BENEV CAPITAL INC.

Management's Discussion and Analysis

August 14, 2013

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, 2013 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the quarters ended June 30, 2013 and 2012 and the Company's audited consolidated financial statements and management's discussion and analysis ("MD&A") for the years ended December 31, 2012 and 2011. The financial statements of the Company are presented in Canadian dollars and are prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A is dated August 14, 2013. 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.

CORPORATE UPDATE

On May 31, 2013 the Company completed the sale of its Saint Ambroise, Quebec waste treatment plant and related assets and liabilities to 8439117 Canada Inc., a company indirectly controlled by the plant's manager. The Company received $8.0 million in cash at closing. While all post-closing adjustments have not been finalized the purchase price is expected to be adjusted for a working capital deficit at closing and for soil contracts received between the date of signing and closing in the total amount of $0.3 million for expected net proceeds of $7.7 million. The Company may be entitled to additional consideration which could be as high as $2.0 million or more, contingent on a specific potential new contract being entered into prior to March 7, 2016. The receipt of the potential new contract for any amount of contingent consideration cannot be assured.

Due to its significant tax loss carry forwards and other tax attributes, BENEV is not expected to incur income taxes payable as a result of the consideration received at closing. The tax effects of any additional consideration which may be received in future periods will vary depending upon the amount of tax attributes available at that time, if any, to offset such consideration.

The Saint Ambroise treatment plant was the Company's sole operating facility and was responsible for all of the Company's sales and a substantial portion of its operating expenses for the past four years. With the completion of the sale transaction at the end of May, 2013, all of the Company's sales and plant operating costs, substantially all of the amortization, and some of its administrative and business development costs have been eliminated and will not be recurring. In addition, since the sale of the plant at the end of May, 2013, steps have been taken to reduce or eliminate other corporate overhead costs that are no longer required to be incurred.

Consistent with the strategy articulated since the installation of a new Board in June, 2011, the sale transaction was designed to transform the Company and to enable it to create meaningful value for shareholders. The sale of the plant was a first step in this direction, which is expected to increase the range of available options and provide enhanced flexibility on a go forward basis. In addition to managing its cash position, the Company will continue to seek to source, structure and complete a transformative transaction or series of transactions to enhance value for shareholders, with a focus on attractive equity investments in businesses with cash flow as a first priority. A return of capital, special dividend and/or the dissolution of the Company may also be considered.

To this end and as previously announced, on August 6, 2013, Mr. Sean Morrison joined the Company`s executive team as President and Chief Executive Officer, to bolster the Company's M&A capabilities. Mr. Morrison has a successful track record in the M&A industry and is the founder and managing partner of Maxam Capital Corp. which focuses on structured investments in both publicly traded and private companies. Prior to founding Maxam Capital Corp., Mr. Morrison was a partner at Capital West Partners, a Vancouver-based investment banking firm. Mr. Morrison's principal focus at the Company will be the sourcing, analysing, and executing of one or more transformational transactions, consistent with the Corporation's strategy.

Mr. Morrison joins Lawrence Haber, who has become Executive Chair of the Board. As Executive Chair, Mr. Haber will continue to oversee high level issues affecting the Corporation, including strategic planning and other public company and corporate issues.

Subject to TSX approval, in connection with Mr. Morrison’s appointment, a fund to be created by Maxam Capital Corp. was granted a right to invest in the Company for an amount up to the lesser of (i) 10% of the total issued and outstanding common equity of the Company (or its successor) immediately following one or more transformational transactions, or (ii) $10 million. Subject to adjustment, such investment shall be comprised of publicly traded common shares of the Company (or its successor) priced equal to the value of the common shares ascribed in the transformational transaction, failing which it shall be the 10 trading day volume weighted average price of the Company`s common shares as quoted on a stock exchange commencing on the first trading day immediately after announcing such transformational transaction.

As previously announced, the Toronto Stock Exchange (the “TSX”) has determined that, following the sale of the Company’s waste treatment plant in Saint Ambroise, it no longer meets the TSX’s requirements for continued listing. Accordingly, the Company has applied to list its common shares on alternative exchanges and plans to voluntarily delist from the TSX. BENEV will seek to minimize any time gap between the TSX delisting and obtaining a new listing. There can be no assurance, however, that a new listing will be obtained or, if so, when.

The balance of this MD&A discusses the Company as a whole including the Saint Ambroise facility.

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).

	2013		**2012**				**2011**	
	Q2	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Net sales	-	-	7.83	12.23	8.23	-	-	-
Net income (loss)	(1.30)	(0.90)	0.61	6.55	3.37	(1.22)	(1.57)	(1.67)
Earnings (loss) per common share*								
Basic	(0.03)	(0.02)	0.02	0.17	0.09	(0.03)	(0.04)	(0.04)
Diluted	(0.03)	(0.02)	0.02	0.17	0.09	(0.03)	(0.04)	(0.04)

*The sum of the quarterly earnings per share values in 2012 does not equal the total on the financial statements for the year ended December 31, 2012 due to rounding.

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 2012 is significantly higher than the second and fourth quarters of 2012. This is due to differences in: volumes processed; the amount of transportation included in revenue; and income taxes.

OPERATING RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2013

Sales

Sales for the second quarter of 2013 were nil compared to $8.2 million in the same period a year earlier. The facility was shut down for the first two months of the second quarter of 2013 prior to its sale on May 31, 2013.

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 2013 were $0.2 million compared to $3.6 million in 2012. The decrease in operating costs compared to the prior quarter is primarily because soil was not processed during that portion of the quarter prior to the sale of the facility.

OTHER INCOME STATEMENT ITEMS

Administration and Business Development Costs

Administration and business development costs were $0.9 million in the second quarter of 2013, compared with $1.2 million in the same quarter of 2012. The decrease is primarily due to lower share-based compensation expense, legal and directors' fees.

Prior to the end of the first quarter of 2013, the Company reached the end of the relevant vesting period for directors' stock options. At that point in time the Company had fully amortized the cost of the options and will not record any further compensation expense with regard to these options on a go forward basis.

Legal fees are down in most categories. Legal fees expected to be incurred in connection with the sale of the facility were considered when estimating the net coverable amount as at December 31, 2012. Accordingly, only fees in excess of this estimated amount were recorded as an expense in 2013 and were included in the calculation of loss on disposal of assets held for sale.

Directors' fees are lower because there are now three non-executive directors serving on the Board as compared to five non-executive directors during the comparative period of 2012.

Amortization

Amortization expense was $0.003 million in the second quarter of 2013 compared with $0.2 million in the same quarter of 2012. Substantially all of the Company's amortizable long-term assets were sold on May 31, 2013. During the first two months of the second quarter of 2013 these assets were classified as held for sale. Assets held for sale are not amortized.

Loss on Disposal of Assets Held for Sale and Related Restructuring Costs

As previously noted, the Company completed the sale of its Saint Ambroise, Quebec waste treatment plant and related assets and liabilities on May 31, 2013. While all post-closing adjustments have not been finalized, the preliminary loss on sale is expected to be $0.3 million. The loss is due to disposal costs exceeding earlier estimates which were expected to be composed entirely of professional fees. Disposal and related costs have now increased primarily as a result of the Company's decision to enter into a long-term insurance contract to protect against future liabilities and claims stemming from properties which have been sold.

The Company has also recorded an expense of $0.26 million for restructuring costs incurred in connection with the sale of the facility. These costs include a bonus awarded to the previous President and CEO for completing the sale of the facility and severance costs to be paid in connection with the downsizing of the Company's head office.

Finance Income/Costs

There was no significant fluctuation in finance income or costs between the second quarter of 2013 and the same quarter of 2012.

Income Taxes

The Company recorded an income tax recovery of $0.1 million in the second quarter of 2013 and an income tax recovery of nil in the second quarter of 2012. The income tax recovery in the second quarter of 2013 was due to a reduction to income tax accruals, recorded in prior periods, which are no longer required.

Net (Loss) Earnings

The net loss for the second quarter of 2013 was $1.3 million or a basic and diluted loss per share of $0.03 compared to a net earnings of $3.4 million or basic and diluted earnings per share of $0.09 for the second quarter of 2012. The reduction in earnings over the same period of the prior year is due to no processing at the Saint Ambroise facility and the loss on disposal of assets held for sale and related restructuring costs.

OPERATING RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2013

Sales

Sales for the six month period ended June 30, 2013 were nil compared to $8.2 million 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 2013 prior to the sale of the facility on May 31, 2013.

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, 2013 were $0.5 million compared to $4.1 million in the same period a year ago. Operating costs decreased because no soil was processed in the first half of 2013 prior to the sale of the facility.

OTHER INCOME STATEMENT ITEMS

Administration and Business Development Costs

Administration and business development costs were $1.6 million in the six months ended June 30, 2013, compared with $2.4 million in the same period of 2012. The decrease is explained under this item in the section entitled “Operating Results For The Three Months Ended June 30, 2013” of this report.

Amortization

Amortization expense was $0.1 million in the second half of 2013 compared with $0.4 million in the same period of 2012. Substantially all of the Company’s amortizable long-term assets were sold on May 31, 2013. During approximately one half of the first six months of 2013 these assets were classified as held for sale. Assets held for sale are not amortized.

Loss on Disposal of Assets Held for Sale and Related Restructuring Costs

Refer to the explanation of this item under the section entitled "Operating Results for the Three Months Ended June 30, 2013".

Finance Income/Costs

Finance income earned in the first half of 2013 decreased by $0.3 million over the comparable period in 2012. The decrease was due to a large interest refund received in the first quarter of 2012 in connection with an income tax reassessment of a return filed in a prior period.

Finance costs in the first half of 2013 decreased by $0.05 million over the comparable quarter in 2012. The decrease was primarily due to a reduction in the foreign exchange loss incurred in 2013 over the comparative period in 2012.

Income taxes

The Company recorded income tax recoveries of $0.1 million and $0.2 million in the first six months of 2013 and 2012, respectively. These income tax recoveries for 2013 and 2012 are due to a reduction to income tax accruals, recorded in prior periods, which are no longer required.

Net (Loss) Earnings

The net loss for the six months ended June 30, 2013 was $2.2 million or a basic and diluted loss per share of $0.06 compared to net earnings of $2.1 million or basic and diluted earnings per share of $0.06 for the first half of 2012. The reduction in earnings over the same period of the prior year is due to no processing at the Saint Ambroise facility and the loss on disposal of assets held for sale and related restructuring costs.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

At June 30, 2013 the Company had unrestricted cash and equivalents of $70.9 million and working capital (including cash) of $69.4 million compared to unrestricted cash and equivalents of $63.9 million and working capital (including cash) of $64.2 million on December 31, 2012.

Cash from Operating Activities

For the first six months of 2013, cash used by operations was $0.8 million as compared to the second quarter of 2012 when cash used by operations was $3.6 million. The net loss for the period, partially offset by changes in non-cash working capital items was primarily responsible for the the use of cash in the first half of 2013.

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.

Cash from Investing Activities and Capital Expenditures

Cash provided by investing activities during the six months ended June 30, 2013 was $7.8 million and was due to cash received on disposal of assets held for sale, and a decrease in restricted cash. Capital expenditures at the Quebec facility resulted in a use of cash in investing activities during the first half of 2012 in the amount of $0.04 million.

Cash from Financing Activities

Cash used in financing activities was $0.01 million during the first half of 2013 versus cash used in financing activities of $0.09 million during the same period of the prior year. The use of cash in both periods was due to the repayment of the finance lease obligations and, in 2013, was offset by proceeds from the exercise of share options.

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	2013	2014	2015	2016	2017	Thereafter
Tenure agreement	$ 0.70	$ 0.75	$ 0.04	$ 0.08	$ 0.08	$ 0.08	$ 0.08	$ 0.39
Accounts payable and accrued liabilities	1.26	1.26	1.12	0.14	-	-	-	-
Total contractual obligations	$ 1.96	$ 2.01	$ 1.16	$ 0.22	$ 0.08	$ 0.08	$ 0.08	$ 0.39

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, 2013 the Company had no foreign exchange contracts outstanding. As at December 31, 2012, the Company held a foreign exchange contract to sell $0.23 million U.S. with an insignificant fair value on that date.

CONTINGENCIES AND PROVISIONS

No additional developments have occurred relating to the provisions or contingencies as described in the audited consolidated financial statements as at and for the year ended December 31, 2012 other than:

(a) Regarding note 12(b) of the financial statements mentioned above, the Company made payments to Mr. Bennett of $0.01 million during the second quarter of 2013, for legal costs which it considered to be reasonable. As at August 6, 2013 the company has received invoices from Mr. Bennett of approximately $0.52 million which it considers to be unreasonable and therefore not reimbursable. Mr. Bennett has brought a Motion Record to have the Court order the Company to reimburse these costs. The Motion was heard in July, 2013 and the Court's findings are expected during the third quarter of this year. The Company has accrued an additional expense of $0.11 million during the second quarter of 2013 in respect of this dispute and has now accrued a total of $0.13 million as its best estimate of the remaining reimbursements to be paid.

(b) Regarding note 30(b) to the financial statements mentioned above, John Bennett has attempted to serve the Company with a defense to its claim against him in the amount of $10.3 million. He has also attempted to serve the Company with a counterclaim which seeks to bring proceedings in the Ontario Court claiming defamation and other wrongs and is seeking damages of $30 million plus interest and costs. The Company believes that it is not probable that any liability will arise and no amount has been recorded in the Company's financial statements in respect of this counterclaim.

(c) Regarding note 30(e) to the financial statements mentioned above, the Company and the contractor signed a full and final mutual release in June 2013, subject to the terms and conditions contained in the minutes of settlement, whereby the parties released and discharged each other from any and all actions and claims related to the matters under dispute.

TRANSACTIONS WITH RELATED PARTIES

As described in the Corporate Update section of this report, on May 31, 2013 the Company completed the sale of its Saint Ambroise facility to a company controlled by the plant's manager.

As described in the Corporate Update section of this report, the Company granted investment rights to a fund to be created by Maxam Capital Corp. The Company`s new President and CEO is the founder and managing partner of Maxam Capital Corp.

SHARE CAPITAL

The number of common shares outstanding at August 14, 2013 was 38,778,897. There were 2,538,625 stock options outstanding as at August 14, 2013 exercisable at prices from $1.50 to $2.12 per share.

Subsequent to the end of the quarter, the Board issued or agreed to grant 1,784,400 stock options to the directors and the new President and CEO. All of these options were issued prior to the date of this report, except for the options granted to the new Executive Chairman (formerly the President and CEO) which are to be issued on August 15, 2013. The non-executive directors and the new Executive Chairman were granted an aggregate amount of 284,400 options (129,900 of these were granted to the new Executive Chairman) which are exercisable on the earlier of: (i) the date the share price exceeds 133% of the share price on grant date; and (ii) the date the Company enters into a transformational transaction. Concurrent with the grant of 284,400 options to the non-executive directors and the new Executive Chairman, their cash remuneration was reduced.

The Company's new President and CEO has been granted 1,000,000 options. The first tranche of the grant, consisting of 500,000 options, vest immediately but will be automatically cancelled if a binding definitive agreement is entered into with respect to a transformational transaction already being considered by the Company or previously considered by the Company as of July 12, 2013. The second tranche of the grant consists of 500,000 options, which are only exercisable if the Company enters into a transformational transaction. Transformational transaction is defined as an arrangement with another company which results in a substantial change in the nature, size or prospects of the business, and includes a change of control.

The new Executive Chairman has been granted an additional 500,000 options which will only be exercisable if a binding definitive agreement is entered into with respect to a transformational transaction already being considered by the Company or previously considered by the Company as of July 12, 2013. These options and the first tranche of the options granted to the new President and CEO, if the latter are not previously exercised, are mutually exclusive. If the Executive Chairman's options become exercisable, then the first tranche of the President and CEO's options, if not previously exercised, will be automatically cancelled.

In addition, 729,900 of the options currently held by the new Executive Chairman (formerly the President and CEO) will in future only be exercisable in the unanimous discretion of the Board.

CRITICAL ACCOUNTING ESTIMATES

There are no changes in the nature of the Company's critical accounting estimates as described in the Company's annual MD&A dated March 22, 2013 which can be found on SEDAR at www.sedar.com.

CHANGES IN ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared using the same accounting principles and policies as the annual financial statements for the year ended December 31, 2012 and adopted new IFRS accounting standards as outlined in the interim condensed consolidated financial statements for the period ended March 31, 2013.

RISK FACTORS

Information on "Risk Factors" can be found in the Company's Annual Information Form ("AIF"`) dated March 22, 2013 for the fiscal year ended December 31, 2012.

As a result of the sale of the Saint Ambroise facility, the following risk factors included in the most recent AIF require modification:

<u>Competition and Cyclical Nature of the Business</u>

The Company continues to face competitive risk but is no longer in the business of remediating contaminated soil.

<u>Commodities and Transportation</u>

This no longer applies.

<u>Sale May Not be Completed</u>

This no longer applies.

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, 2013, 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.