



**MANAGEMENT DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS**

**FOR THE THREE MONTHS ENDED**

**MARCH 31, 2018**

## **INTRODUCTION**

The following management discussion and analysis – quarterly highlights (“MD&A – Quarterly Highlights”) of the results of operations and financial condition of Resinco Capital Partners Inc. (“Resinco” or the “Company”) for the three months ended March 31, 2018, and up to the date of this MD&A – Quarterly Highlights, has been prepared to provide material updates to the business operations, financial condition, liquidity and capital resources of the Company since its last management discussion and analysis for the year ended December 31, 2017 (the “Annual MD&A”)

This MD&A – Quarterly Highlights should be read in conjunction with the Annual MD&A and the audited financial statements for the year ended December 31, 2017, together with the notes thereto, and the accompanying unaudited condensed interim financial statements and related notes thereto for the three months ended March 31, 2018 (the “Financial Report”).

All financial information in this MD&A – Quarterly Highlights 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 – Quarterly Highlights is May 30, 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 and on May 28, 2018, the Company’s shares commenced trading on the Canadian Securities Exchange (“CSE”) 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 companies. The Company engages in new, early stage investment opportunities in previously underdeveloped assets and obtaining significant position in early stage investment opportunities that adequately reflect the risk profile.

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 January 25, 2018, Eugene Beukman was appointed as Corporate Secretary of the Company. Mr. Beukman is the Corporate Counsel of the Pender Group of Companies, a position he has held since January 1994. Mr. Beukman graduated from the Rand University of Johannesburg, South Africa with a Bachelor of Law degree and a Bachelor of Law Honors Postgraduate degree in 1987. After practicing as a lawyer Mr. Beukman was employed as a legal advisor to the BHP Billiton group companies.

On January 25, 2018, Theo van der Linde was appointed as Chief Financial Officer of the Company. He is Chartered Professional Accountant with 20 years’ extensive experience in finance, reporting, regulatory requirements, public company administration, equity markets and financing of publicly traded companies. He has served as a CFO & Director for a number of TSX Venture Exchange and Canadian Securities Exchange (CSE) listed companies over the past several years.

On February 13, 2018, Sean Maniaci was appointed as Director of the Company. Mr. Maniaci is a partner in the Business Law and Securities Group at Cassels Brock & Blackwell LLP. His experience includes acting as lead counsel to a large number of public and private companies and investment dealers in a range of industries including technology, biotechnology, energy, consumer products, healthcare, agriculture, aquaculture and mining. Mr. Maniaci has particular experience in advising public companies in connection with mergers and acquisitions, securities law compliance and corporate governance matters, including ongoing advice to boards of directors and special committees as well as extensive transactional experience in all areas of corporate and securities law. Mr. Maniaci received his B.Comm. from McGill University, his LL.B from Queen’s University and his MBA from the University of Western Ontario’s Richard Ivey School of Business.

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On February 13, 2018, Mr. Maciej Lis was appointed as Director of the Company. Mr. Lis currently holds interests in various predominately sales, distribution and logistics companies which he helped build over the preceding decade. Mr. Lis has also previously acted in a number of business development roles for both public and private small-cap and mid-cap natural resource and technology sector companies, operating globally. Mr. Lis holds an Honors Degree in Economics from the University of Toronto, and is fluent in 3 languages. Mr. Lis is an active patron of the arts and theatre, to which he contributes not only financial support but also resources, skills and his time.

Use of proceeds

During the year ended December 31, 2017, the Company completed two non-brokered private placements for net proceeds of \$7,417,172. The Company intends to use the net proceeds for investments and general working capital. The table below provides a breakdown of the intended use, the amounts used to date and any variances.

Intended use of proceeds of November and December 2017 Private Placements		Amount to date March 31, 2018		Variances
Investments (85%)	\$5,933,738	Investments (85%)	\$90,000	No variances anticipated
General Working Capital (15%)	\$1,483,434	General Working Capital (15%)	\$770,000	No variances anticipated
Total	\$7,417,172	Total to date	\$860,000	

**TRENDS AND INVESTMENT STRATEGY**

Resinco is focused on early-stage investment opportunities. 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 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**

	March 31, 2018		December 31, 2017	
	Cost	Fair value	Cost	Fair value
Public Company Investments	\$ 6,860,088	\$ 583,178	\$ 7,710,824	\$ 732,748
Private Company Investments	452,000	180,000	452,000	180,000
Total	\$ 7,312,088	\$ 763,178	\$ 8,162,824	\$ 912,748

As at March 31, 2018, the Company held public company investments with a fair value of \$583,178 compared to \$732,748 at December 31, 2017, a decrease of 20%. This is primarily due to the sale of certain shares, as described below.

During the three months ended March 31, 2018, the Company sold 264,500 shares of Almonty Industries Inc. for gross proceeds of \$136,640, 123,076 shares of BriaCell Therapeutics Corp. for gross proceeds of \$16,000, 79,000 shares of Central Iron Ore Limited for gross proceeds of \$1,580, 41,666 shares of Fura Gems Inc. for gross proceeds of \$25,826 and 195,000 shares of Tanzania Minerals Corp. for gross proceeds of \$1,950.

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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 March 31, 2018, 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 three months ended March 31, 2018 was \$758,740, compared to a net realized loss on disposal of investments of \$233,808 for the three months ended March 31, 2017. The net realized loss on disposal of investments for the three months ended March 31, 2018 and 2017 is due to the sale of certain public company investments as described above.

In addition, the Company recorded a net change in unrealized gain on investments for the three months ended March 31, 2018 of \$701,166, compared to a net change in unrealized gain on investments of \$257,654 for the three months ended March 31, 2017.

The Company's expenses for the three months ended March 31, 2018 were \$768,588, compared to expenses of \$31,374 for the three months ended March 31, 2017. Overall the Company had limited activity during Q1 2017 due to limited working capital.

The key differences in expenses between the three months ended March 31, 2018 and 2017 were as follows:

- Consulting fees increased by \$576,250 due to increased activity from the Company's various consultants. The Company relies heavily on Consultants to help them achieve their goals on all facets of business. Consultants include Management, Advisors, Technical Support and other support roles. The focus of Q1 2018 was to explore strategic investment opportunities.
- Corporate development increased by \$97,650 due to incurred expenditures on Media, Public Relations and other forms of communication to create public awareness.
- Office and miscellaneous increased by \$20,659 due to expenditures on rent and administration
- Professional fees increased by \$22,968 due to legal fees associated with preparing the Company's filing with the CSE that was completed after period end.
- Filing and listing increased by \$15,593 due to its listing fees with the CSE.

**SUMMARY OF QUARTERLY RESULTS**

	Three months ended			
	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Net revenues (losses)	\$(51,978)	\$(85,917)	\$355,942	\$(64,153)
Net income (loss) for the period	(820,566)	(270,901)	325,182	(107,246)
Earnings (loss) per share – basic and diluted	(0.02)	(0.02)	0.05	(0.023)

	Three months ended			
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Net revenues (losses)	\$23,846	\$(80,065)	\$(66,977)	\$25,587
Net income (loss) for the period	(7,528)	(129,006)	(92,919)	(14,294)
Earnings (loss) per share – basic and diluted	(0.00)	(0.02)	(0.02)	(0.00)

The quarterly financial information for 2018, 2017 and 2016 fiscal periods are presented in accordance with IFRS.

The Company has been negatively affected by poor stock market performance, volatile commodity prices and weakened global economic performance. Due to an investment portfolio which is weighted in early-stage companies, quarter-to-quarter

performance is affected by volatility in the stock markets. The amount and timing of expenses and availability of capital resources vary substantially quarter to quarter, depending on the level of investment activities being undertaken at the time.

### **LIQUIDITY AND CAPITAL RESOURCES**

At March 31, 2018, the Company had cash of \$5,399,479 and working capital of \$7,382,898, compared to \$3,357,218 and \$8,203,464, respectively as at December 31, 2017. Since the Company's inception, operations have been financed through the issuance of equity securities and the sale of the Company's investments.

The Company began the period with cash of \$3,357,218. In the three months ended March 31, 2018, the Company used net cash of \$2,225,861 on operating activities, received \$91,966 on investing activities and received \$4,176,144 from financing activities related to the completed private placement on December 27, 2017, to end on March 31, 2018 with \$5,399,497 cash.

During the three months ended March 31, 2018, the Company sold 264,500 shares of Almonty Industries Inc. for gross proceeds of \$136,640, 123,076 shares of BriaCell Therapeutics Corp. for gross proceeds of \$16,000, 79,000 shares of Central Iron Ore Limited for gross proceeds of \$1,580, 41,666 shares of Fura Gems Inc. for gross proceeds of \$25,826 and 195,000 shares of Tanzania Minerals Corp. for gross proceeds of \$1,950.

As at March 31, 2018, the Company had investments valued at \$763,178. 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 March 31, 2018, the Company had no contractual obligations.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Corporation was not party to any off-balance sheet arrangements as of March 31, 2018.

### **RELATED PARTY TRANSACTIONS**

The Directors and Executive Officers of the Company are as follows:

Kyle Stevenson	Director, Chief Executive Officer & President
Theo van der Linde	Chief Financial Officer
Eugene Beukman	Corporate Secretary
Hein Poulous	Director
Ronald Shorr	Director
Sean Maniaci	Director
Maciej Lis	Director

During the three months ended March 31, 2018, the Company paid or accrued \$22,313 (2017 - \$Nil) in consulting fees and \$3,150 (2017 - \$Nil) in rent to Pender Street Consulting Ltd. ("Pender Street"). Pender Street is a company controlled by the Corporate Secretary of the Company. As at March 31, 2018, there was \$19,493 (December 31, 2017 - \$Nil) due to Pender Street, which is included in trade and other payables.

During the three months ended March 31, 2018, the Company paid or accrued \$4,200 (2017 - \$Nil) in consulting fees to Executive Management Solutions Limited ("Executive Management"). Executive Management is a company controlled by the Chief Financial Officer of the Company. As at March 31, 2018, there was \$4,200 (December 31, 2017 - \$Nil) due to Executive Management, which is included in trade and other payables.

During the three months ended March 31, 2018, the Company paid or accrued \$6,300 (2017 - \$18,900) in consulting fees to Golden Oak Corporate Services Ltd. (“Golden Oak”). Golden Oak is a consulting company controlled by the former Corporate Secretary of the Company. Golden Oak provided the services of a Chief Financial Officer, a Corporate Secretary, and accounting and administrative staff to the Company. The former Chief Financial Officer and the former Corporate Secretary are employees of Golden Oak and are not paid directly by the Company. As at March 31, 2018, there was \$Nil (December 31, 2017 - \$2,371) due to Golden Oak, which is included in trade and other payables.

### **CHANGES IN ACCOUNTING POLICIES**

- IFRS 9, Financial Instruments

The Company adopted IFRS 9, which replaced IAS 39 – Financial Instruments: Recognition and Measurement, in its financial statements beginning January 1, 2018.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities, however it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

Under IFRS 9 there are three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit and loss (“FVTPL”). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ model. The new impairment model applies to financial assets measure at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The adoption of IFRS 9 did not have a material impact on the Company’s financial statements.

- IFRS 15, Revenue from Contracts with Customers

On May 28, 2014 the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations. IFRS15 is effective for reporting periods beginning on or after January 1, 2018 with early application permitted. Since the Company has no revenues from contracts with customers, there was no material impact on the Company’s financial statements upon adoption of this standard.

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

Certain new standards, amendments to standards and interpretations are not yet effective as of March 31, 2018 and have not been applied in preparing the Company’s financial statements.

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 is in the process of assessing the impact of this pronouncement. The extent of the impact has not yet been determined.

**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Financial instruments**

The Company’s financial instruments consist of cash, receivables, share subscriptions receivable, loan receivable, investments and trade and other payables. The carrying value of receivables, loan receivable, share subscriptions receivable and trade and other payables 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>March 31, 2018</b>	\$ 583,178	\$ -	\$ 180,000	\$ 763,178
<b>December 31, 2017</b>	\$ 732,748	\$ -	\$ 180,000	\$ 912,748

The Company holds a private company investment that is considered Level 3. The fair value of the investment in Level 3 is determined by referring to the most recent equity financing the investee undertook during the period if it can be demonstrated that this was completed with an arms-length party or by using a valuation model that utilizes the weighted average of the net assets of the private company and the value of its historical share issuance transactions. For the three months ended March 31, 2018 and 2017, the Company has utilized the valuation model as it has not been able to evidence that equity financing by the investee was completed with arms-length parties.

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

<b>Level 3</b>	<b>Three months ended March 31, 2018</b>	<b>Three months ended March 31, 2017</b>
Balance, beginning of period	\$ 180,000	\$ 320,000
Unrealized loss	-	-
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.

*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 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 early-stage companies, 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 March 31, 2018 would have an \$76,000 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 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 March 31, 2018, approximately 71% of the fair value of the Company's investment portfolio consisted of investments in two companies with the largest single investment comprising 48% of the total portfolio value.

#### **OUTSTANDING SHARE DATA**

As of March 31, 2018 and as of the date of this MD&A, the Company had 46,141,007 common shares, 9,995,005 share purchase warrants with an exercise price of \$0.15 expiring on November 17, 2019, 20,000,000 share purchase warrants with an exercise price of \$0.45 expiring on December 27, 2019, 1,175,299 finders' warrants with an exercise price of \$0.15 expiring on November 17, 2019, 2,000,000 finders' warrants with an exercise price of \$0.45 expiring on December 27, 2019 and 300,000 stock options with an exercise price of \$0.465 expiring on November 24, 2022 issued and outstanding.

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

Statements in this MD&A – Quarterly Highlights 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 – Quarterly Highlights 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).