

# **REDLINE RESOURCES INC.**

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

### **For the year ended June 30, 2015**

Comments in this management's discussion and analysis ("MD&A") of the financial condition of Redline Resources Inc. (the "Company") should be read in conjunction with the audited financial statements for the year ended June 30, 2015. The information contained within this MD&A is current as of October 27, 2015. The directors of the Company approved the contents of this MD&A on October 27, 2015.

#### **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 suspended trading of the Company's common shares until such time as the Company's filings were up-to-date and it accepted a reinstatement application by the Company. The Cease Trade Order was revoked effective June 23, 2015.

#### **PROPOSED ACQUISITION OF REDLINE MINERALS INC.**

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 was 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 was 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 anticipated 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.

### **PROPOSED ACQUISITION OF TYKO RESOURCES INC.**

The Company entered into a Share Exchange Agreement, effective January 30, 2015, concerning a proposed transaction whereby 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 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 December 31, 2015, the Share Exchange Agreement will terminate unless extended by mutual agreement of the parties.

### **SELECTED ANNUAL FINANCIAL INFORMATION**

The following summary information is taken from the Company's annual financial reports covering the periods as noted.

	<b>Fiscal year 2015</b>	<b>Fiscal year 2014</b>	<b>Fiscal year 2013</b>
Net loss for the period	\$86,950	\$62,623	\$60,579
Net loss per share	\$0.03	\$0.02	\$0.02
Total assets	\$19,319	\$17,965	\$77,504
Current Liabilities	\$249,832	\$161,528	\$158,444
Long-term debt	Nil	Nil	Nil

## OPERATING RESULTS

The Company's primary activities for the year ended June 30, 2015, have focused on meeting the Exchange's minimum listing requirements and investigating a possible Qualifying Transaction. For the year ended June 30, 2015, expenses related to these activities included legal, filing fees, accounting and audit and general or administrative and are detailed in the Company's statement of comprehensive loss.

For the year ended June 30, 2015 the Company incurred a net loss of \$86,950 as compared to a net loss of \$62,623 in fiscal 2014. The increase in net loss is due to increased legal and listing fees incurred relating to the proposed Qualifying Transaction.

## QUARTERLY FINANCIAL INFORMATION

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

Fiscal Yr.	2015				2014			
	Jun 30	Mar 31	Dec 31	Sept 30	Jun 30	Mar 31	Dec 31	Sept 30
Net Loss for the period	\$70,181	\$8,179	\$3,882	\$4,708	\$43,532	\$7,971	\$4,903	\$6,217
Net Loss per share	0.03	0.00	0.00	0.00	0.02	0.00	0.00	0.00

The Company's activities for the three months ended June 30, 2015, have been related to meeting the Exchange's minimum listing requirements and the proposed Qualifying Transaction with Tyko. The expenses incurred in the quarter included accounting and audit, legal, listing fees and general and administrative expenses. The Company's expenses have fluctuated from quarter-to-quarter depending on the level of corporate activity undertaken and the status of its attempt to close a qualifying transaction. The increased net loss for the quarter ended June 30, 2015 is due to the accrual of legal fees relating to the proposed Qualifying Transaction. The net loss for the quarter ended June 30, 2014 reflects the write-off of \$26,267 in previously deferred acquisition costs related to the potential Qualifying Transaction with RMI.

## LIQUIDITY AND CAPITAL RESOURCES

### Cash and funding transactions:

As at June 30, 2015, the Company had cash of \$141 (2014 - \$2,532) on hand and had a working capital deficiency of \$230,513 (2014 - \$143,563).

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 financing in the future at terms that are acceptable.

On September 26, 2014, the Company received a total of \$825 in repayments against the principal of the loan receivable from RMI.

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 principal 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 a Qualifying Transaction.

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

On March 10, 2015, the Company entered into an arm's length short-term loan agreement for an aggregate amount of \$3,500, bearing interest of 10% per annum and maturing effective March 10, 2016. All principal 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 a Qualifying Transaction.

On March 23, 2015, the Company entered into an arm's length short-term loan agreement for an aggregate amount of \$2,500, bearing interest of 10% per annum and maturing effective March 23, 2016. All principal 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 a Qualifying Transaction.

On April 13, 2015, the Company entered into an arm's length short-term loan agreement for an aggregate amount of \$1,200, bearing interest of 10% per annum and maturing effective April 13, 2016. All principal 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 a Qualifying Transaction.

On April 23, 2015, the Company entered into an arm's length short-term loan agreement for an aggregate amount of \$2,500, bearing interest of 10% per annum and maturing effective April 23, 2016. All principal 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 a Qualifying Transaction.

On May 7, 2015, the Company entered into an arm's length short-term loan agreement for an aggregate amount of \$2,500, bearing interest of 10% per annum and maturing effective May 7, 2016. All principal 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 a Qualifying Transaction.

On May 20, 2015, the Company entered into an arm's length short-term loan agreement for an aggregate amount of \$6,500, bearing interest of 10% per annum and maturing effective May 20, 2016. All principal 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 a Qualifying Transaction.

As at June 30, 2015, the aggregate amount of the loans was \$80,100 (2014 - \$48,300) and \$19,021 (2014 - \$11,612) in interest had accrued.

#### **Loan Receivable:**

On May 4, 2012, the Company advanced a loan of \$40,000 to RMI for the purpose of making option payments on its New Mexico properties and for geological sampling. The Chief Executive Officer of RMI is also the Chief Executive Officer of the Company. Interest is payable on the loan at the rate of 10% per annum and principal and interest were due to be repaid on the closing of the Qualifying Transaction with RMI or if the proposed acquisition was not completed, the loan plus interest is due at the earliest of twelve months following the first advance under the loan agreement or the date RMI obtains financing sufficient to repay the loan amount outstanding. The loan is secured against RMI's current and hereinafter-acquired assets. At June 30, 2015, the total amount of the loan plus accrued interest due was \$12,967 (2014 - \$12,560). During the year-ended June 30, 2015, the Company received a total of \$826 in repayments against the principal of the loan.

#### **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 and warrants outstanding.

#### **CONTRACTUAL OBLIGATIONS**

The Company has no material lease obligations or significant contractual obligations other than those associated with its loans payable.

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

The Company does not have off balance sheet arrangements.

#### **FINANCIAL INSTRUMENTS**

As at June 30, 2015, the Company's financial instruments consist of cash, HST/GST receivable, loan and accrued interest receivable, accounts payable and accrued liabilities, loans and interest payable and amounts due to related parties. The carrying values of these financial instruments approximate their fair values because of their short-term nature and/or the existence of market related interest rates on the instruments.

## **RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2015, \$44,252 (2014 - \$6,171) in legal fees were incurred and accrued as payable to a legal firm of which Jeff Lightfoot, a director, is an associate partner.

## **SUBSEQUENT EVENTS**

### **Cash and funding transactions**

On July 13, 2015, the Company entered into an arm's length short-term loan agreement for an aggregate amount of \$6,563, bearing interest of 10% per annum and maturing effective October 1, 2015. All principal 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 a Qualifying Transaction.

On August 10, 2015, a director advanced \$742 to the Company. The loan is non-interest bearing, unsecured and matures effective November 15, 2015.

On September 15, 2015, a director advanced \$260 to the Company. The loan is non-interest bearing, unsecured and matures effective November 15, 2015.

On October 8, 2015, the Company received a \$14,000 loan from RMI. The loan bears interest at 10% per annum and matures on December 31, 2017.

On October 14, 2015, the Company received a \$2,100 loan from RMI. The loan bears interest at 10% per annum and matures on December 31, 2017.

## **RECENT ACCOUNTING PRONOUNCEMENTS**

### **Change in accounting policy:**

There were no new standards effective July 1, 2014 that had an material impact on the Company's financial statements.

### **New standards and interpretations yet to be adopted:**

A number of new standards, amendments to standards and interpretations, are not yet effective for the year ended June 30, 2015, and have not been applied in preparing these financial statements. Based on the Company's financial statements at June 30, 2015, none of these standards are expected to have a significant effect on the financial statements of 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 raising minimum financing and acceptance for filing by the Exchange. There can be no assurance that the funds will be raised or all of the necessary approvals will be obtained. If the Qualifying 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 Qualifying 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 related 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, 2015, that are available on SEDAR ([www.sedar.com](http://www.sedar.com)).

#### **ADDITIONAL INFORMATION**

Additional Information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com).