First-time Adoption of IFRS ("IFRS 1") has been applied and the impact of the transition from Canadian GAAP to IFRS is explained in Note 16 of the financial statements.

The accounting policies set out have been applied consistently to all periods presented, and in preparing the opening statement of financial position at September 1, 2010 for purposes of transition to IFRS.

Future changes in accounting standards

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended August 31, 2012, and have not been applied in preparing these consolidated financial statements but may affect the Company:

IFRS 9 - Financial Instruments: Classification and Measurement, effective for annual periods beginning on or after January 1, 2015.

IFRS 10 - Consolidated Financial Statements, effective for annual periods beginning on or after January 1, 2013.

IFRS 12 - Disclosure of Interests in Other Entities, effective for annual periods beginning on or after January 1, 2013.

IFRS 13 - Fair Value Measurement defines fair value, effective for annual periods beginning on or after January 1, 2013.

The Company is currently assessing the effects of these new standards.

Disclosure of outstanding share data

As at December 1, 2012 there were 17,308,600 issued and outstanding common shares in the capital of the Company. The Company has outstanding options to purchase an aggregate of 170,440 common shares, outstanding warrants to purchase an aggregate of 4,788,000 common shares, and outstanding agent options to purchase an aggregate of 718,200 common shares (assuming warrants obtained from exercising of the agent options are also exercised).

Risk Factors

The Company's overall performance and results of operations are subject to a number of risks and uncertainties. The Company is subject to certain risks and uncertainties from both financial and operational factors. Please refer to the risk factors outlined in the filing statement dated July 12, 2012.

Disclosure Controls and Procedures

Disclosure controls and procedures (the "Disclosure Procedures") are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

The Company's management conducted an evaluation of the effectiveness of the design and operation of our Disclosure Procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our Disclosure Procedures are effective to ensure that information required to be disclosed in reports that we file or submit under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules and forms.

It should be noted that while the Company's Chief Executive Officer and Chief Financial Officer believe that our Disclosure Procedures that they are effective and will provide a reasonable level of assurance, they do not expect that they will prevent all errors and frauds. A control system, no matter how well designed or operated, can only provide reasonable and not absolute assurance that the objectives of the control system are met.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.