



**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2017**

## **INTRODUCTION**

The following management discussion and analysis ("MD&A") of the results of operations and financial condition of Resinco Capital Partners Inc. ("Resinco" or the "Company") for the year ended December 31, 2017, and up to the date of this MD&A, should be read in conjunction with the audited financial statements for the year ended December 31, 2017, together with the notes thereto (the "Financial Report").

All financial information in this MD&A is derived from the Company's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is April 24, 2018.

## **DESCRIPTION OF BUSINESS**

Resinco was incorporated under the laws of British Columbia on May 25, 2004. The Company's shares are listed for trading on the TSX Venture Exchange under the ticker symbol "RIN". The registered office of the Company is Suite 810 – 789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2.

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 markets.

On October 20, 2017, the Company completed a share consolidation of its share capital on the basis of twenty (20) existing common shares for one (1) new common share. As a result of the share consolidation, the 123,019,885 common shares issued and outstanding were consolidated to 6,150,997 common shares. All common shares and per share amounts have been restated to give retroactive effect to the share consolidation.

## **OPERATIONAL HIGHLIGHTS**

On November 24, 2017, Kyle Stevenson was appointed President and CEO and a Director of the Company. Hein Poulus will remain as Chairman. Mr. Stevenson, a founder and past CEO/President of Millennial Lithium Corp., brings over 15 years of experience in finance, marketing and operations to the team. Mr. Stevenson currently sits on the board of Millennial Lithium Corp., Liberty One Lithium Corp, Datinvest Corp. and Blueprint Capital.

On November 17, 2017, the Company completed the first tranche of a non-brokered private placement through the issue of 15,100,010 units at \$0.10 for gross proceeds of \$1,510,001. Each unit comprises one common shares and one-half share purchase warrant. Each whole warrant is exercisable to purchase one common share at an exercise price of \$0.15 until November 17, 2019. The Company paid finders' fees of \$83,300 and issued 833,000 finders' warrants valued at \$391,935 exercisable until November 17, 2019 to purchase one unit at \$0.10 on the same terms as the units issued in the private placement. The Company also incurred other share issuance costs of \$11,287 in connection with this non-brokered private placement.

On November 24, 2017, the Company completed the second and final tranche of the non-brokered private placement through the issue of 4,890,000 units at \$0.10 for gross proceeds of \$489,000. Each unit comprises one common shares and one-half share purchase warrant. Each whole warrant is exercisable to purchase one common share at an exercise price of \$0.15 until November 17, 2019. The Company paid finders' fees of \$34,230 and issued 342,300 finders' warrants valued at \$192,781 exercisable until November 17, 2019 to purchase one unit at \$0.10 on the same terms as the units issued in the private placement.

On December 27, 2017, the Company completed a non-brokered private placement through the issue of 20,000,000 units at \$0.31 for gross proceeds of \$6,200,000. Each unit comprises one common shares and one share purchase warrant. Each whole warrant is exercisable to purchase one common share at an exercise price of \$0.45 until December 27, 2019. The Company paid finders' fees of \$620,000 and issued 2,000,000 finders' warrants exercisable until December 27, 2019 to purchase one unit at \$0.45 on the same terms as the units issued in the private placement. The Company also incurred other share issuance costs of \$33,012 in connection with this non-brokered private placement. As at December 31, 2017, there are subscriptions receivable of \$4,176,144; and fully received in January 2018.

## **TRENDS AND INVESTMENT STRATEGY**

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 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.

The Company evaluates its portfolio on a regular basis and is actively reviewing new opportunities for investment.

## **INVESTMENTS SUMMARY**

	December 31, 2017		December 31, 2016	
	Cost	Fair value	Cost	Fair value
Public Company Investments	\$ 7,710,824	\$ 732,748	\$ 8,616,487	\$ 481,936
Private Company Investments	452,000	180,000	452,000	320,000
Total	\$ 8,162,824	\$ 912,748	\$ 9,068,487	\$ 801,936

As at December 31, 2017, the Company held public company investments with a fair value of \$732,748 compared to \$481,936 at December 31, 2016, an increase of 52%. This is primarily due to the sale of certain shares, as described below, as well as an overall increase in the value of the Company's public company investments.

During the year ended December 31, 2017, the Company sold 427,000 shares of Almonty Industries Inc. for gross proceeds of \$117,406.

During the year ended December 31, 2016, the Company sold 553,000 shares of Almonty Industries Inc. for gross proceeds of \$155,493.

As at December 31, 2017, the Company held investments in a private company with a fair value of \$180,000.

## **RESULTS FROM OPERATIONS**

The Company's net realized loss on disposal of investments for the year ended December 31, 2017 was \$788,257, compared to a net realized loss on disposal of investments of \$1,017,416 for the year ended December 31, 2016. The net realized loss on disposal of investments for the year ended December 31, 2016 and 2017 is due to the sale of Almonty Industries Inc. shares as described above.

In addition, the Company recorded a net change in unrealized gain on investments for the year ended December 31, 2017 of \$1,016,475, compared to a net change in unrealized gain on investments of \$956,562 for the year ended December 31, 2016.

The Company's expenses for the year ended December 31, 2017 were \$290,211, compared to expenses of \$149,699 for the year ended December 31, 2016. The increase is primarily due to share-based compensation of \$139,152 related to 300,000 stock options granted to the directors of the Company.

## **SELECTED ANNUAL INFORMATION**

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

	<b>Year ended December 31, 2017</b>	<b>Year ended December 31, 2016</b>	<b>Year ended December 31, 2015</b>
<b>Statement of operations</b>			
Net revenues (losses)	\$229,718	\$(60,824)	\$(1,453,801)
Net loss for the year	(60,493)	(210,523)	(1,622,915)
Loss per share – basic and diluted	(0.01)	(0.03)	(0.26)
<b>Balance sheet</b>			
Total assets	8,850,610	828,125	1,051,785
Long-term debt	-	-	-
Dividends	-	-	-

## **SUMMARY OF QUARTERLY RESULTS**

	<b>Three months ended</b>			
	<b>December 31, 2017</b>	<b>September 30, 2017</b>	<b>June 30, 2017</b>	<b>March 31, 2017</b>
Net revenues (losses)	\$(85,917)	\$355,942	\$(64,153)	\$23,846
Net income (loss) for the period	(270,901)	325,182	(107,246)	(7,528)
Earnings (loss) per share – basic and diluted	(0.02)	0.05	(0.023)	(0.00)

	<b>Three months ended</b>			
	<b>December 31, 2016</b>	<b>September 30, 2016</b>	<b>June 30, 2016</b>	<b>March 31, 2016</b>
Net revenues (losses)	\$(80,065)	\$(66,977)	\$25,587	\$60,631
Net income (loss) for the period	(129,006)	(92,919)	(14,294)	25,696
Earnings (loss) per share – basic and diluted	(0.02)	(0.02)	(0.00)	0.00

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#### **FOURTH QUARTER**

The Company began the fourth quarter with \$10,961 cash. During the fourth quarter, the Company generated net cash of \$105,229 on operating costs and received \$3,241,028 from financing activities related to the completed private placements as described above, to end the quarter and the year with \$3,357,218 cash.

#### **LIQUIDITY AND CAPITAL RESOURCES**

The Company began the year with cash of \$23,189. In the year ended December 31, 2017, the Company used net cash of \$24,405 on operating activities, received \$117,406 from investing activities and received \$3,241,028 from financing activities related to the completed private placements as described above, to end on December 31, 2017 with \$3,357,218 cash.

During the year ended December 31, 2017, the Company sold 427,000 shares of Almonty Industries Inc. for gross proceeds of \$117,406.

As at December 31, 2017, the Company had investments valued at \$912,748 and completed several private placements through the issue of 19,990,010 units at \$0.10 for gross proceeds of \$1,999,001 and 20,000,000 units at \$0.31 for gross proceeds of \$6,200,000. Funding for the Company's operations is generated from the sale of investments in its portfolio and private placements. Most of the value of the portfolio of investments is comprised of one publicly traded company and one private company. Although the shares of the private company cannot be easily liquidated, the shares in the one public company are expected to 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.

#### **CONTRACTUAL OBLIGATIONS**

As at December 31, 2017, the Company had no contractual obligations.

#### **RELATED PARTY TRANSACTIONS**

During the year ended December 31, 2017, the Company paid or accrued \$75,600 (2016 - \$75,600) to Golden Oak Corporate Services Ltd. ("Golden Oak"). Golden Oak is a consulting company controlled by Doris Meyer, the Corporate Secretary of the Company. Golden Oak provides the services of a Chief Financial Officer, a Corporate Secretary, and accounting and administrative staff to the Company. Dan O'Brien, the Chief Financial Officer, and Doris Meyer, the Corporate Secretary, are employees of Golden Oak and are not paid directly by the Company. As at December 31, 2017, there was \$2,371 (2016 - \$Nil) due to Golden Oak, which is included in trade and other payables.

As at December 31, 2017, there was \$Nil (2016 - \$95,250) due to Hein Poulus and Ron Shorr, both current directors of the Company, as well as John Park and Tom Allen, both former directors of the Company.

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## **NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE**

Certain new standards, amendments to standards and interpretations are not yet effective as of December 31, 2017, and have not been applied in preparing the Company's financial statements.

Effective for annual periods beginning on or after January 1, 2018:

- New standard IFRS 9, Financial Instruments

Partial replacement of IAS 39, Financial Instruments: Recognition and Measurement. This standard simplifies the current measurement model for financial instruments under IFRS and establishes two measurement categories for financial assets: amortized cost, and fair value. The existing IAS 39 categories of loans and receivables, held to maturity investments, and available for sale financial assets will be eliminated.

Effective for annual periods beginning on or after January 1, 2019:

- New standard IFRS 16, Leases

All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, from the perspective of the lessee, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 Leases and, instead, introduces a single lessee accounting model. When applying that model, a lessee is required to recognize assets and liabilities. A lessor continues to classify its leases as operating leases or finance leases, and accounts for those two types of leases differently.

The Company has not early adopted these new standards and these standards are not expected to have a material effect on the financial statements.

## **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

### **Financial instruments**

The Company's financial instruments consist of cash, receivables, share subscriptions receivable, investments, trade and other payables, and due to related parties. The fair value of receivables, share subscriptions receivable, trade and other payables and due to related parties approximates their fair value due to the short-term nature. Cash is recorded at fair value using Level 1 of the fair value hierarchy. Investments are recorded at fair value using Level 1 to 3 of the fair value hierarchy.

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 following table presents the Company's investments, measured at fair value on the statements of financial position and categorized into levels of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
<b>December 31, 2017</b>	\$ 732,748	\$ -	\$ 180,000	\$ 912,748
<b>December 31, 2016</b>	\$ 481,936	\$ -	\$ 320,000	\$ 801,936

The Company holds private company investments that are considered Level 3. The fair value of investments in Level 3 is determined by referring to the most recent equity financing the investee undertook during the period or by taking a weighted average of the net assets of the private company and the value of its historical share issuance transactions.

The following table reconciles the Company's Level 3 fair value investments:

Level 3	Year ended December 31, 2017	Year ended December 31, 2016
Balance, beginning of period	\$ 320,000	\$ 400,000
Unrealized loss	(140,000)	(80,000)
Balance, end of period	\$ 180,000	\$ 320,000

## 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 is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

### *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.

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*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, 2017 would have an \$91,000 impact on operations.

*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, 2017, approximately 79% of the fair value of the Company's investment portfolio consisted of investments in two companies with the largest single investment comprising 59% of the total portfolio value.

**OUTSTANDING SHARE DATA**

As of December 31, 2017 and as of the date of this MD&A, the Company had 46,141,007 common shares, 29,995,005 share purchase warrants, 3,175,299 finders' warrants and 300,000 stock options issued and outstanding.

**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.

#### **ADDITIONAL INFORMATION**

Additional information is available on SEDAR at [www.sedar.com](http://www.sedar.com), or by contacting the Company's corporate office at Suite 810 – 789 West Pender Street, Vancouver, BC, Canada V6C 1H2, or by emailing the Company at [info@resincocp.com](mailto:info@resincocp.com).