BENEV CAPITAL INC.
(formerly Bennett Environmental Inc.)

Management's Discussion and Analysis

August 9, 2012

The following is management's discussion in respect of the results of operations of BENEV Capital Inc. ("BENEV" or the "Company") for the quarter ended June 30, 2012 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the quarters ended June 30, 2012 and 2011 and the Company's audited consolidated financial statements and management's discussion and analysis ("MD&A") for the years ended December 31, 2011 and 2010. The financial statements of the Company are presented in Canadian dollars and are in accordance with International Financial Reporting Standards ("IFRS"). The following MD&A is dated August 9, 2012. Additional information related to the Company, including its Annual Information Form, Management Information Circular and Proxy form is available on SEDAR at www.sedar.com.

OVERVIEW

The Company generates its revenues by treating contaminated soils pursuant to contracts obtained in competitive bidding processes. The Company's customer base is composed mainly of government agencies, utilities, environmental services companies and private industry. The number and size of the contracts obtained each year will vary depending on the funding of the projects and the timing of the processing of contaminated materials from customers.

The Company's soil treatment facility located in Saint Ambroise, Quebec is an ISO 14001(2004) certified facility. It treats soils contaminated with organics and its Certificate of Authorization was expanded in 2005 to include dioxins and furans. The facility has an annual processing capacity of up to 100,000 metric tonnes depending on the nature of material being processed.

The facility can only be run efficiently when operating continuously for extended periods. The sporadic level of demand for the Company's services is such that this facility is rarely operated continuously for extended periods. In order to maximize operating efficiency the Company has adopted a campaign approach which involves periods of shutdown during which inventories are stockpiled followed by periods of operation where the Company processes the accumulated inventories and the entire process is then repeated.

Previous to the current campaign, the facility had not processed soil since it was shut down at the conclusion of its last campaign, which ended on September 23, 2010. Processing of soil held in inventory for the Company's current campaign commenced on May 2, 2012 and during the second quarter the Company treated approximately 16,000 tonnes. As at June 30, 2012 the Company had approximately 35,000 tonnes of untreated soil remaining at the facility. From the end of the second quarter 2012 to July 31, 2012, the Company received approximately 400 additional tonnes of soil with approximately 3,000 tonnes currently anticipated to be received from various jobs which have been awarded but not shipped or not fully shipped. For each of these contracts awarded but not yet shipped, the tonnage amounts are approximate, and in each case there is no commitment on the part of the client with respect to the amount of material or remaining material that will be shipped under the contract, or the timing of these shipments. Actual amounts shipped may be more or less than the anticipated amounts. Revenue from processed soil will be a function of the type of soil treated, pricing of the various contracts, and other factors. Revenue may vary from past revenues due to these and other variables, and the variances may be significant.

On June 22, 2012, the shareholders of the Company approved a change of the company's name from Bennett Environmental Inc. to BENEV Capital Inc. ("BCI"). On June 28, 2012, the Articles of Amendment giving effect to this name change were filed and made effective.

STRATEGY

The Board of Directors has actively continued the process of positioning the Company for the future, and is united in its view to enhance the value of the Company for the benefit of the Company's shareholders and other stakeholders. The Company is continuing to pursue strategic merger and acquisition opportunities, has engaged investment bankers and has been working with them for a number of months. The Board and CEO will seek to source, structure and complete one or more transformative transactions, designed to create meaningful value to shareholders. This may or may not be in the environmental space, and may involve one or more of a sale of the Company as a whole, a sale of all or substantially all of the Company's assets, an acquisition, a merger or a strategic investment. However, there can be no assurance that any transactions may occur or when.

With respect to its core soil remediation business, BENEV will continue to focus on building sustainable growth and shareholder value by securing orders for soil treatment, and building new relationships with key market players and decision makers in treatment projects.

SUMMARY OF QUARTERLY RESULTS

The following table discloses certain unaudited financial data for the eight most recently completed quarters, expressed in millions of Canadian dollars (except per share data – basic and diluted which is in dollars).

	2012		2011				2010	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net sales	8.23	-	-	-	-	-	-	10.60
Net income (loss)	3.37	(1.22)	(1.57)	(1.67)	(4.29)	(1.77)	(2.91)	7.34
Earnings (loss) per common share								
Basic	0.09	(0.03)	(0.04)	(0.04)	(0.11)	(0.05)	(0.08)	0.20
Diluted	0.09	(0.03)	(0.04)	(0.04)	(0.11)	(0.05)	(0.08)	0.19

Variations in revenue over the last eight quarters are due to the volumes of material processed in each quarter. The net income in the third quarter of 2010 is significantly higher than the second quarter of 2012. This is due to differences in: volumes processed; the amount of transportation included in revenue; and income taxes. While there is no revenue in six of the last eight quarters, the last quarter of 2010 and second quarter of 2011 have significantly higher losses. The losses in the last quarter of 2010 were due to higher income taxes, operating costs and finance costs. Costs incurred in connection with the proxy contest are responsible for the higher losses in the second quarter of 2011.

OPERATING RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2012

Sales

Sales for the second quarter of 2012 were $8.2 million compared to nil in the same period a year earlier. The Saint Ambroise facility commenced its most recent campaign to process soil held in inventory on May 2, 2012. Approximately 16,000 metric tonnes of soil were processed during the second quarter of this year, while there was no soil processed in the comparable quarter of 2011.

Operating Costs

Operating costs consist mainly of transportation costs, fuel, processing supplies, maintenance costs, and labour. Some of these costs fluctuate based on the number of tonnes processed; however, there are some costs which are fixed in nature.

Operating costs for the second quarter of 2012 were $3.6 million compared to $0.3 million in 2011. As discussed above, the Company commenced a new campaign in the second quarter of 2012 and did not process soil in the comparable quarter of 2011.

OTHER INCOME STATEMENT ITEMS

Administration and Business Development Costs

Administration and business development costs were $1.2 million in the second quarter of 2012, compared with $1.6 million in the same quarter of 2011. The decrease is primarily due to a reduction of costs incurred for professional fees and consulting fees in connection with mergers and acquisitions ("M&A") activity.

Management/Board Restructuring Costs

The Company was engaged in a proxy contest with its largest shareholder during the first half of 2011. For the second quarter of 2011, the costs of this contest and restructuring costs amounted to $2.3 million. No costs were incurred in 2012 in this matter.

Amortization

Amortization expense has remained relatively flat at approximately $0.2 million during the second quarter of both years.

Finance Income/Costs

Finance income earned in the second quarter of 2012 increased by $0.05 million over the comparable quarter in 2011. The increase was due to a larger interest refund in connection with an income tax reassessment of a return filed in a prior period compared to the same period in 2011.

Finance costs have remained relatively flat, ranging between approximately $0.01 and $0.02 million during the second quarter of both years.

Income Taxes

The Company recorded no income tax recovery or expense in the second quarters of 2012 or 2011.

Net Earnings (Loss)

The net earnings for the second quarter of 2012 was $3.4 million or a basic and diluted earnings per share of $0.09 compared to a net loss of $4.3 million or basic and diluted loss per share of $0.11 for the second quarter of 2011. The net earnings for the second quarter of 2012 was the result of the commencement of a new campaign on May 2, 2012 to process soil held in inventory. The net loss for the second quarter of 2011 was the result of no processing activity at the Saint Ambroise facility throughout the period.

OPERATING RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2012

Sales

Sales for the six month period ended June 30, 2012 were $8.2 million compared to nil in the same period a year earlier. The Saint Ambroise facility commenced its most recent campaign to process soil held in inventory on May 2, 2012. No soil was processed during the first half of 2011.

Operating Costs

Operating costs consist mainly of transportation costs, fuel, processing supplies, maintenance costs, and labour. Some of these costs fluctuate based on the number of tonnes processed; however, there are some costs which are fixed in nature.

Operating costs for the six months ended June 30, 2012 were $4.1 million compared to $0.7 million in the same period a year ago. Operating costs increased because no soil was processed in the comparable period of the prior year.

OTHER INCOME STATEMENT ITEMS

Administration and Business Development Costs

Administration and business development costs were $2.4 million in the six months ended June 30, 2012, compared with $3.1 million in the same period of 2011. The decrease is due to a reduction of costs incurred for professional fees and consulting fees in connection with M&A activities offset by non-cash share-based compensation expense.

Management/Board Restructuring Costs

The Company was engaged in a proxy contest with its largest shareholder during the latter part of the first quarter and most of the second quarter of 2011. For the first six months of 2011, the costs of this contest and related restructuring costs amounted to $2.5 million. No costs were incurred in 2012 in this matter.

Amortization

Amortization expense has remained relatively flat at approximately $0.4 million during the first half of 2012 and 2011.

Finance Income/Costs

Finance income earned in the first half of 2012 increased by $0.2 million over the comparable period in 2011. The increase was due to a large interest refund in connection with income tax reassessment of returns filed in a prior period compared to the same period in 2011.

Finance costs remained relatively flat, ranging between $0.06 and $0.07 million during the first half of 2011 and 2012, respectively.

Income taxes

The Company recorded an income tax recovery of $0.2 million both in the first half of 2012 and in the same period in the prior year. The income tax recovery for 2012 is due to a reduction to income tax accruals, recorded in prior periods, which are no longer required. The income tax recovery in the same period of the prior year is due to the reassessment of a return filed in a prior period.

Net Earnings (Loss)

The net earnings for the six months ended June 30, 2012 was $2.1 million or a basic and diluted earnings per share of $0.06 compared to net loss of $6.1 million or basic and diluted loss per share of $0.16 for the first half of 2011. The net earnings for the first half of 2012 was the result of the commencement of a new campaign on May 2, 2012 to process soil held in inventory. The net loss for the first six months of 2011 was the result of: no production at the Saint Ambroise facility throughout the period; management/board restructuring costs; and expenditures made evaluating acquisitions which were not concluded.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

At June 30, 2012 the Company had cash and equivalents of $55.0 million and working capital (including cash) of $55.2 million compared to cash and equivalents of $58.7 million and working capital (including cash) of $52.3 million on December 31, 2011.

Cash from Operating Activities

For the first half of 2012, cash used by operations amounted to approximately $3.6 million as compared to the same period of 2011 when cash used by operations amounted to $5.6 million. Earnings for the first half of 2012 were more than offset by the increase in amounts receivable and the decrease in deferred revenue resulting in the net use of cash. The Company records deferred revenue when cash is collected from customers before soil has been processed. Deferred revenue is drawn down as the customer's soil is processed. The loss during the second half of 2011 was primarily responsible for the use of cash during that period.

Cash from Investing Activities and Capital Expenditures

Cash used in investing activities during the first half of 2012 was $0.04 million versus cash provided of $1.8 million in the same period of the prior year. The use of cash in 2012 is due to capital expenditures at the Quebec facility and the increase in cash during the prior year resulted from the sale of the Belledune facility, offset by capital expenditures at the Quebec facility.

Cash from Financing Activities

Cash used in financing activities was $0.09 million in the first half of 2012 versus cash provided by financing activities of $0.6 million during the first six months of 2011. The exercise of stock options was responsible for the generation of cash in the prior period.

Contractual Obligations

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Millions of Canadian dollars	Carrying amount	Contractual cash flow	2012	2013	2014	2015	2016	Thereafter
Tenure agreement	$ 0.78	$ 0.83	$ 0.04	$ 0.08	$ 0.08	$ 0.08	$ 0.08	$ 0.47
Finance leases	0.06	0.06	0.03	0.03	-	-	-	-
Accounts payable and accrued liabilities	2.21	2.21	2.21	-	-	-	-	-
Total contractual obligations	$ 3.05	$ 3.10	$ 2.28	$ 0.11	$ 0.08	$ 0.08	$ 0.08	$ 0.47

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

FINANCIAL AND OTHER INSTRUMENTS

On occasion short-term foreign exchange forward contracts are used to reduce foreign exchange risk. The Company marks these contracts to market, and records the corresponding gain or loss in income.

As at June 30, 2012 the Company had no foreign exchange contracts outstanding. As at December 31, 2011, the Company held a foreign exchange contract to buy $1,300,000 U.S. The fair value of the contract was an unrealized loss of $14,000 which was recorded as an accrued liability on the Statement of Financial Position and a foreign exchange loss on the Statement of Operations and Comprehensive Income (Loss).

CONTINGENCIES AND PROVISIONS

There were no changes to the provisions and contingencies as described in notes 12 and 29 to the Company's 2011 financial statements except for:

(a) A foreign exchange adjustment to provisions as described in note 8 to the accompanying financial statements for the second quarter of 2012.

(b) As more fully described in note 12(b) to the Company's 2011 consolidated annual financial statements, the Company's founder and former CEO, John Bennett, has been indicted by the U.S. Department of Justice in connection with alleged illegal activities during the period he was CEO. Mr. Bennett requested, and the Company opposed, indemnification from the Company for legal costs in connection with these matters. In 2011, the Ontario Superior Court required that the Company provide Mr. Bennett with interim relief for legal costs incurred after August 30, 2009.

During the second quarter of this year, Mr. Bennett served the Company with a claim in connection with this matter. The claim seeks to recover Mr. Bennett's legal costs incurred prior to August 31, 2009, estimated to be approximately $200,000, and any future payments he is required to make resulting from criminal or civil proceedings against him.

Management believes there is no basis for making the claim against the Company. Accordingly the Company has made no additional provision as a result of this action and intends to vigorously defend against this claim.

(c) As described in note 29(b) to the Company's 2011 consolidated annual financial statements, John Bennett served a claim against the Company alleging conspiracy and oppression. The claim was also served against eight individuals who are former directors, officers, employees or significant shareholders of the Company. In response to a motion for judgment by the Company, Mr. Bennett amended his claim in July of 2012. In response to a demand for particulars and multiple motions by the defendants, including the individual defendants, to strike the amended claim, Mr. Bennett has advised that he is amending the claim in August, 2012. The motions to strike the claim will be heard October 1, 2012.

Management believes there is no basis for the allegations in the claim or the amended versions of the claim. Accordingly the Company has made no provision in respect of this matter and has moved vigorously with the other defendants to dismiss the claim.

TRANSACTIONS WITH RELATED PARTIES

The Company had retained the services of a corporation, owned by a former director, to support its corporate development activity commencing in September, 2010. The agreement was terminated effective June 22, 2011. During the period ended June 30, 2012, the Company incurred consulting fee expenses of nil (2011 – $119,506) under this arrangement.

As a result of a settlement agreement made as at June 22, 2011 with the Company's largest shareholder, Second City Capital Partners I, L.P. ("SCC"), the Company agreed to a proposal to replace the CEO and change the composition of the Board of Directors. The resolutions arising from this settlement agreement were voted on and passed at the Company's Annual and Special Meeting on June 29, 2011. The Company entered into transition agreements with the Company's CEO and CFO and has agreed to reimburse SCC for expenditures incurred in connection with its dispute with the Company. SCC expenditures, in the amount of $600,541, were expensed by the Company during the second quarter of 2011 and paid subsequently. The transition agreements with the CEO and CFO are described below.

On June 29, 2011 Mr. Jack Shaw's employment as the Company's President and CEO was terminated. During the second quarter of 2011 he received a termination payment of $275,000. Mr. Shaw agreed to provide the Company with consulting and transitioning services for a period of up to six months commencing June 29, 2011. Upon satisfactory completion of the consulting contract he received a further termination payment of $137,500. During the second quarter of 2011, and as part of these settlement arrangements, Mr. Fred Cranston agreed to continue as the Company's CFO on a full-time basis for a period not less than 12 months commencing on June 29, 2011. Mr. Cranston received a termination payment of $199,167 during the second quarter of 2011. During the second quarter of 2012, Mr. Cranston received a further termination payment of $160,000. The full amount of all termination payments to Messrs. Shaw and Cranston were expensed in the second quarter of 2011.

The above transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

CRITICAL ACCOUNTING ESTIMATES

There are no changes in the Company's critical accounting estimates as described in the Company's annual MD&A dated March 28, 2012 which can be found on SEDAR at www.sedar.com.

SHARE CAPITAL

The number of common shares outstanding at August 9, 2012 was 38,685,562. There were 1,631,460 stock options outstanding as at June 30, 2012 exercisable at prices from $0.24 to $2.12 per share. No warrants were exercised in 2012 and all of the warrants expired on May 7, 2012.

CHANGES IN ACCOUNTING POLICIES

During the second quarter of 2012 there were no changes in accounting policies and no new standards or interpretations were announced by the International Accounting Standards Board which are expected to have a material impact on the Company's financial statements.

RISK FACTORS

Information on "Risk Factors" can be found in the Company's Annual Information Form dated March 28, 2012 for the fiscal year ended December 31, 2011.

CONTROLS AND PROCEDURES

In compliance with the requirements of National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*, our Certifying Officers have reviewed and certified the interim Condensed Consolidated Financial Statements for the period ended June 30, 2012, together with other financial information included in our quarterly securities filings. Our Certifying Officers have also certified that disclosure controls and procedures have been designed to provide reasonable assurance that material information relating to our Company is made known within our Company. Further, our Certifying Officers have also certified that internal controls over financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of interim Condensed Consolidated Financial Statements. There have not been any material changes in internal controls over financial reporting or disclosure controls and procedures since the last year end.

Forward Looking Statements

Certain statements contained in this MD&A, or incorporated herein by reference, may constitute "forward-looking statements" which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The use of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe”, “confident”, “plan” and “intends” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements reflect current expectations, estimates and projections regarding future events and operating performance and speak only as of the date of this MD&A. These forward-looking statements involve a number of risks and uncertainties. The following are some factors that could cause actual results to differ materially from those expressed in or underlying such forward-looking statements: competition; changes in international, national and local business and economic conditions; legislation and governmental regulation; accounting policies and practices; and the results of operations and financial condition of the Company. The foregoing list of factors is not exhaustive. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as expressly required by law.