

**DATE OF REPORT:**                   **May 2, 2011**

## **INTRODUCTION**

This Management's Discussion and Analysis ("MD&A") of the consolidated operations of Resinco Capital Partners Inc. ("Resinco" or the "the Company") for the quarter ended March 31, 2011, and subsequent activity up to May 2, 2011, should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2010, 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.

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

The forward-looking information in this MD&A and in the Company's ongoing disclosure, including its press releases, is based on the conclusions of Management and is often identified by such words as "anticipate", "budget", "plan", "should", "expect", "may", "believe", "potential", "intend" and similar expressions. Actual results may differ materially from those expressed or implied by such forward-looking statements. When reviewing the Company's forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. These include risks relating to market fluctuations, investee performance and valuation, national and global economic trends, foreign exchange fluctuations, natural disasters and other risks. These forward-looking statements speak only as of the date hereof. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to update these forward-looking statements and cautions investors from placing undue reliance on forward-looking statements. The Company has an ongoing obligation to disclose material information as it becomes available.

## **NATURE OF OPERATIONS**

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

The Company changed its name from Longview Capital Partners Incorporated to Resinco Capital Partners Inc. on November 24, 2009. It began trading as a Tier 1 listed issuer on the TSX Venture Exchange ("TSXV") on March 6, 2006. The Company graduated to the Toronto Stock Exchange ("TSX") on September 24, 2007, and trades under the ticker symbol: "RIN". The Company's head office is in Vancouver, Canada.

A Technical Advisory Board ("TAB") was established in the fourth quarter of 2009 to provide the Company with advice, counsel, guidance and education related to the technical aspects of potential investments. Additionally, TAB members lead the technical due diligence of new deals and provide quality assurance related to the assessment of ongoing exploration programs and operational plans of its current investments. The TAB members each receive a \$500 (five hundred dollar) monthly retainer and annual stock options awards from the Company. The TAB board currently has 6 members.

## OVERALL PERFORMANCE

- ▶ For the three months ended March 31, 2011 TSX Venture index recorded a 5.33% gain. During the same period the Company's portfolio experienced a 28% value decline. At quarter end the value of the portfolio was \$20,540 a net reduction of (\$7,888) this was as a consequence of two issues. First, the natural disaster in Japan created some negative pressure on uranium investments and secondly four of the company's portfolio experienced valuation reductions amounting to (\$6,701) which represented 85% of the portfolio value reduction of the company in the quarter."
- ▶ For the quarter ended March 31, 2011, the Company realized net gains on the sale of investments of \$1,068 (2010 - \$209) and recorded net unrealized loss on investments of \$(8,165) (2010 - \$ 758).
- ▶ For the quarter, the Company recorded a net loss of \$(7,063) or \$(0.06) per share, compared to net income of \$587, or \$0.005 per share, in the same period of 2010.

## OUTLOOK

Resinco is focused on early-stage investment opportunities and is primarily focused on mineral resources. The Company recognizes two enterprise value enhancers; (1) the transition from private, public assets, and; (2) investing in assets which have been over-looked and have not realized their latent potential. This strategy has resulted in significant increases in the value of the Company's portfolio in 2009 and 2010, which also reflected the general rise in commodity prices in 2009 and 2010. Though the global economy has shown increasing signs of strength over the past year, the natural disasters that were experienced in the first three months of 2011, have adversely affected all publically traded entities, specifically those in the natural resource sector. Capital raising activity in the global resource exploration sector increased in 2010 over 2009, a trend which the Company believes will return in 2011 to levels after the global economy absorbs the effects of these disasters.

The TSX Venture Exchange, being the representative equities market on which most of the Company's publicly traded early-stage resource investments are listed, rose 50.4% in 2010 and 91% in 2009.

The Company is well positioned to continue providing corporate services to some of its early stage investee companies and expects its overhead costs to remain stable and consistent in 2011 compared to 2010. The Company is also continuing to develop many international relationships which raises the public awareness of Resinco and presents the Company with more investment opportunities.

## INVESTMENTS SUMMARY

	March 31, 2011		December 31, 2010	
	Cost	Fair value	Cost	Fair value
Public Company Investments	\$ 22,066	\$ 20,382	\$ 21,764	\$ 28,320
Private Company Investments	\$ 7,311	\$ 158	\$ 7,261	\$ 108
Total	\$ 29,377	\$ 20,540	\$ 29,025	\$ 28,428

- ▶ As at March 31, 2011, the Company held public company investments with a fair value of \$20,382, compared to \$28,320 at the end of 2010, a decrease of 28%%. In the first quarter, the Company sold investments for proceeds of \$1,432 (2010 - \$525) and purchased investments totalling \$580 (2010 - \$2).
- ▶ As at March 31, 2011, the Company held investments in private companies with a fair value of \$158, compared to \$108 at the end of 2010. . Management continues to closely monitor the private company investments and has recorded impairments where considered necessary.
- ▶ At March 31, 2011, the cost base of the public and private investments was \$29,377, compared to \$29,025 at the end of 2010. The excess of cost over fair value at year-end was \$8,837, representing a 30% unrealized loss, whereas at December 31, 2010, the excess of cost over fair value was \$597, representing an unrealized loss of 2%.

**RESULTS FROM OPERATIONS**

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

	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008 (restated)
Net realized investment (losses) gains	\$ (3,730)	\$ (1,115)	\$ 2,499
Net unrealized investment gains/ (losses)	16,911	6,584	(89,358)
Income/ (losses) for the year	10,141	4,677	(77,355)
Income/ (losses) per share - basic	0.08	0.04	(0.70)
Income/ (losses) per share - diluted	0.08	0.04	(0.70)
Total assets	29,439	17,973	12,179
Total liabilities	1,746	784	559
Shareholders' equity	\$ 27,693	\$ 17,189	\$ 11,620

The Company's net realized investment gain in 2010 was \$1,374, excluding a \$5,104 loss realized from an investment made in 2005 and 2006 which had been written down to nil in 2008, compared to a net realized loss of \$1,115 in 2009, represents an increase of \$2,489. The Company's performance mirrored significant price increases across a broad range of commodities, as the underlying portfolio is comprised of investments in resource based exploration companies. The net assets of the Company rose \$10,504 or 61.1% over the net assets at December 31, 2009. In 2010, the Company received \$3,606 (2009 - \$1,652) from the sales of its investments, and acquired \$1,647 (2009 - \$2,466) of investments.

Operational re-engineering in 2008 and early in 2009 had reduced the Company's overheads to a level that has not changed significantly in 2010. Overall total operating expenses in 2010 were \$3,574 (2009 - \$1,542). The expenses in 2010 include an incentive compensation accrual to the Company's President and Chief Executive Officer of \$964 (2009 - nil). The accrual is based on year-end operating results, equal to 6.67% of the increase in net assets of the Company in excess of a 20% increase over the period commencing August 31, 2010, and is payable in three equal instalments after 4, 12 and 24 months. 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 six months, prime plus 15% for the next six months and prime plus 20% for any period thereafter. The expenses in 2009 included a recovery from a loan that had previously been impaired. Consequently, with the exception of the 2010 incentive compensation accrual and the 2009 recovery, total operating expenses were \$2,610 in 2010 and \$3,794 in 2009, indicating an overall decrease of 31% in 2010. This decrease is consistent with the cost control initiatives, such as reducing staff and other overheads, undertaken in 2008 and 2009. This cost management trend continued in the quarter ended March 31, 2011, where operating costs (adjusted for share based compensation) were down by 1% from the same period in 2010.

The earnings and loss per share numbers are influenced primarily by the Company's unrealized gains and losses. For the quarter ended March 31, 2010, the Company's results, along with those of many companies, were significantly influenced by the effects of the natural disasters in the first three months of 2011.

**ANNUAL GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>2010</b>	<b>2009</b>	<b>2008</b>
Advertising	\$ 22	\$ 9	\$ 87
Consulting fees	1,374	515	882
Corporate development	-	-	2,105
Directors fees	-	-	150
Investor relations	114	62	226
Office expenses	374	473	1,008
Professional fees	254	487	341
Regulatory & filing fees	34	45	81
Sponsorships	10	65	46
Travel	134	223	500
Wages and benefits	306	599	1,566
Other	464	246	-
	<b>\$ 3,086</b>	<b>\$ 2,724</b>	<b>\$ 6,992</b>

Total G&A expenses rose 16% in 2010 over 2009. However, included in Consulting fees is an incentive compensation accrual of \$964 (2009 - nil), and therefore all other consulting fees declined 20% to \$410 from \$515 in 2009. Office expenses declined 21%, professional fees declined 48%, travel declined 40% and wages and benefits declined 49%. These decreases reflect the consolidation of operating activities and the Company's attention to cost management. Other G&A expenses of \$464 (2009 - \$246) rose 89%, or \$218, primarily due to an adjustment pursuant to an assessment by the Canada Revenue Agency ("CRA") in respect of a GST audit of the Company's 2008 operations. Subsequent to December 31, 2010, the Company and the CRA reached agreements on the 2007 and 2008 assessments and the Company reduced the GST liability by approximately \$200. This adjustment is not reflected in the 2010 year-end financial statements.

The decrease in G&A from 2008 to 2009 was 61%, primarily due to significant reductions in overhead costs as the Company re-aligned its operations, as a consequence of a 91% decline in the Company's investment portfolio in 2008. Also in 2008, the Company incurred \$2,030 non-cash Corporate Development expense related to the development of Terreno Resources Corp., one of the Company's significant investments. The expense represented the value of securities that were transferred to a third party. With the exception of that expense, all other G&A expenses, in aggregate, declined 45% in 2009.

**SUMMARY OF QUARTERLY RESULTS**

	<b>Three months ended</b>			
	<b>March 31, 2011</b>	<b>December 31, 2010</b>	<b>September 30, 2010</b>	<b>June 30, 2010</b>
Realized gain/(loss) on disposal of investments	\$ 1,068	\$ (4,525)	\$ 62	\$ 514
Net unrealized investment (loss)/gains	(8,165)	20,446	416	(4,709)
Net (loss)/income for the period	(7,063)	14,203	(2)	(4,647)
(Loss)/Income per share – basic	(0.06)	0.11	0.00	(0.04)
(Loss)/Income per share – diluted	(0.06)	0.11	0.00	(0.04)

	<b>Three months ended</b>			
	<b>March 31, 2010</b>	<b>December 31, 2009</b>	<b>September 30, 2009</b>	<b>June 30, 2009</b>
Realized (loss)/gain on disposal of investments	\$ 219	\$ (2,233)	\$ -	\$ 1,884
Net unrealized investment gain/(loss)	758	2,225	893	2,350
Net income/(loss) for the period	587	1,840	115	2,252
Income/ (loss) per share – basic	0.01	0.02	0.00	0.02
Income/ (loss) per share – diluted	0.02	0.02	0.00	0.02

**Three months ended March 31, 2011, compared to three months ended March 31, 2010**

The first quarter of 2011 proved to be challenging as the Company's results were adversely affected by the natural disaster that occurred in Japan during the quarter and the effect that this had on the Companies public company portfolio. The Company realized gains on the sale of investments of \$1,068 (2010 - \$219), and recorded unrealized losses of \$(8,165) (2010 - \$758). The value of the investment portfolio rose in the first quarter from \$17,252 to \$20,540, or 19%, while the TSX Venture Exchange ("TSX-V") index rose 17%. The portfolio does not, and is not, expected to track the direct changes in the TSX-V index; however, there is some correlation.

**Three months ended March 31, 2011, compared to three months ended December 31, 2010**

The Company incurred a loss of \$(7,603) in the first quarter, compared to net income of \$14,203 in the prior quarter. The Company's investment portfolio decreased 28% in the first quarter and increased 128% in the prior quarter.

Total expenses in the current quarter were \$652, compared to \$880 excluding the incentive compensation accrual in the previous quarter of which 76% (prior quarter – 86%) were general and administrative expenses. Staffing and office costs remained materially consistent over the quarters.

**GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>Three Months Ended</b>		
	March 31, 2011	December 31, 2010	March 31, 2010
Advertising	\$	\$ 21	-
Consulting fees (excluding incentive compensation accrual)	123	109	103
Corporate development	16	-	(18)
Investor relations	15	24	25
Office expenses	70	69	90
Professional fees	35	143	8
Regulatory & filing fees	22	2	19
Share based compensation	183	41	85
Travel	66	57	32
Wages and benefits	102	82	72
Other	2	158	142
	\$ 634	\$ 665	558

**LIQUIDITY AND CAPITAL RESOURCES**

At March 31, 2011, the Company had cash and cash equivalents of \$183, compared to \$200 at December 31, 2010, and had investments valued at \$20,540, compared to \$28,428 at December 31, 2010 (and \$17,252 at March 31, 2010, an increase of 19%). Net cash used in operating activities was \$758 (2010 - \$614) and the net cash received from investing activities was \$733 (2010 - \$472). Funding for the Company's operations is generated from the sale of investments from its portfolio and, to a lesser extent, from fees earned by providing certain corporate services to public and private companies. Total service revenues increased in the first quarter of 2011 from \$83 to \$108, due to an early settlement on a consulting fee agreement. Service fee revenues are expected to fluctuate as a percentage as the value of realized and unrealized gains increases. 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 diverse investments provide sufficient liquidity to support the continuing operations of the Company. A sensitivity analysis shows that Resinco can fund its operating costs by selling its investments at a rate of less than 5% of the daily average trading volumes, calculated on a quarterly basis, of the individual securities on an ongoing basis.

The 2008 global financial crisis reduced investors' willingness, in general, to provide funding and support to development-stage companies and to the companies that invest in them. Accordingly, the Company reduced operating overheads and was therefore able to maintain liquidity through that extremely weak market from the summer of 2008 to the spring of 2009. As a result, Management has not sought to raise funds through the issuance of securities, thus protecting shareholders from dilution. Management believes its resources are more than sufficient to meet the Company's ongoing overhead and investment requirements. The Company has no material payment obligations except the long term portion of the incentive compensation accrual and, at the date of this report, held cash of approximately \$114. Should much larger investments be undertaken, additional financings may be required to expand the portfolio of investments beyond the Company's internal ability to finance investment growth.

As of the date of this report, the Company had 121,444,885 common shares issued and outstanding. Total outstanding stock options as of the date of this report were 10,721,000 exercisable at prices between \$0.055 and \$0.155 per share.

Total outstanding warrants as of date of this report were 6,250,000 at an exercise price of \$0.15.

### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Estimates are based upon historical experience and various other assumptions that are believed to be reasonable under the prevailing circumstances. These estimates, as described below, are evaluated on a regular basis and provide the foundation for making judgments regarding the carrying values of assets and liabilities and the reported amount of revenue and expenses. Actual results could differ from those estimates.

#### *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 share capital and the appropriate amount of the options' fair value is reallocated from contributed surplus to share capital.

#### *Future Income Taxes*

The Company follows the asset and 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 substantively-enacted tax rates.

#### *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 consolidated financial statements.

##### (i) Public Investments

Investments in shares of public companies traded on an active market are recorded at fair values based upon the closing bid prices at the balance sheet date. If an active market does not exist the investments are recorded at fair value using a valuation technique based upon Management's estimates which consider reliable, observable market inputs.

The amounts at which investments in public companies could be disposed of may differ from fair values based upon market bid prices, as the value at which significant ownership positions are sold is often different from a quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to a lack of liquidity.



(ii) Private Investments

All investments in private companies 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.

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.

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.

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. Warrants and options not traded on a recognized securities exchange are recorded at fair value using a valuation technique that considers the exercise price, the closing bid price of the underlying shares, time value adjustment, volatility and liquidity.

Accordingly, the amounts at which investments in privately-held companies could be disposed of may differ from the carrying value determined due to the uncertain reliability of information available to, and determinations reached by, Management. Any fair value determined by these techniques may or may not be realized in the future.

The fair value of any options or warrants that the Company holds, for both private and publicly traded companies, is calculated each reporting period using the Black-Scholes pricing model.

Transaction costs incurred in the purchase and sale of investments, such as brokerage commissions, are recorded as an expense in the consolidated 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.

#### *Revenue recognition*

Security transactions are recorded on a trade-date basis. Realized gains and losses on the disposal of investments and unrealized gains and losses in the fair value of investments are reflected in the consolidated statement of operations and are calculated on an average-cost basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. Interest is recorded on an accrual basis when reasonable assurance exists regarding measurement and collectability. Revenue for corporate administration and advisory services is recognized when persuasive evidence of an arrangement exists, services have been rendered, the price is fixed or determinable and collectability is reasonably assured.

#### *Loan impairment*

Impaired 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. A write-off of the loan will occur when the loan is believed to have no reasonable expectation of collectability.

### **ADOPTION OF NEW ACCOUNTING STANDARDS**

#### *Financial Instruments – Disclosures*

In September 2009, CICA Handbook Section 3862, Financial Instruments – Disclosures was amended to reflect the corresponding amendments made in March 2009 by the International Accounting Standards Board to IFRS 7, Financial Instruments – Disclosures.

The amendments require that all financial instruments measured at fair value be presented into one of the three hierarchy levels set out below for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair value of the assets or liabilities.

Level 1: Inputs are unadjusted quoted prices of identical instruments in active markets;

Level 2: Valuation models which utilize predominantly observable market inputs;

Level 3: Valuation models which utilize predominantly non-observable market inputs.

The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The amendments to Section 3862 also require additional disclosure relating to the liquidity risk associated with financial instruments. The amendments improve disclosure of financial instruments specifically as it relates to fair value measurement and liquidity risk. The adoption of the amendments did not impact the Company's financial position or results of operations.



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## **New Accounting Pronouncements**

The recent accounting pronouncements that have been issued as new sources of GAAP, but are not yet in effect, are described below:

### *Business combinations*

In January 2008, the CICA introduced Handbook Section 1582, "Business Combinations", to replace Handbook Section 1581, "Business Combinations", and Sections 1601, "Consolidated Financial Statements", and 1602, "Non-controlling Interests", to replace Handbook Section 1600, "Consolidated Financial Statements". The adoption of Section 1582 and Sections 1601 and 1602 collectively provides the Canadian equivalent to IFRS 3 "Business Combinations", and International Accounting Standards ("IAS") 27, "Consolidated and Separate Financial Statements". CICA 1582 applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011. CICA 1601 and CICA 1602 apply to interim and annual consolidated financial statements relating to years beginning on or after January 1, 2011. Management is currently reviewing the impact of this standard and does not expect any significant impact on its consolidated financial statements.

### *IFRS*

Canadian publicly listed enterprises are generally required to adopt IFRS in replacement of Canadian generally accepted accounting principles ("GAAP") on January 1, 2011. This transition would require the Company to present its financial statements under IFRS starting with its first quarterly report dated March 31, 2011, with restated comparative information for the comparative quarter of March 31, 2010, also under IFRS. The Company has begun the process to transition from GAAP to IFRS. However, the Company has elected to defer the date of adoption of IFRS until no later than January 1, 2013. This election is available to investment companies and segregated accounts of life insurance enterprises, pursuant to a decision reached by the Canadian Accounting Standards Board ("AsSB") on January 12, 2011. The deferral allows these types of Canadian entities to maintain their same accounting treatment for controlled investees, as the International Accounting Standards Board ("IASB") continues to draft its standards for investment accounting. Upon completion of this project, the IASB standards are expected to align with and become more consistent with the accounting policies the Company currently follows under Accounting Guideline 18 Investment Companies, as issued by the AsSB.

In respect of IFRS work done to date, and with the exception of the IASB investment accounting policies, management believes that the differences will not have a material impact on the Company's reported results and financial position. The Company expects that most adjustments required upon transition to IFRS will be made retrospectively against opening retained earnings, and shown on the first comparative consolidated balance sheet. IFRS 1, "First Time Adoption of International Financial Reporting Standards" provides entities which are adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions to certain of the IFRS requirements for retrospective application of IFRS. The Company is analyzing the various choices and will implement those which are determined to be most appropriate to the Company's particular circumstances. Once these decisions are finalized, and their expected impact on the Company's reported results and financial position are able to be quantified, those impacts will be described in a future MD&A.

## **RELATED PARTY TRANSACTIONS**

- (a) For the quarter ended March 31, 2011, the Company received or accrued revenue from related companies for rent, administrative and accounting services, and loan fees totalling \$80 (2010 - \$71).
- (b) At March 31, 2011, the Company was owed \$711 (December 31, 2010 - \$553) from related parties, comprised of two components: 1) service fees earned as noted in Note 9(a) above, in the current and prior periods totalling \$279 (December 31, 2010 - \$130), and 2) an amount of \$432 (December 31, 2010 - \$423) due from the former CEO and chairman of the Company. The Company and the former CEO and chairman have signed a Debt Agreement in respect of the total amount owing and the amount is due on demand, unsecured, and accrues interest at 5% as of December 1, 2010 and increases five percentage points each six months thereafter, until the interest rate is 60% per annum.
- (c) Companies where a director or officer of the investee company is or was also a director, officer or a member of management of the Company, and the Company holds greater than 10% of the outstanding share capital of the investee company, are as follows: Cue Resources Ltd., Lions Gate Metals Inc., Pacific Coast Nickel Corp., Terreno Resources Corp. (formerly Mega Moly Inc.), and Teslin River Resources Ltd..

(d) Loans Receivable

At March 31, 2011, the Company had related party loans receivable as follows:

<b>Related party</b>	<b>Balance December 31, 2010</b>	<b>New loans provided</b>	<b>Loans repaid in shares</b>	<b>Loans repaid in cash</b>	<b>Amount Offset against accounts payable and accrued liabilities</b>	<b>Impairment</b>	<b>Balance March 31, 2011</b>
Teslin River Resources Inc. *	75	125	-	(75)	-	-	125
	\$ 75	\$ 125	\$	\$ (75)	\$ -	\$ -	\$ 125

\* The loan receivable from Teslin River Resources Inc. is unsecured, due on July 15, 2012 and bears interest at prime + 4.0%, compounded annually.

<b>Related party</b>	<b>Balance December 31, 2009</b>	<b>New loans provided</b>	<b>Loans repaid in shares</b>	<b>Loans repaid in cash</b>	<b>Amount offset against accounts payable and accrued liabilities</b>	<b>Impairment</b>	<b>Balance December 31, 2010</b>
Cue Resources Ltd.	\$ -	\$ 777	\$ (51)	\$ (726)	\$ -	\$ -	\$ -
John Icke	-	145	-	(75)	(70)	-	-
Sheen Resources Ltd.	-	7	-	-	-	(7)	-
Teslin River Resources Inc. *	-	125	-	(50)	-	-	75
	\$ -	\$ 1,054	\$ (51)	\$ (851)	\$ (70)	\$ (7)	\$ 75

\* The loan receivable from Teslin River Resources Inc. is unsecured, due on July 15, 2012 and bears interest at prime + 3.5%, compounded annually.

- (e) The Company has a committed obligation, effective January 1, 2008, whereby the Board of Directors and corporate officers have the option to collectively participate in up to 20% of any founding stock in all new private company investments.

Transactions with related parties were conducted at the exchange amount.

## **FINANCIAL INSTRUMENTS**

### *Classification*

Financial instruments of a company are classified into one of five categories: "Held-for-trading", "Held-to-maturity", "Loans and receivables", "Available-for-sale" financial assets and "Other financial liabilities". All financial instruments are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and accounting for changes in the value of these instruments will depend on their initial classification as follows: a) "Held-for-trading" financial assets are measured at fair value with changes in fair value recognized in the statement of operations, and b) "Available-for-sale" financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the change in value is realized or the instrument is derecognized or permanently impaired.

The Company has classified its cash and cash equivalents as “Held-for-trading”. The accounting method for the Company’s investments under AcG-18 is consistent with a classification as “Held-for-trading”, as investments are accounted for at fair value with changes in fair value recognized in the statement of operations. Accounts receivable, amounts due from related parties and loans receivable are classified as “Loans and receivables” and are initially measured at amortized cost with a subsequent measurement reduction for an allowance for doubtful accounts or a provision for impairment. Accounts payable and accrued liabilities are classified as “Other financial liabilities”.

*Fair value*

The Company has determined the fair value of its financial instruments as follows:

- (i) The carrying values of cash and cash equivalents, amounts due from related parties, accounts receivable, and accounts payable and accrued liabilities in the consolidated balance sheets approximate their fair values due to the short-term nature of these instruments.
- (ii) The carrying value of loans receivable approximates their fair value as the amounts presented are stated net of an impairment provision.
- (iii) Investments are carried at fair value in accordance with the Company’s accounting policies.
- (iv) The Company does not have any “Other Comprehensive Income (Loss)” components and, as such, comprehensive income (loss) is equal to net income (loss).

The financial instruments measured at fair value on the Company’s balance sheet were classified as follows (refer to Notes 3 and 4):

<b>March 31, 2011</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Investments	\$18,834	\$1,548	\$158	\$20,540

  

<b>December 31, 2010</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Investments	\$24,640	\$3,680	\$108	\$28,428

The following table reconciles the Company’s Level 2 fair value measurements from December 31, 2010, to March 31, 2011:

	<b>Level 2 Investments</b>
Balance at December 31, 2010	\$ 3,680
Purchased/added/(sold)	(1,000)
Transferred to level 1	
Unrealized loss	(1,132)
Balance at March 31, 2011	\$ (1,548)

During the period ended March 31, 2011, \$1,000 of the investments which were held in Level 2 as at December 31, 2010, were exercised into shares and sold.

The following table reconciles the Company's Level 3 fair value measurements from December 31, 2010, to March 31, 2011:

	<b>Level 3 Investments</b>	
Balance at December 31, 2009	\$	108
Purchases/ added		50
Unrealized losses		
Transferred out of Level 3		
Balance at March 31, 2011	\$	158

During the quarter ended March 31, 2011, there were no transfers between level 3 to level 2 or level 1.

#### 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. With respect to loans based on prevailing market interest rates, management believes the interest rate risk is not material 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.

Credit risk from accounts receivable and loans receivable encompasses the default risk of the customers. 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 customer 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.

The Company is also exposed, in the normal course of business, to credit risk from the sale of its investments and on amounts receivable and loans receivable. The maximum exposure to losses arising from accounts receivable amounts due from related parties and loans receivable are equal to their carrying amounts. For the quarter ended March 31, 2011, the Company did not record any loan impairment losses (2010 - \$38) of which \$7 was due from a related party against overdue accounts, the collections of which are doubtful (Note 9(d)).

### 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 favourable 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 manages market risk by having a portfolio which is not singularly exposed to any one issuer or class of issuers. The Company's investments are primarily concentrated in the natural resource industry, which results in exposure to higher volatility than broader market investments and indexes. The Company's investments are accounted for at estimated fair values 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 March 31, 2011, would have a \$2,054 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. The Company invests primarily in 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.

During the quarter ending March 31<sup>st</sup>, 2011 the unrealized (loss) for the company's public company portfolio was (\$8,165). This loss in the quarter as compared to the prior quarter had a significant impact on the overall Net Asset Value of the company. Of this loss some (\$6,701 or 82%) can be accounted for by the value dilution of four portfolio companies.

As at March 31, 2011, approximately 87% (December 31, 2010: 85%) of the fair value of the Company's investment portfolio consisted of investments in seven companies with the largest single investment comprising 30% (December 31, 2010 – 26%) of the total portfolio value.

### **OUTSTANDING SHARE DATA**

As of the date of this report, May 2, 2011, the Company had the following outstanding securities:

Common shares - issued and outstanding	121,444,885
Stock options (including unvested options)	10,721,000
Share purchase warrants	<u>6,250,000</u>
Total fully diluted shares outstanding	<u>138,415,885</u>

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## **DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING**

### *Disclosure Controls and Procedures*

The Company is required to review and report on the effectiveness of its disclosure controls and procedures (“DC&P”) in accordance with National Instrument 52-109, “Certification of Disclosure in Issuers’ Annual and Interim Filings”, (“NI 52-109”) issued by the Canadian Securities Administrators. NI 52-109 requires a Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) to certify that they are responsible for establishing and maintaining DC&P for the issuer, that DC&P have been designed and are effective in providing reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer’s DC&P and that their conclusions about the effectiveness of those DC&P at the end of the period covered by the relevant annual filings have been disclosed by the issuer.

Management, including the CEO and CFO, has evaluated the design of the Company’s DC&P as at March 31, 2011, and has concluded that the DC&P are effective in ensuring that information required to be disclosed by the Company in its corporate filings is recorded, processed, summarized and reported within the required time period for the period then ended.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues within a company have been detected. In addition, the design of any system of control is based upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all future events, no matter how remote, or that the degree of compliance with the policies or procedures may not deteriorate. Accordingly, the Company’s DC&P are effective in providing reasonable, not absolute, assurance that the objectives of its disclosure control system have been met.

### *Internal Controls over Financial Reporting*

NI 52-109 also requires CEOs and CFOs to certify that they are responsible for establishing and maintaining internal controls over financial reporting (“ICFR”) for the issuer, that the ICFR have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP, and that the issuer has disclosed any changes in its internal controls during its most recent interim period that has materially affected, or is reasonably likely to materially affect, its ICFR.

The design and operating effectiveness of the Company’s ICFR were evaluated by Management in accordance with “Internal Controls over Financial Reporting – Guidance for Smaller Public Companies”, as published by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and NI 52-109, as at March 31, 2011. The Company’s management has not identified in their review any weaknesses that have materially affected, or are reasonably likely to materially affect, Resinco’s ICFR. Based on this evaluation, Management has concluded that the Company’s ICFR are effective in providing reasonable assurance that its financial reporting is reliable and its consolidated financial statements are prepared in accordance with GAAP.

Other than the recent change in management, there were no changes in the Company’s ICFR that, in the view of the Company’s management, occurred during the year ended March 31, 2011 or up to the date of this report that have materially affected, or are reasonably likely to materially affect, the Company’s ICFR.

## **RISK FACTORS**

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.

The Company undertakes no obligation to update forward-looking statements if circumstances or Management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.

### **SUBSEQUENT EVENTS**

Subsequent to the quarter ended March 31, 2011, the Company announced the appointments of Christina Boddy as Corporate Secretary, David McAdam as Chief Financial Officer and Michael Hitch as Director.

Subsequent to the quarter ended March 31, 2011, the Company granted 350,000 stock options at an exercise price of \$0.105 per share to a director and a consultant. All options have five year terms

Subsequent to the quarter ended March 31, 2011, 184,000 stock options were exercised for total proceeds of \$13.

Subsequent to the quarter ended March 31, 2011 the Company has been advised by counsel that it could be included in the settlement of a liability involving an action served on Western Australian Diamonds (a private company in Resinco's portfolio) of which it has a significant ownership position. While the Company believed that it was insulated from any such action, there is a need for the Company to examine its position relative to the issue.

### **ADDITIONAL INFORMATION**

Additional information is available on SEDAR at [www.sedar.com](http://www.sedar.com), or by contacting the Company's head office at Suite 1430 - 800 West Pender Street, Vancouver BC, Canada V6C 2V6, by telephone at 604.696.6515 or toll-free at 1.877.687.5755 or by emailing the Company at [info@resincop.com](mailto:info@resincop.com).