

**BELLAIR VENTURES INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS**

**For the Period Ended November 30, 2010**

## Date

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 period from September 1, 2010 to November 30, 2010 and is provided as of January 28, 2011. It is supplemental to, and should be read in conjunction with, the Company’s final prospectus dated November 7, 2008 (the “**Prospectus**”), which includes the audited financial statements of the Company for the period from inception to September, 2008 and all of the notes, risk factors and information contained therein. The Company’s financial statements are prepared in accordance with accounting principles generally accepted in Canada. All amounts presented herein are stated in Canadian dollars, unless otherwise indicated.

## Cautionary Statements

Certain statements contained in this MD&A constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to our future outlook and anticipated events or results and may include statements regarding the future financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes and plans and objectives of or involving the Company. Particularly, statements regarding our future operating results and economic performance are forward-looking statements. In some cases, forward-looking information can be identified by terms such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “potential”, “continue” or other similar expressions concerning matters that are not historical facts. Examples of such statements include the Company’s intention to complete a “**Qualifying Transaction**” (as defined by policy 2.4 (the “**CPC Policy**”) of TSX Venture Exchange Inc. (the “**Exchange**”)) and to complete future financings, acquisitions or investments. Forward looking-information is subject to certain factors, including risks and uncertainties, which could cause actual results to differ materially from what we currently expect. These factors include the ability of the Company to obtain necessary financing, satisfaction of the conditions under any definitive agreement in connection with a Qualifying Transaction and satisfaction of Exchange requirements with respect to a Qualifying Transaction. For more exhaustive information on these risks and uncertainties you should refer to the Prospectus, which is available at [www.sedar.com](http://www.sedar.com). Forward-looking information contained in this MD&A is based on our current estimates, expectations and projections, which we believe are reasonable as of the current date. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While we may elect to, we are under no obligation and do not undertake to update this information at any particular time.

## Company Overview

The Company was incorporated on August 22, 2008 under the *Canada Business Corporations Act*. The authorized capital of the Company consists of an unlimited number of common shares without nominal or par value. On September 20, 2008, the Company issued 1,200,000 common shares (the “**Seed Shares**”) to seed shareholders for cash consideration of \$300,000. The Seed Shares are subject to escrow in accordance with Exchange requirements and will

be released in accordance with the terms and conditions of an escrow agreement dated October 7, 2008 among the Company, Equity Transfer & Trust Company (as the escrow agent) and the holders of the Seed Shares.

On November 24, 2008 and pursuant to the Prospectus, the Company completed its initial public offering ("**IPO**") by issuing 1,356,600 common shares at a price of \$0.50 per common share for aggregate gross proceeds of \$678,300 to be used to identify and evaluate assets or businesses with a view to completing a Qualifying Transaction. In connection with the IPO, the Company also granted (i) to Canaccord Capital Corporation (as the Company's agent in respect of the IPO), a non-transferable agent's option to purchase an aggregate of 135,660 common shares of the Company at \$0.50 per common share, exercisable for a period of two years from the date of listing of the Company's common shares on the Exchange, and (ii) to the directors of the Company, incentive stock options to purchase an aggregate of 255,660 common shares of the Company at \$0.50 per common share, exercisable for a period of five years from the date of grant. On November 26, 2008, the common shares of the Corporation commenced trading on the Exchange under the symbol "BVI.P".

The Company is a Capital Pool Company (a "**CPC**"), as defined in the CPC Policy. The principal business of the Company is the identification and evaluation of potential opportunities with a view to completing a Qualifying Transaction. See "Subsequent Events" below for more information on the Company's proposed Qualifying Transaction (the "**Proposed Qualifying Transaction**"). For more information on the Company, please refer to the Prospectus.

### **Significant Corporate Events**

On December 8, 2008, the Company announced that it had identified and entered into a non-binding letter of intent in respect of a proposed Qualifying Transaction (the "**Proposed Qualifying Transaction**") with DiBattista Industries Inc. ("**DBI**"), a holding company that is currently consolidating assets in the industrial and environmental waste services, recycling and infrastructure industry.

On December 23, 2008, the Company announced that it had entered into a definitive agreement (the "**Agreement**") in respect of the Proposed Qualifying Transaction. Pursuant to the Agreement, DBI will amalgamate with a newly-created, wholly-owned subsidiary of the Company (the "**Amalgamation**"). In consideration for the approval of the Amalgamation, the Company will issue, to the holders of common shares of DBI (the "**DBI Shares**"), two common shares of the Company for each DBI Share. Immediately after the closing of the Proposed Qualifying Transaction (the "**Closing**"), (i) the company continuing as a result of the Amalgamation will be a direct, wholly-owned subsidiary of the Company, and (ii) the holders of DBI Shares immediately prior to the Closing will exercise control over the Company. Completion of the Proposed Qualifying Transaction is subject to a number of conditions, including approval of the Amalgamation by holders of DBI Shares and Exchange approval.

On April 23, 2009 the Company announced that the qualifying transaction agreement Dated December 23, 2009 between Bellair Ventures Inc. and DiBattista Industries Inc. was terminated. The closing of the transaction was subject to a number of conditions, including

satisfactory completion of equity and debt financings. As a result of a variety of factors, including volatile and declining economic conditions, Dibattista Industries was unable to raise the capital required under the agreement.

On November 25, 2010 the Corporation and DBI entered into an LOI whereby the Corporation intends to acquire all of the issued and outstanding common shares in the capital of KNR through a share exchange transaction ("Proposed Transaction"). If completed, the Proposed Transaction is expected to constitute the Corporation's qualifying transaction.

The closing of the Proposed Transaction is subject to a number of conditions, including the Corporation successfully completing a private placement for anticipated gross proceeds of at least \$500,000; KNR successfully closing on a term loan facility estimated to be in the amount of \$2,250,000; confirmation of a definitive valuation for KNR; completion of customary due diligence reviews by the Corporation and DBI; the parties entering into a definitive agreement and such other agreements as may be necessary to give effect to the Proposed Transaction; and the parties obtaining all necessary approvals and consents, including the approval of the Exchange.

### **Overall Performance**

As stated above, the Corporation issued the Seed Shares on September 20, 2008 for aggregate gross proceeds of \$ 300,000 and completed its IPO on November 24, 2008 for aggregate gross proceeds of \$ 678,300. The CPC Policy sets out the permitted uses of proceeds realized from the sale of all securities issued by a CPC, which include fees for legal and accounting services, agents' fees, costs and commissions and listing and filing fees. For the three month period ended November 30, 2010, the Company has a net loss of \$ 1,121 as a result of the following expenditures associated with ongoing administrative and general expenses and certain costs relating to the IPO and listing on the Exchange:

### **Expenses**

Filing Fees	\$ 3,650
Professional Fees	\$ 4,221

### **Results of Operations**

As at November 30, 2010, the Company had no business operations other than the identification and evaluation of potential opportunities with a view to completing a Qualifying Transaction. The net loss of \$ 1,121 for the period ended November 30, 2010 was due primarily to the expenses incurred in such period as set out above. See "Subsequent Events" below for more information on the Company's Proposed Qualifying Transaction.

### **Selected Interim Financial Information**

The Company was incorporated on August 22, 2008. Comparative quarterly data in respect of previous years is for the three month period ending November 30, 2008

### **Liquidity and Capital Resources**

For the period ended November 30, 2010, the Company had \$ 391,137 in cash and cash equivalents as a result of net proceeds derived from the issuance of the Seed Shares and the IPO, which management considers to be sufficient to meet the Company's ongoing obligations.

### **Financial Instruments and Other Instruments**

The Company's financial instruments consist of \$ 333,742 in Cash, \$ 11,250 in Interest Receivable \$ 24,411 in Sundry Receivable and \$225,000 in Notes Receivable. As part of a proposed qualifying transaction agreement, the Corporation initially advanced \$225,000 to DiBattista Industries Inc. ("DBI"). The loan bears interest at 12%, is repayable on January 15, 2010, and is personally guaranteed by a principal of DBI. The Corporation subsequently advanced an additional \$25,000 to DBI which has been written down to \$NIL as collection is not reasonably assured. The company has no currency risk exposure with this financial instrument but carries credit risk exposure on the eventual collection of this note.

It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values.

### **Notes Receivable**

As part of a proposed qualifying transaction agreement dated December 23, 2008, as discussed above the Corporation initially advanced \$225,000 to DiBattista Industries Inc. ("DBI"). The loan bears interest at 12%, is repayable on January 15, 2010, and is personally guaranteed by a principal of DBI. The Corporation subsequently advanced an additional \$25,000 to DBI which has been written down to \$NIL as collection is not reasonably assured. On April 23, 2009, the Corporation announced that it had terminated its definitive agreement in respect of the Proposed Qualifying Transaction with DBI.

On January 18, 2010 the company agreed to extend the note until May 31, 2010 on the same terms as the original note.

On June 16, 2010 the company agreed to further extend the note until August 31, 2010 upon payment by DiBattista of interest for the period outstanding to June 30, 2010. A payment of \$39,279.45 was received by the company.

Currently the Note is still outstanding, but the company believes the balance will be repaid as discussed in the comments under Significant Events as part of the transaction LOI entered into on November 25, 2010.

### **Disclosure of Outstanding Share Data**

As more specifically described above under “Company Overview”, there are 2,556,600 issued and outstanding common shares in the capital of the Company and the Company has granted options to purchase an aggregate of 391,320 common shares in the capital of the Company.

### **Risk Factors**

The Company’s overall performance and results of operations are subject to a number of risks and uncertainties. Please refer to the risk factors outlined in the Prospectus.

### **Additional Information**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).