# MANAGEMENT DISCUSSION AND ANALYSIS

## FOR THE YEAR ENDED

## DECEMBER 31, 2013

## DATE

This management's discussion and analysis ("MD&A") of the results of operations of Resinco Capital Partners Inc. ("Resinco" or the "Company") for the year ended December 31, 2013, should be read in conjunction with the annual financial statements for the year ended December 31, 2013 ("Financial Statements"), as prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). All amounts presented in this MD&A are in accordance with GAAP except as otherwise indicated, and are presented in thousands of Canadian dollars except for earnings and loss per share numbers or unless otherwise indicated.

The effective date of this MD&A is April 24, 2014.

## NATURE OF OPERATIONS

Resinco is a global investment company which specializes in providing early-stage financing to private and public exploration and mining companies engaged in the hard rock minerals, precious metals, rare-earth minerals, oil, gas, water and renewable energy markets.

Effective September 23, 2013, the Company listed on the TSX Venture Exchange ("TSX-V") under the ticker symbol "RIN". The Company was previously listed on the Toronto Stock Exchange.

## OVERALL PERFORMANCE

At December 31, 2013, the value of the investment portfolio was $3,078 compared to $9,242 at December 31, 2012. The net decrease in the portfolio of $6,164 was primarily due to the a decrease of $5,498 in the fair value of the Company's investment in Woulfe Mining Corp. ("Woulfe") offset by an increase of $348 in the fair value of the Company's investment in Pembrook Mining Corp. ("Pembrook"). The remaining decrease in the portfolio was attributable to the overall decrease in the junior resource market over the same period.

For the year ended December 31, 2013, the Company recorded a net loss of $6,162 or $0.05 per share, compared to a net loss of $366 or $0.00 per share for the year ended December 31, 2012.

## OUTLOOK

Resinco is focused on early-stage investment opportunities and is primarily focused on the junior mineral resource sector. The Company recognizes two enterprise value enhancers; (1) the transition from private to public assets, and; (2) investing in assets which have been over-looked and have not realized their latent potential.

Engagement of this strategy has resulted in increases in the value of the Company's portfolio historically, however the depressed state of the resource sector, and in particular the junior resource segment, has affected all publicly traded entities over the last several years. All forms of financing continue to be very constrained for early stage mineral exploration companies and this has resulted in the quantity of financings to be severely reduced and arduous to complete successfully.

The TSX Venture Exchange, being the representative equities market on which most of the Company's publicly traded early-stage resource investments are listed, declined 17% during the year ended December 31, 2012 and a further 24% in the year ended December 31, 2013.

During the fourth quarter of 2012, the Company introduced a broad range of initiatives to reduce costs and streamline its corporate administration organization. The strategic business decision to outsource 'back-office" functionality was driven by a need to lower operating costs due to the depressed state of the junior resource market sector in which Resinco operates. The Company no longer provides corporate services to any of its early stage investee companies. The Chief Executive Officer ("CEO") reduced his fees by 46% effective January 1, 2013 and to $Nil effective September 1, 2013 to reflect the need for costs savings to occur in all areas of the business. Given the depressed market for funding early stage exploration investments, the Company has reduced new project evaluation.

During the year ended December 31, 2013, the Company's expenses were $589 compared to $1,968 in the prior year. This is a reduction of $1,379 or 70% compared to the prior year due to the cost cutting measures described above.

The Company's performance has mirrored the general negative sentiment towards the junior resource market. As previously stated, fundraising for junior resource companies has become very constricted.

## INVESTMENTS SUMMARY

| | December 31, 2013 | | December 31, 2012 | |
|---|---|---|---|---|
| | **Cost** | **Fair value** | **Cost** | **Fair value** |
| Public Company Investments | $ 13,077 | $ 2,202 | $ 14,174 | $ 8,714 |
| Private Company Investments | 552 | 876 | 2,540 | 528 |
| Total | $ 13,629 | $ 3,078 | $ 16,714 | $ 9,242 |

As at December 31, 2013, the Company held public company investments with a fair value of $2,202 compared to $8,714 at December 31, 2012, a decrease of 75%. During the year ended December 31, 2013, the Company sold investments for proceeds of $297 (2012 - $2,379) and purchased investments totalling $Nil (2012 - $365).

As at December 31, 2013, the Company held investments in private companies with a fair value of $876, compared to $528 at December 31, 2012. Management continues to closely monitor its private company investments and will record any fair value adjustments when considered appropriate.

At December 31, 2013, the cost base of the public and private investments was $13,629 compared to $16,714 at December 31, 2012. The excess of cost over fair value at December 31, 2013 was $10,551, representing a 77% unrealized loss.

## RESULTS FROM OPERATIONS

The Company's net realized loss on disposal of investments for the year ended December 31, 2013 was $146 compared to a net realized loss on disposal of investments of $10,401 for the year ended December 31, 2012. The Company received $297 (2012 - $2,379) proceeds from the sale of investments and purchased or acquired $Nil (2012 - $365) of investments.

In addition, the Company recorded a net change in unrealized loss on investments of $5,316 compared to a net change in unrealized gain on investments of $11,688 in the year ended December 31, 2012.

During the year ended December 31, 2013, there was a 68% decrease in consulting fees, a 58% decrease in office and miscellaneous, a 74% decrease in professional fees, a 73% decrease in rent, and a 91% decrease in salaries and benefits when compared to the prior year. The decreases relate to the effects of the Company's cost saving initiatives begun in November 2012, when all full-time employees were terminated and the corporate compliance and financial reporting services were out-sourced. In addition, the Company's CEO reduced his fees by 46% in January 2013 and to $Nil in September 2013. The Company also subleased its office premises, effective January 1, 2013.

Interest expense increased to $90 compared to $71 in the prior year due to higher interest rates incurred on the amount due to the Company's CEO as described below.

Due from related parties decreased during the year ended December 31, 2013 to $20 from $233 at December 31, 2012. Changes in due from related parties included the following:

i) The amount due from Teslin River Resources Corp. ("Teslin") related to corporate services that Resinco had been providing to Teslin in prior years of $170 (2012 – $170), expense reimbursements of $16 (2012 - $Nil) as well as interest of $35 (2012 – $15), a one-time administration fee of $25 (2012 - $25) and bonus shares of $15 (2012 - $15), all related to the loan Resinco advanced to Teslin as described below. As at December 31, 2013, the Company recorded an impairment charge of $261 due to uncertainty over collectability.

- On December 1, 2009, the Company and the former CEO signed a debt agreement in respect of the total amount owing of $421 for the recovery of personal indebtedness to the Company. The amount was due on demand, unsecured, and accrued interest at 5% as of December 1, 2010 and increased five percentage points each six months thereafter, until the interest rate is 60% per annum. During the year ended December 31, 2012, the Company settled the outstanding balance of $484 (principal and interest) through the receipt of $200 cash and 320,000 shares in Pembrook valued at $452. Within the same transaction, the Company assumed the former CEO's outstanding loan balance of $125 owed to Coral Rapids Minerals Inc. ("Coral Rapids"). As a result of these agreements, the Company recorded a gain on settlement of due from related parties of $43 in the year ended December 31, 2012.

In April 2012, Resinco and Teslin entered into a loan agreement whereby Resinco would lend Teslin up to $300. During the year ended December 31, 2012, Resinco advanced Teslin $275 and during the year ended December 31, 2013, Resinco advanced Teslin an additional $11 for a total of $286. The loan is unsecured and bears interest at prime + 4%, compounded annually, with a one-time administration fee of $25 and 60,000 bonus shares valued at $15. The administration fee and the interest on the loan were included in the amount due from related parties. All amounts are due by December 31, 2014. As at December 31, 2013, the Company recorded an impairment change of $286 on the loan due to uncertainty over collectability.

Due to related parties decreased during the year ended December 31, 2013 to $220 from $959 at December 31, 2012. Changes in due to related parties included the following:

- During the year ended December 31, 2012, the Company settled certain debts with the former CEO (as described above) and as part of the settlement, agreed to settle the former CEO's outstanding loan balance with Coral Rapids for $125.

- During fiscal 2010, a company controlled by the CEO earned an incentive payment of $964. The incentive payment was payable in three equal instalments of $321 on April 30, 2011, December 31, 2011, and December 31, 2012. Interest at prime plus 2% applies on any amounts unpaid by April 30, 2011. Further interest applies if any instalment is not paid by the date payable, at a rate of prime plus 10% per annum for the first 6 months, prime plus 15% for the next 6 months and prime plus 20% for any period thereafter. The total incentive payment plus accrued interest must be repaid by December 31, 2013.

  During the year ended December 31, 2012, the Company made the final payment on the first installment of $76 (2011 – $246). As at December 31, 2012, the amount outstanding related to the second installment of $321, the third installment of $321, and accrued interest of $89.

  On October 9, 2013, the Company settled the outstanding incentive payments of $642 plus accrued interest of $179 in consideration for full and final mutual release through the transfer of 3,000,000 common shares of Woulfe to a company controlled by the CEO. The Woulfe shares were valued at $405 and accordingly, the Company recorded a gain on settlement of $416.

## SELECTED ANNUAL INFORMATION

The Company's selected financial information for the past three fiscal years is as follows:

| | Year ended December 31, 2013 | Year ended December 31, 2012 | Year ended December 31, 2011 |
|---|---|---|---|
| **Statement of operations** | | | |
| Net revenues | $(5,462) | $1,287 | $(17,037) |
| Loss for the year | (6,162) | (366) | (18,761) |
| Loss per share – basic and diluted | (0.05) | (0.00) | (0.15) |
| **Balance sheet** | | | |
| Total assets | 3,239 | 10,161 | 10,606 |
| Long-term debt | - | - | - |
| Dividends | - | - | - |

## SUMMARY OF QUARTERLY RESULTS

| | Three months ended | | | |
|---|---|---|---|---|
| | December 31, 2013 | September 30, 2013 | June 30, 2013 | March 31, 2013 |
| | | | | |
| Net revenues | $(1,358) | $ 1,462 | $(4,176) | $(1,390) |
| Income (loss) for the period | (1,571) | 1,343 | (4,335) | (1,599) |
| Income (loss) per share – basic and diluted | (0.01) | 0.01 | (0.04) | (0.01) |

| | Three months ended | | | |
|---|---|---|---|---|
| | December 31, 2012 | September 30, 2012 | June 30, 2012 | March 31, 2012 |
| | | | | |
| Net revenues | $(1,048) | $2,498 | $(6,408) | $6,245 |
| Income (loss) for the period | (1,399) | 1,987 | (6,849) | 5,895 |
| Income (loss) per share – basic and diluted | (0.01) | 0.02 | (0.06) | 0.05 |

## LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2013, the Company had cash of $135, compared to $367 at December 31, 2012. Net cash used in operating activities for the year ended December 31, 2013 was $547 (2012 - $1,721), net cash received from investing activities was $286 (2012 - $2,041), and net cash received from financing activities was $29 (2012 - $Nil).

At December 31, 2013, the Company had investments valued at $3,078, compared to $9,242 at December 31, 2012. Funding for the Company's operations is generated from the sale of investments in its portfolio. Most of the value of the portfolio of investments is comprised of publicly traded companies, offering greater liquidity than investments in private companies. The Company holds significant positions in several public companies and their average trading volumes determine the individual liquidities of the investments. As a whole, the Company's investments provide sufficient liquidity to support the continuing operations of the Company. Management believes its resources are more than sufficient to meet the Company's ongoing overhead requirements.

As of the date of this MD&A, the Company had 123,019,885 common shares issued and outstanding. As of the date of this MD&A, none of the stock options outstanding are "in-the-money".

## FOURTH QUARTER

The Company began the fourth quarter with $143 cash. During the fourth quarter, the Company used net cash of $45 in operating costs, received $7 from investing activities, and received $29 from financing activities, to end the quarter and the year with $134 cash.

## CONTRACTUAL OBLIGATIONS

The Company has obligations under an operating lease for offices in Vancouver, B.C. until 2016 as described in the notes to the Financial Statements. This office has been sub-leased and Resinco expects to recover 100% of the lease payments over the term of the lease.

## RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere in this MD&A are as follows:

**(a)** During the year ended December 31, 2013, the Company received or accrued corporate services revenue of $Nil (2012 - $179) and interest and loan income of $20 (2012 – $96) from investee companies and the former CEO.

**(b)** During the year ended December 31, 2013, the Company paid or accrued consulting fees of $100 (2012 - $280) to a company controlled by the CEO, $96 (2012 - $16) to a company controlled by an officer, $Nil (2012 - $63) to a company controlled by a director, and $Nil (2012 - $134) to a company controlled by the former CFO.

**(c)** During the year ended December 31, 2013, the Company paid or accrued interest of $90 (2012 - $71) to a company controlled by the CEO.

Transactions with related parties were conducted and recorded at the exchange amount at the time of the transaction.

## CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates and assumptions include the determination of the fair value of investments and loans, the allowance for doubtful accounts, loan impairment provisions, recognition of future income tax assets and stock-based transactions. Actual results may differ materially from those estimates.

*Investments*

At the end of each financial reporting period, the Company's management estimates the fair value of its investments based on the criteria below and records such valuations in the financial statements.

(i) Public investments

1) Securities, including shares, options and warrants which are traded on an active market, such as on a recognized securities exchange and for which no sales restrictions apply, are presented at fair values based on quoted closing bid prices at the balance sheet date. These are included in Level 1.

2) Securities which are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value to a maximum of 10%. In determining the discount for such investments, the Company considers the nature and length of the

restriction. These are included in Level 2.

3) For options and warrants which are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available or reliable, the options and warrants are valued at intrinsic value, which is equal to the higher of the closing bid price at the balance sheet date of the underlying security less the exercise price of the option or warrant, and zero. These are included in Level 2.

(ii) Private investments

All investments in private companies, other than options and warrants, are initially recorded at cost, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may, depending upon the circumstances, be adjusted using one or more of the valuation indicators described below. These are included in Level 3. Options and warrants of private companies are carried at nil.

The determinations of fair value of the Company's investments in private companies at other than initial cost are subject to certain limitations. Financial information for private companies in which the Company has investments may not be available or, if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on management's judgment and any value estimated from these techniques may not be realized or realizable.

The following circumstances are used to determine if the fair value of an investment in a private company should be adjusted upward or downward at the end of each reporting period. In addition to the events described below, which may affect a specific investment, management will take into account general market conditions when valuing the Company's investments. Absent the occurrence of any of these events, or any significant change in general market conditions, the fair value of the investment is left unchanged.

The fair value of an investment in a private company may be adjusted upward if:

1) There has been a significant subsequent equity financing provided by outside investors at a valuation above the current fair value of the investee company. In this instance, the fair value of the investment is adjusted to the value at which the financing took place; or

2) There has been significant corporate, political, operating and/or economic events affecting the investee company that, in management's opinion, have a positive impact on the investee company's prospects and, therefore, its fair value.

The fair value of an investment in a private company may be adjusted downward if:

1) There has been a significant subsequent equity financing provided by outside investors at a valuation below the current fair value of the investee company. In this instance, the fair value of the investment is adjusted to the value at which the financing took place; or

2) The investee company is placed into receivership or bankruptcy; or

3) Based on financial information received from the investee company it is apparent to management that the investee company is unlikely to be able to continue as a going concern; or

4) There has been significant corporate, political, operating and/or economic events affecting the investee company that, in management's opinion, have a negative impact on the investee company's prospects and, therefore, its fair value.

In the circumstances where general market conditions so warrant, an adjustment to the fair value of an investment will be based on management's judgment and any value estimated may not be realized and may differ from values that might be determined if a ready market existed.

Transaction costs incurred in the purchase and sale of investments, such as brokerage commissions, are recorded as an expense in the statements of operations. Purchases and sales of securities are accounted for on a trade-date basis.

The Company also incurs costs to investigate certain early stage projects and other potential investment opportunities to determine whether an investment will be made. These costs are expensed as incurred.

*Loan impairment*

Loans are accounted for at their face value net of any allowance for loan impairment. When a loan is deemed to be impaired, its carrying amount is reduced to its estimated realizable amount which is measured by discounting expected future cash flows at the effective interest rate inherent in the loans, if such future cash flows can be reasonably estimated. Otherwise the net realizable amount is measured as the net recoverable value of any security pledged as collateral for the loan. The amount initially recognized as impairment, together with any subsequent change, is charged to the allowance for loan impairment. An impairment of the loan will occur when the loan is believed to have no reasonable expectation of collectability. Loan impairments are reversed if the conditions that gave rise to the impairment are no longer present and it is determined that the loan is no longer impaired as a result.

*Income taxes*

The Company follows the liability method of accounting for income taxes. Under this method, the estimated income taxes payable for the current period are recognized. Future income tax assets and liabilities are recognized when a temporary difference between the tax basis and the accounting basis of an asset and/or liability exists. Future income tax assets and liabilities are recorded using enacted or substantively-enacted tax rates. Future income tax assets are recognized only to the extent that their realization is considered more likely than not.

*Stock-based compensation*

Management uses the Black-Scholes option pricing model to estimate the fair value of each stock option at the date of grant. The value of stock options granted to employees, directors and consultants is recorded as stock-based compensation expense and credited to contributed surplus. The value of any stock options issued as compensation for private placements and other financings is recorded as share issue costs and credited to contributed surplus. Any consideration received from the exercise of stock options is credited to capital stock and the appropriate amount of the options' fair value is reallocated from contributed surplus to capital stock.

## TRANSITION TO NEW FINANCIAL REPORTING FRAMEWORK

Canadian publicly listed enterprises were required to adopt International Financial Reporting Standards ("IFRS") in replacement of Canadian GAAP on January 1, 2011. The Company elected to defer adoption of IFRS. This election is permitted by the Canadian Accounting Standards Board ("AcSB") and applies to Investment Companies and Segregated Accounts of Life Insurance Enterprises. The decision was in response to the International Accounting Standards Board's announcement in late 2010 that its Investment Company project was delayed.

The transition date of the Company will be January 1, 2014. Under IFRS, there is more disclosure required. Further, while IFRS uses a conceptual framework similar to Canadian GAAP, there are differences in accounting policies. Although management of the Company has noted a number of differences between Canadian GAAP to IFRS, it has determined that none of the differences are expected to have a material impact on the Company's reported results and financial position.

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Financial instruments

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The financial instruments measured at fair value on the Company's balance sheet are classified as follows:

| **December 31, 2013** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash | $ 135 | $ - | $ - | $ 135 |
| Restricted cash | $ - | $ - | $ - | $ - |
| Investments | $ 2,202 | $ - | $ 876 | $ 3,078 |

| **December 31, 2012** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash | $ 367 | $ - | $ - | $ 367 |
| Restricted cash | $ 29 | $ - | $ - | $ 29 |
| Investments | $ 8,689 | $ 25 | $ 528 | $ 9,242 |

During the year ended December 31, 2013, $25 of the investments which were held in Level 2 as at December 31, 2012 were transferred out to Level 1 as the shares were no longer restricted.

The following table reconciles the Company's Level 3 fair value measurements from December 31, 2012 to December 31, 2013:

| | Level 3 Investments | |
|---|---|---|
| | December 31, 2013 | December 31, 2012 |
| Balance at beginning of the year | $ 528 | $ 20 |
| Acquired | - | 452 |
| Unrealized gains | 348 | 76 |
| Transferred out to level 1 | - | (20) |
| Balance at end of the year | $ 876 | $ 528 |

**Risk management**

The Company is or may be subject to certain risks including interest rate risk, currency risk, credit risk and market risk. Risk management strategies may expose the Company to further gains or losses, but serve to stabilize future cash flows, reduce the volatility of operating results and increase overall financial strength.

*Interest rate risk*

The Company has loans receivable and, therefore, may be subject to interest rate risk. Management believes the exposure to the interest rate risk is immaterial given the size of the loans outstanding and the current low global interest rate environment. This risk is further mitigated by fixing interest rates at the inception of the loans where possible.

*Currency risk*

The Company has foreign investments and is therefore subject to currency risk. Management believes these investment and transaction amounts are not significant and there are no material foreign currency commitments. The currency risk is therefore manageable and not significant. The Company does not currently use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates.

*Credit risk*

Credit risk is the risk associated with the inability of a third party to fulfil its payment obligations. The Company is exposed to the risk that third parties that owe money or securities in connection with services provided, or for other purposes, will default on their underlying obligations.

Prior to accepting any service engagement or providing any loan, the Company assesses future recoverability by examining the entities' financial conditions, properties and assets, business development activities and management. The Company manages its exposure to credit risk by reviewing the outstanding balances on an ongoing basis, monitoring the amount attributable to each counterparty and the length of time taken for amounts to be settled. Where necessary, management takes appropriate action to follow up on those balances considered overdue.

*Liquidity risk*

Liquidity risk is the risk that the Company will have insufficient cash resources to meet its financial obligations as they become due. The Company's liquidity and operating results may be adversely affected if the Company does not have access to the capital markets, whether as a result of a downturn in general market conditions or related to matters specific to the Company, or if the value of the Company's investments decline, resulting in lower proceeds and/or losses on disposition. The Company generates cash flows primarily from the disposition of its investments and from its financing activities. The Company's investments focus on early-stage natural resource and renewable energy companies which can at times be relatively illiquid and if the Company decides to dispose of certain securities, it may not be able to do so at favorable prices at that time, or at all. However, the Company has sufficient marketable securities which are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions such that, in the absence of overall market disruptions or exceptional circumstances, liquidity risk can be minimized.

*Market risk*

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. The Company's investments are primarily concentrated in the junior natural resource industry, which results in exposure to higher volatility than broader market investments and indexes. The Company's investments are accounted for at fair value and are sensitive to changes in market bid prices, such that changes in market prices result in a proportionate change in the carrying value of the Company's investments. A 10% change in the fair values of the Company's investments at December 31, 2013, would have a $308 (2012 - $924) impact on net income.

*Concentration risk*

The Company is subject to concentration risk due to the nature of the Company's operations as an investment company and the number of investments held in the portfolio which consists primarily of early-stage natural resource and renewable energy companies and their related technologies. As a result, the investment portfolio is directly exposed to the risks associated with companies operating in this industry sector.

As at December 31, 2013, approximately 96% (2012 - 97%) of the fair value of the Company's investment portfolio consisted of investments in five companies with the largest single investment comprising 62% (2012 - 80%) of the total portfolio value.

## OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had the following issued and outstanding securities:

| | Common shares | Stock options |
|---|---|---|
| Balance, December 31, 2013 | 123,019,885 | 6,565,000 |
| Expired | - | (775,000) |
| Balance, as at the date of this MD&A | 123,019,885 | 5,790,000 |

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Statements in this MD&A other than purely historical information, including statements relating to the Company's future plans and objectives or expected results, constitute forward-looking statements. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve 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 the forward-looking statements.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise them to reflect new events or circumstances.

## RISKS AND UNCERTAINTIES

The business of investing primarily in resource exploration and development companies involves a high degree of risk. The Company's portfolio is highly concentrated in this sector, which is exposed to above average cyclical fluctuations due to economic conditions, commodity supply/demand imbalances and global political factors. Development stage companies in this sector focus on early-stage resource properties, and few of those properties explored are ultimately developed into commercial operations. At present, none of the Company's investments are in companies that are in commercial operations, and therefore do not internally generate any cash flows to support their operations. Thus, they are reliant on raising additional financing through debt or equity issuances to continue their operations and develop their properties.

The Company's investments are also exposed to title risks, environmental and insurance risks, as well as political and environmental instability. The business of investing in public companies exposes the Company to the inherent risk of unusual market fluctuations.

Other risks facing the Company include competition, which can either increase costs or reduce the number of attractive opportunities, reliance on third parties (such as brokerage houses and securities clearing houses), statutory and regulatory requirements and uncertainty of additional financing. As the Company generates the majority of its income from the proceeds of disposition of its investments, the volatility of the sector could impact the availability and quantity of cash flows available. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates.

Information concerning risks specific to the Company and its industry, which are required to be included in this MD&A are incorporated by reference to the Company's AIF, in the section entitled "Description of the Business – Risk Factors".

## ADDITIONAL INFORMATION

Additional information is available on SEDAR at www.sedar.com, or by contacting the Company's head office at Unit 1 – 15782 Marine Drive, White Rock, BC, Canada V4B 1E6, or by telephone for John Icke at 604-696-6515, or by emailing the Company at info@resincocp.com.