

**VALDOR TECHNOLOGY INTERNATIONAL INC.**  
**Management’s Discussion & Analysis**  
**Year ended December 31, 2023**  
**(Stated in U.S. Dollars)**

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This Management’s Discussion and Analysis (“MD&A”) of Valdor Technology International Inc. (the “Company”) is dated April 25, 2024. This MD&A should be read in conjunction with the Audited Consolidated Financial Statements and accompanying notes for the year ended December 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 or 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 1890 – 1075 West Georgia Street, Vancouver, BC V6E 3C9.

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. The Company manufactures its products in California and earns sales revenue by selling the passive fiber optic components via delivery to customers in the United States.

On July 7, 2023, the Company entered into a definitive arrangement agreement (the “Arrangement Agreement”) with 1000175307 Ontario Ltd. (“1000175307”) pursuant to which the Company will acquire, through a wholly-owned subsidiary, all of the issued and outstanding common shares of 1000175307 (“307 Shares”) from the shareholders of 1000175307 (the “1000175307 Transaction”). 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 the Company of all of the issued and outstanding common shares of 1000175307 (the “1000175307 Transaction”) from the shareholders of 1000175307. 1000175307 is party to an option agreement letter of intent that contemplates a transaction pursuant to which 1000175307 may have the option to acquire up to an 85% 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.

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**OVERALL PERFORMANCE AND HIGHLIGHTS**

On March 15, 2024, the Company entered into share exchange agreements with 1000466963 Ontario Inc. ("1000466963") and 1000466938 Ontario Inc. ("1000466938"). The Company agreed to issue an aggregate of 48,600,000 common shares of the Company to the shareholders each entity on a pro rata basis as consideration for the purchase by the Company of all the issued and outstanding shares of the 1000466963 and 1000466938. 1000466963 is party to an option agreement pursuant to which 1000466963 has the option to acquire up to a 90% interest in and to mining rights located in South America. 1000466938 is party to an option agreement pursuant to which 1000466938 has the option to acquire up to a 90% interest in and to mining rights located in South America.

As at reporting date, the transactions are not closed.

**RESULTS OF OPERATIONS**

**Year ended December 31, 2023**

During the year ended December 31, 2023, the Company had a comprehensive loss of \$232,138 as compared to a comprehensive loss of \$1,000,117 for the corresponding year ended December 31, 2022. The revenue from operations was \$284,283 and \$210,249 and direct costs were \$283,348 and \$203,001 for the years ended December 31, 2023 and 2022, respectively. Gross profit of \$935 for the year ended December 31, 2023 remained consistent with the gross profit of \$7,248 for the year ended December 31, 2022. Total operating expenses for the year ended December 31, 2023 amounted to \$218,501 as compared to total operating expenses of \$673,562 for the corresponding period. Consulting fees decreased from \$131,545 to \$24,450 and management fees decreased from \$38,655 to \$29,962, due to the decrease use of incurring external consulting services in the current period. The Company has incurred various expenditures related to the Transaction in the comparative period, leading to a decrease in general and administrative expenditures.

**Three months ended December 31, 2023**

During the three months ended December 31, 2023 the Company had a comprehensive loss of \$117,916 as compared to a comprehensive loss of \$278,897 for the corresponding three months ended December 31, 2022. The revenue from operations of \$84,512 has increased from \$50,384 for the corresponding three months ended December 31, 2022. Total operating expenses for the three months ended December 31, 2023 amounted to \$90,091 as compared to total operating expenses of \$45,569 for the corresponding three months ended December 31, 2022. In the current period, an overall increase in operating expenditures and share-based compensation resulted in an increase of net loss. The change in foreign exchange is attributed to fluctuations in the US and Canadian dollar.

**Selected Annual Information**

	<b>2023</b>	<b>2022</b>	<b>2021</b>
Total revenues	\$ 284,283	\$ 210,249	\$ 262,551
Net income (loss) for the year	\$ (265,994)	\$ (878,420)	\$ (1,715,231)
Basic and diluted loss per share	\$ (0.00)	\$ (0.02)	\$ (0.03)
Total assets	\$ 91,150	\$ 172,780	\$ 715,572
Total long-term liabilities	\$ -	\$ -	\$ -
Cash dividends	\$ -	\$ -	\$ -

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**RESULTS OF OPERATIONS (CONTINUED)**

**Summary of Quarterly Results**

**FOR THE THREE MONTHS ENDED**

	<b>December 31, 2023</b>	<b>September 30, 2023</b>	<b>June 30, 2023</b>	<b>March 31, 2023</b>
Revenues	\$84,512	\$57,821	\$73,428	\$68,522
Net loss for the period	\$(148,270)	\$(36,547)	\$(55,742)	\$(25,435)
Per Share – Basic and diluted	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)

	<b>December 31, 2022</b>	<b>September 30, 2022</b>	<b>June 30, 2022</b>	<b>March 31, 2022</b>
Revenues	\$50,384	\$67,546	\$33,508	\$58,811
Net loss for the period	\$(278,897)	\$(428,684)	\$(54,898)	\$(115,941)
Per Share – Basic and diluted	\$(0.00)	\$(0.01)	\$(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 December 31, 2023 was \$113,778 compared to the December 31, 2022 working capital surplus 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.

**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.

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**RELATED PARTY TRANSACTIONS**

The Company accrued or paid the following expenses with directors and officers of the Company: Dorian Banks (Director), Patrick O'Flaherty (former Director), and private companies controlled by officers and directors Lucas Russell (CEO, President and Director) and Francis Rowe (CFO):

	<u>Relationship</u>	2023	2022
<u>Key management compensation</u>			
Management fees	A private company controlled by Lucas Russell (CEO)	12,181	24,053
Management fees	A private company controlled by Francis Rowe (CFO)	8,891	14,601
Management fees	Dorian Banks (Director)	8,891	-
Consulting fees	Patrick O'Flaherty (former Director)	-	4,227
Share-based payments	A private company controlled by Francis Rowe (CFO)	-	3,639
Share-based payments	A private company controlled by Lucas Russell (CEO)		29,115
Share-based payments	Patrick O'Flaherty (former Director)		3,639
		<u>\$ 29,963</u>	<u>\$ 79,274</u>

These transactions were measured by the amounts agreed upon by the related parties. The Company owed \$2,621 (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:

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.

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**CRITICAL ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)**

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.

c) 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.

d) 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.

e) 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, 2023. 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.

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**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.

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 December 31, 2023, the Company has a working capital deficiency of \$113,778 (December 31, 2022 – surplus of \$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.

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**FINANCIAL AND OTHER INSTRUMENTS (CONTINUED)**

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, 2023, the Company has Canadian dollars cash of CDN\$17,764, accounts receivable of CDN\$3,994, accounts payable of CDN\$179,653 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 - \$5,000). The Company currently does not plan to enter into foreign currency future contracts to mitigate this risk.

**PROPOSED FUNDAMENTAL TRANSACTION - 1000175307**

On July 7, 2023, the Company entered into a definitive arrangement agreement dated July 7, 2023 (the "Arrangement Agreement") with 1000175307 pursuant to which the Company will acquire, through a wholly-owned subsidiary, all of the issued and outstanding common shares of 1000175307 ("307 Shares") from the shareholders of 1000175307 (the "Transaction"). 1000175307 is party to an option agreement pursuant to which 1000175307 has the option to acquire up to an 85% interest in and to mining rights located in South America.

As consideration under the 1000175307 Transaction, Valdor will issue to holders of 307 Shares one common share in the capital of Valdor (the "Consideration Shares") at a deemed price of \$0.10 per share, representing aggregate consideration of approximately \$12.17 million.

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 the date of this MD&A

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

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**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.sedarplus.ca](http://www.sedarplus.ca).