

Form 51-102F1

VALDOR FIBER OPTICS INC.
(the "Company")

MANAGEMENT DISCUSSION & ANALYSIS
(U.S. Dollars)
YEAR ENDED DECEMBER 31, 2006

1.1 Date of this Report

April 28, 2007

1.2 Overall Performance

During the quarter, the Company's working capital deficiency decreased by \$22,871 from \$313,106 at the end of September 2006 to \$290,235 at the end of December 2006. At December 31, 2006 the Company's working capital deficiency decreased by \$3,161,042 from \$3,451,277 at the year ended December 31, 2005.

1.3 Selected Annual Information

	2006	2005	2004
Total revenues	\$999,887	\$876,097	\$1,202,883
Net (loss) income	\$1,593,368	(\$862,007)	(\$818,832)
Income (loss) per share			
Basic	(0.03)	(0.02)	(0.02)
Diluted	(0.03)	(0.02)	(0.02)
Total assets	\$794,700	\$392,431	\$528,775
Total long-term liabilities	-	-	\$404,542

1.4 Results of Operations

During the year the Company had a net income of \$1,593,368 as compared to a loss of \$862,007 for the corresponding period ended December 31, 2005. The net income is a result of a gain of \$1,819,379 from the settlement of promissory notes payable, \$335,343 from the write-off of certain accounts payable, and a gain of \$410,182 on the wind-up of a limited partnership. For the quarter ended December 31, 2006 the revenues increased by \$170,336 to \$374,077 as compared to \$203,741 for the same quarter ended December 31, 2005. This is a result of an increase in activity in the fiber optic industry.

On January 18, 2006 Valdor announced a non-brokered private placement with investors for \$150,000 requiring the issuance of up to 1,500,000 units at a price of \$0.10 per unit, with each unit being comprised of one common share of Valdor and one non-transferable share purchase warrant. Each warrant allows the holder thereof to purchase one additional common share of Valdor at a price of \$0.15 per share for a period of one year from the date of issuance of the units. The proceeds of the private placement will be used for marketing of Valdor's new line of fiber optic products and for general working capital. A finder's fee of \$15,000 will be paid in respect to this private placement.

On February 28, 2006 the Company reported that the non-brokered Private Placement announced January 18, 2006 for 1,500,000 Units, has now closed. A total of 1,500,000 Units at a price of \$0.10 per unit have been subscribed for with total proceeds realized of \$150,000. Each Unit consists of one common share of Valdor and one non-transferable one-year share purchase warrant. Each warrant allows the holder thereof to purchase one further common share of Valdor at a price of \$0.15 if exercised on or before February 2, 2007. The 1,500,000 common shares issued are subject to a hold period expiring June 6, 2006. A finder's fee of \$15,000 was paid in respect to this financing. The proceeds of the private placement will be used for marketing of Valdor's new line of fiber optic products which utilize its propriety and patented *IMPACT MOUNT™* and *HEPTOPORT™* technology and for general working capital.

On July 20, 2006 the Company granted 675,000 incentive stock options at \$0.10 per share. These incentive options expire July 7, 2011.

On July 24, 2006, a creditor of the Company's former subsidiary, Hotel Syracuse Inc., agreed to amend the Stipulation of Settlement and Order by Consent to discontinue the action against the Company and return the two original affidavits subject to the creditor receiving confirmation of a contemporaneous investment of CDN\$500,000 to the Company. Satisfactory evidence of the completion of an investment for CDN\$500,000 in the company has since been provided to the creditor and subsequently all claims against the Company were dismissed.

On August 18, 2006, Valdor has negotiated a non-brokered private placement with certain investors for CDN\$1,250,000 requiring the issuance of 12,500,000 Units at a price of CDN\$0.10 per unit; with 7,500,000 Units comprised of one common share of Valdor and one non-transferable share purchase warrant and 5,000,000 Units comprised of one common share of Valdor and one-half of one non-transferable share purchase warrant. Each whole warrant allows the holder thereof to purchase one additional common share of Valdor at a price of CDN\$0.15 per share for a period of one year from the date of closing. The proceeds from the private placement will be used for marketing of Valdor's new line of fiber optic products and for general working capital.

On September 26, 2006, Valdor granted 5,100,000 stock options exercisable at CDN\$0.10 to certain directors, officers, employees and consultants expiring on September 26, 2011.

Pursuant to an arrangement with one of the Company's creditors, a payment of CDN\$500,000 was made by the Company for settlement of a promissory note for \$2,270,157.

On October 19, 2006, Valdor reported that the non-brokered Private Placement announced August 18, 2006 for 12,500,000 Units, has now closed. A total of 12,500,000 Units at a price of \$0.10 per unit have been subscribed for with total proceeds realized of \$1,250,000. A total of 7,500,000 Units were issued consisting of one common share of Valdor and one non-transferable share purchase warrant which allows the holder thereof to purchase one further common share of Valdor at a price of \$0.15 on or before October 10, 2007. The remaining 5,000,000 Units consist of one-half of one non-transferable share purchase warrant which allows the holder to purchase 2,500,000 common shares of Valdor at a price of \$0.15 on or before October 10, 2007. The 12,500,000 common shares issued are subject to a hold period expiring February 10, 2007. A finder's fee of \$60,000 has been paid in respect to this financing. The proceeds from the private placement will be used for marketing of Valdor's new line of fiber optic products which utilize its propriety and patented *IMPACT MOUNT™* and *HEPTOPORT™* technology and for general working capital.

On October 27, 2006, Valdor reported that its shares have been listed with the Deutsche Börse Group on the Frankfurt Stock Exchange in Germany under the symbol "VZA". The listing will facilitate recent interest in Valdor by European Investors whom have expressed an interest in Valdor's new line of fiber optic products which utilize its propriety and patented *IMPACT MOUNT™* and *HEPTOPORT™* technology. The Frankfurt Stock Exchange - FWB® Frankfurter Wertpapierbörse (Frankfurt Stock Exchange) is the largest of eight German stock exchanges and also one of the world's largest trading

centers for securities. Deutsche Börse AG operates the Frankfurt Stock Exchange and ensures the smooth functioning of exchange trading. The Frankfurt Stock Exchange is able to meet the steadily growing requirements of cross-border trading through its advanced electronic trading, settlement and information systems.

On November 2, 2006, Valdor announced the appointment of Mr. Eric Bourget as our new Vice-President of Business Development. Mr. Bourget gained extensive experience in the fiber optic industry in both the research and development of new products and in sales and marketing of existing products while working with D2V Technologies Inc. and Hyperchip Inc. He will be responsible for building key business strategies with new and current customers in both eastern Canada and eastern United States. Mr. Bourget will focus on the marketing of Valdor's *Field Installable Splice Connectors* and *Repair Splice* kits and the *Service Enclosure* which uses Valdor's *IMPACT MOUNT* technology splice connectors with both single and multimode capabilities. Valdor's *Service Enclosure* is designed for indoor and outdoor applications. The enclosures replace the expensive, existing connector panels that require racks, bulkheads and pigtail sub-assembly that need to be spliced with cable ends with costly splice equipment. The *Service Enclosure* allows technicians the flexibility to quickly add or reduce lines by connecting or disconnecting the splice connectors mounted in the enclosure.

1.5 Summary of Quarterly Results

The quarterly financial statements are prepared in accordance with Canadian GAAP but are stated in U.S. Dollars.

FOR THE THREE MONTHS ENDED

	December 31, 2006	September 30, 2006	June 30, 2006	March 31, 2006
Revenues	\$369,077	\$241,469	\$239,940	\$149,401
Net Income (Loss)	(\$113,219)	\$1,769,342	\$212,473	(\$275,228)
Per Share – Basic	\$0.03	\$0.03	\$0.00	(\$0.01)
Diluted	\$0.03	\$0.03	\$0.00	(\$0.01)

FOR THE THREE MONTHS ENDED

	December 31, 2005	September 30, 2005	June 30, 2005	March 31, 2005
Revenues	\$203,741	\$182,285	\$237,908	\$252,163
Net Income (Loss)	(\$183,280)	(\$191,365)	(\$267,393)	(\$219,969)
Per Share - Basic	(\$0.01)	(\$0.00)	(\$0.01)	(\$0.01)
Diluted	(\$0.01)	(\$0.00)	(\$0.01)	(\$0.01)

1.6 Liquidity

The Company's working capital deficiency as at December 31, 2006 was \$290,235 as compared to a working capital deficiency of \$3,451,277 as at December 31, 2005, a decrease of \$3,161,042.

At present the Company believes it has sufficient funds available from revenues and financing to cover basic overhead expenses for the next twelve months. The Board of Directors is reviewing potential business opportunities for the Company's patented HeptoPort™ and Impact Mount™ technology and other options available relating to utilization of the potential financing by the Company. Readers are cautioned that a number of factors beyond the control of the Company could result in the Company not being able to sustain its current position or not being able to find appropriate opportunities for the

HeptoPort™ and Impact Mount™ technology or securing a financing necessary to pursue such opportunities. Such factors could include adverse economic conditions, political and regulatory concerns and key individual staffing problems amongst others.

1.7 Capital Resources

During the reporting period the Company remains dependant upon funds provided by directors, business associates and equity markets for financing. However, assuming that the company continues to maintain its current level of sales and administrative and general expenditures, it should be able to cover its normal overhead expenses for the next twelve months.

1.8 Off Balance Sheet Arrangements

None.

1.9 Transactions with Related Parties

The Company incurred the following revenues and expenses with directors and officers of the Company and companies with common directors:

	Year ended December 31,	
	<u>2006</u>	<u>2005</u>
Management fees	\$ 31,730	\$ 29,771
Office and miscellaneous - secretarial services	6,699	5,458
Rent	10,577	9,924
Salaries, wages and benefits	<u>83,939</u>	<u>69,907</u>
	<u>\$ 132,945</u>	<u>\$ 115,060</u>

These transactions were measured by the exchange amount which is the amount agreed upon by the transacting parties and are on terms and conditions similar to non-related entities.

Included in prepaid expenses at December 31, 2006 is \$858 (December 31, 2005: \$832) of rent prepaid to a company with a common director.

1.10 Fourth Quarter

The Company had revenues of \$374,077 during the fourth quarter from sales of its fiber optics products against \$247,931 in direct costs of sale for a gross profit of \$126,146. A further \$357,465 was expended during the fourth quarter for general and administrative expenditures, marketing, research and development, amortization and interest charges resulting in a loss from operations of \$231,319 for the quarter. The Company's working capital deficiency decreased by \$22,871 from \$313,106 at the end of September 2006 to \$290,235 at the end of December 2006.

1.11 Proposed Transactions

On August 4, 2004, the Company entered into an equity agreement with the shareholders of Shanghai OPEL Technologies Inc. ("OPEL Tech") a company incorporated with the Peoples Republic of China, whereby the Company will have the right to acquire up to 100% of the shares of OPEL Tech. As consideration the Company will issue 5,000,000 common shares in exchange for a 60% interest in OPEL Tech. The Company has the right to receive the remaining 40% interest subject to the Company achieving certain performance criteria. On September 26, 2006, the terms of the agreement was extended to November 30, 2007. The agreement is subject to approval by the board of directors of both companies, receipt by OPEL Tech of a business license from the Chinese regulatory authorities and the approval from the TSX Venture Exchange.

1.12 Critical Accounting Estimates

None

1.13 Changes in Accounting Policy

None

1.14 Financial and Other Instruments

None

1.15 Other

Legal Matters - Nil

Capitalization as at December 31, 2006 and April 28, 2007

Capital Stock	December 2006	April 2007
Common Shares	68,769,548	68,804,548
Options	7,095,500	7,060,500
Warrants	14,000,000	12,500,000

Disclosure Controls and Procedures

At the end of the period covered by this MD&A, an evaluation was carried out under the supervision of and with the participation of the President and the Chief Financial Officer, of the effectiveness of the design and operations of the Company's disclosure controls and procedures. Based on that evaluation, the President and Chief Financial officer concluded that the design and operation of these disclosure controls and procedures were effective in ensuring that information required to be disclosed by the Company in reports that it files with or submits to the Canadian securities administrators is recorded, processed, summarized and reported within the time periods required.

It should be noted that, while the Company's President and Chief Financial Officer believe that the Company's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the Company's disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

SUBSEQUENT EVENTS

On January 9 2007 Valdor Fiber Optics Inc. announced a major international oil field service provider in the oil and gas industry, has completed an evaluation and performance of Valdor's Field Installable Hand Tool and SP Splice Connector in conjunction with their own technology in a harsh environment. Our customer has confirmed that Valdor's Hand Tool and Connectors meets all of their required specifications. Purchase orders for Splice Kits and Connectors are expected to commence in early 2007.

Valdor's unique *IMPACT MOUNTTM* products are especially ideal for oil and gas exploration companies because of their quick installation, their ease of repair by technicians working on oil platforms as well as they greatly reduce costly down time.