

# **REDLINE RESOURCES LTD.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the three months ended September 30, 2014**

Comments in this management's discussion and analysis ("MD&A") of the financial condition of the Company should be read in conjunction with the audited financial statements for the year ended June 30, 2014. The information contained within this MD&A is current to February 28, 2015. The directors of the Company have approved the contents of this MD&A report.

### **OVERVIEW**

Redline Resources Inc., formerly Benzai Capital Corp., is structured as a "Capital Pool Company" as defined by the policies of the TSX Venture Exchange (the "Exchange"). The Company completed its initial public offering and listed its common shares on the Exchange in December 2007. The Company's business is to identify and evaluate potential business opportunities with a view to completing a "Qualifying Transaction". A proposed Qualifying Transaction must be accepted by the Company's shareholders and by the Exchange in accordance with Exchange Policy 2.4. Exchange policies had required that the Company complete the Qualifying Transaction prior to March 31, 2010.

The Company did not initially complete a Qualifying Transaction within the necessary time and the Company was required to transfer its listing to the NEX board of the Exchange ("NEX"). The Company's application for listing was approved by NEX effective July 16, 2010. As a Capital Pool Company listed on NEX, the Company continues to be required to comply with all of the requirements and restrictions in Exchange Policy 2.4.

As a result of delays in filing certain disclosure documents, including its annual and quarterly financial statements and management discussion and analysis, on November 7, 2013, the British Columbia Securities Commission issued a cease trade order (the "Cease Trade Order") suspending trading of the Company's securities. As a result of the Cease Trade Order, the TSX Venture Exchange has suspended trading of the Company's common shares until such time as the Company's filings are up-to-date and it accepts a reinstatement application by the Company. Following the revocation of the Cease Trade Order, the Company will submit a reinstatement application to the TSX Venture Exchange.

### **ACQUISITION OF REDLINE MINERALS**

On February 10, 2012, the Company announced that it had reached an agreement in principle (the "Agreement") to acquire all of the shares of Redline Minerals Inc. ("RMI"). RMI is a private Canadian company in the business of sourcing, exploring and developing mineral properties in the southwestern United States. Effective June 25, 2012, the Company entered into an agreement with RMI and the RMI shareholders, pursuant to which the Company agreed to acquire all of the issued and outstanding common shares of RMI in exchange for an equivalent number of the Company's common shares (the "Acquisition"). The Acquisition is conditional upon the approval by the Company's shareholders of the transaction and a share consolidation of two pre-consolidation common shares for every one post-consolidation common share. The acquisition is also conditional on the Company raising a minimum of

\$500,000 through private placement offerings prior to the closing of the Acquisition in order to fund acquisition expenditures, a future initial phase of work on RMI's mineral property interests and for general working capital purposes. If approved, the Company anticipates issuing 10,896,974 post-consolidation common shares to acquire RMI.

On January 9, 2013, the Company's shareholders approved the Acquisition and the share consolidation and on February 11, 2013, the Company consolidated its issued and outstanding common shares on the basis of one new common share for every two common shares previously issued and outstanding. The completion of the Acquisition remained conditional on the Company raising sufficient funds through private placements to meet its funding requirement.

The Company was not able to raise the necessary funds to close the Acquisition with RMI and subsequent to the year end, on December 30, 2014, the Company entered into a Letter of Intent concerning a proposed transaction whereby the Company will effectively acquire ownership of Tyko Resources Inc. ("Tyko"), a private Canadian company in the business of sourcing, exploring and developing mineral properties in Ontario (the "Proposed Transaction"). The Proposed Transaction with Tyko is now expected to constitute the Company's Qualifying Transaction as defined under Policy 2.4 of the Exchange, thereby replacing the prior target company RMI., which has granted the Company permission to enter into this Proposed Transaction. The Proposed Transaction is subject to due diligence and execution of a binding agreement. The binding agreement shall be subject to, and conditional upon, receipt by the Company and Tyko of all necessary director, shareholder, regulatory and Exchange approvals, as applicable.

See subsequent events for further details of the Proposed Transaction.

## **OPERATING RESULTS**

The Company's primary activities for the three months ended September 30, 2014, have been related to meeting the Exchange's minimum listing requirements and completing the Qualifying Transaction. Expenses related to the qualifying transactions include legal, filing fees, accounting and audit and general or administrative expenses and are detailed in the Company's statement of comprehensive loss.

For the three months ended September 30, 2014 the Company incurred a net loss of \$4,708 as compared to a net loss of \$6,217 for the same period in 2014.

## **QUARTERLY FINANCIAL INFORMATION**

The following summary information is taken from the Company's quarterly and annual financial reports covering the last eight reporting quarters.

<b>Fiscal Yr.</b>	<b>2014</b>					<b>2013</b>		
	Sep 30	Jun 30	Mar 31	Dec 31	Sept 30	Jun 30	Mar 31	Dec 31
Net Loss for the period	\$4,708	\$45,532	\$7,971	\$4,903	\$6,217	\$25,027	\$7,433	\$13,582
Net Loss per share	0.00	0.01	0.00	0.00	0.00	0.01	0.00	0.00

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Cash and funding transactions:**

As at September 30, 2014, the Company had cash of \$900 on hand.

On September 16, 2014, RMI paid an outstanding accounts payable on behalf of the Company in the amount of \$825. This payment was applied against the outstanding loans receivable with RMI. At September 30, 2014, the total amount of the loan plus accrued interest due, less repayments, was \$11,735 (2014 - \$44,789).

As at September 30, 2014, the aggregate amount of the loans payable outstanding was \$48,300 and \$13,267 in interest had accrued.

The Company will need to raise additional equity financing in order to maintain its listing on the Exchange and to complete its Qualifying Transaction. There is no guarantee that the Company will be able to secure additional financings in the future at terms that are acceptable.

### **Share capital position:**

The Company is authorized to issue an unlimited number of common shares of which 3,050,000 common shares are issued and remain outstanding as of the date of this MD&A. Of the shares outstanding, 250,000 common shares are held in escrow and will be released pro-rata to the holders thereof as to 10% of the escrow shares upon issuance of notice of final acceptance of a Qualifying Transaction by the Exchange, with the balance in six equal tranches of 15% every six months thereafter over a period of 36 months.

As of the date of this MD&A the Company has no stock options or warrants outstanding.

## **RELATED PARTY TRANSACTIONS**

For the three months ended September 30, 2014, \$275 in legal fees were incurred or accrued as payable to a legal firm of which a director is an associate.

## **SUBSEQUENT EVENTS**

### **Cash and funding transactions**

On October 31, 2014, the Company entered into an arm's length short-term loan agreement for an aggregate amount of \$1,100, bearing interest of 10% per annum and maturing effective October 31, 2015. All principle and accrued interest will be due and payable at the time of maturity. The Company can repay all or any portion of this loan at any time and without penalty. This loan was used for general working capital purposes and for the costs related to completing the Qualifying Transaction.

On January 30, 2015, the Company entered into two arm's length short-term loan agreement for an aggregate amount of \$10,000, bearing interest of 10% per annum and maturing effective January 30, 2016. All principle and accrued interest will be due and payable at the time of maturity. The Company can repay all or any portion of this loan at any time and without penalty. This loan was used for general working capital purposes and for the costs related to completing the Qualifying Transaction.

On February 19, 2015, the Company entered into an arm's length short-term loan agreement for an aggregate amount of \$2,000, bearing interest of 10% per annum and maturing effective February 19, 2016. All principle and accrued interest will be due and payable at the time of maturity. The Company can repay all or any portion of this loan at any time and without penalty. This loan was used for general working capital purposes and for the costs related to completing the Qualifying Transaction.

### **Proposed Transaction**

Under the terms of the Proposed Transaction with Tyko as agreed upon on December 30, 2014, the Company will acquire ownership of Tyko Resources Inc. ("Tyko"), a private Canadian company in the business of sourcing, exploring and developing mineral properties in Ontario (the "Proposed Transaction"). The Proposed Transaction with Tyko is now expected to constitute the Company's Qualifying Transaction as defined under Policy 2.4 of the Exchange, thereby replacing the prior target company RMI, which has granted the Company permission to enter into this Proposed Transaction. Closing of the Proposed Transaction is subject to certain receipts and third-party consents, Exchange approval, the Company raising a minimum of \$1,000,000 through the issuance of common shares, completion by Tyko of a National Instrument 43-101 technical report and title opinion on the Tyko mineral property, the settlement of certain of the Company's outstanding debts, the removal of the Company's cease trade order and the changing of the Company's name to Nickel One Inc.. If the closing does not occur on or before June 1, 2015, the Share Exchange Agreement will terminate unless extended by mutual agreement of the parties.

### **RECENT ACCOUNTING PRONOUNCEMENTS**

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual audited financial statements for the year ended June 30, 2014. It is not anticipated that the adoption of recent or future IFRS policies will have any significant impact on the Company.

### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Areas requiring a significant degree of estimation and judgment include the assumptions made in assessing the use of the going concern assumption. Due to the inherent uncertainty involved with making such estimates, actual results reported in future years may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

### **RISKS AND UNCERTAINTIES**

The Company recognizes that certain risks are inherent in its business plan, which requires the Company to manage its affairs to minimize the potential impact of such risks to its operations. The following are the more significant risks managed by the Company, but there may be other risks and uncertainties that are

not presently known or that are currently deemed immaterial, that may also impair the operations of the Company in the future.

**The Qualifying Transaction may not be completed.**

The completion of the Qualifying Transaction is subject to acceptance for filing by the Exchange. There can be no assurance that all of the necessary approvals will be obtained. If the Transaction does not complete, the Company will continue to search for other opportunities, however, it will have incurred significant costs associated with the Qualifying Transaction. In the event the Transaction is not accepted for filing, the Company will remain a CPC.

The Exchange will review the expenses, disclosure, trading history and other transactions undertaken by the Company during its listing to determine compliance with Exchange policies. The Exchange may refuse to accept the Qualifying Transaction if significant concerns arise from its review and where, among other things, the Company fails to meet the minimum listing requirements prescribed by the Exchange upon completion of the Qualifying Transaction, or the consideration proposed to be paid by the Company in connection with the Qualifying Transaction is objectionable to the Exchange.

**Securing additional financing for ongoing operations may not occur.**

Given the present financial position of the Company, it will need to raise additional equity financing in order to maintain its listing on the Exchange until such time that a Qualifying Transaction can be completed as discussed elsewhere. There is no guarantee that the Company will be able to secure additional financings in the future at terms that are acceptable.

**FORWARD LOOKING STATEMENTS**

This MD&A contains certain forward-looking statements and information relating to the Company which is based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for its search and investigation of a qualifying transaction. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions.

Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

**ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's Condensed Statement of Comprehensive Loss contained in its audited financial statements for June 30, 2014, that are available on SEDAR ([www.sedar.com](http://www.sedar.com)).