

**MANAGEMENT DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED JANUARY 31, 2018**

The following is a discussion and analysis of the operations, results, and financial position of CIC Capital Fund Ltd. (“CIC Fund”) for the year ended January 31, 2018, and should be read in conjunction with the audited financial statements for the year ended January 31, 2018, all of which are prepared in Canadian dollars and in accordance with International Financial Reporting Standards (“IFRS”).

The effective date of this report is March 19, 2018.

**FORWARD LOOKING STATEMENTS**

Certain information included in this discussion may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

**PART 1. NATURE OF THE BUSINESS**

**History of CIC Fund**

CIC Fund is a public company incorporated on 20 June 2003 under the Canada Business Corporations Act. CIC Fund subsequently de-listed its shares from trading on the Canadian National Stock Exchange (CNSX) on 24 June 2011, following listing on the AIM Market of the London Stock Exchange, but remained a reporting issuer in Canada.

CIC Fund was an investment and advisory company, operating primarily in the mining and energy infrastructure sectors. On 2 May 2014, CIC Fund delisted on the AIM Market of the London Stock Exchange to **re-organize CIC Fund as a pure public close-ended fund** providing convertible loans to selected companies.

The re-organization was necessary as CIC Fund had tremendous strength in self-raising significant capital as well as strong deal flow derived from many years in the maintenance of key relationships.

CIC Fund principally seeks equity interests in client companies in return for its capital. CIC Fund also issues in part or whole equity it receives from loan conversion to its shareholders pro-rata as a dividend in *specie*. CIC Fund is a reporting issuer in British Columbia, Alberta and Ontario

**Re-organization of CIC Fund to a close-ended fund**

The re-organization phases were focused on each phase completion and not time based.

**Phase 1 Spinout the Advisory Services Business 100% Achieved**

On 1 December 2014, it changed its name to CIC Capital Fund Ltd. as part of re-organization process and spun-out its advisory business to a newly incorporated company in Seychelles, CIC Capital Limited with a separate independent board (not a controlled company).

On 12 January 2015, CIC Fund distributed one share in CIC Fund to one share in CIC Capital by way of an *in specie* dividend to its shareholders on a pro-rata basis.

**Phase 2 - Corporate Governance 100% Achieved**

CIC Fund established that its client's home states would be predominantly European Union, Asia, Middle East and North America.

CIC Fund adopted in full the Corporate Governance Codes in of those jurisdictions. Golwings UK was engaged in 2014 to produce a detailed Corporate Governance Manual for the Companies Board to follow and is available on CIC Fund's website.

In addition CIC Fund has adopted in full all the principals of the UK Stewardship Code, and is a signatory to the code with the Financial Reporting Council. These principals strengthen the focus on managing risk to CIC Fund clients providing capital to CIC Fund. CIC Fund's Stewardship Code is available from CIC Fund's web site.

**Phase 3 – Create Client Shareholder Base** **100% Achieved**

CIC Fund has an exceptional shareholder base developed since 2004 by CIC Group founder Stuart J. Bromley. The shareholder base is exceptionally valuable to clients wishing to create a new company structure with a view to become a public issuer on a regulated stock exchange.

CIC Gold Group Limited ("CIC Gold") is such a company that listed as a shell and then underwent an acquisition with assets owned by the client. The initial CIC Gold shell company shareholder base was created by a dividend *in Specie* to CIC Fund's shareholders whereby they received pro-rata approx. 14% of their holding in CIC Gold shares. This created the necessary 25% free float (excluding insiders) required for the listing on the Main Board of the London Stock Exchange.

**Phase 4 – Prove Convertible Loan Business Model** **100% Achieved**

During the re-organization period CIC Fund committed to support convertible loans to CIC Capital Limited ("CIC Capital") (farm-out entity) and CIC Gold Group Limited ("CIC Gold").

CIC Fund has provided convertible loans of CAD\$4,589,643 to CIC Capital since 2014. CIC Capital used the funds for its own public listing on a regulated EU market and for working capital.

CIC Fund has provided convertible loans of CAD\$3,751,454 to CIC Gold since 2014. CIC Gold used the funds to successfully list on the highly regulated market of London Stock Exchange Main Board and for working capital.

The total convertible loans provided to date since 2014 is CAD\$8,341,097.

CIC Fund raised the convertible loan capital solely and no commission or fees were paid.

**Phase 5 – Prove Dividend in *Specie* by Client Company** **100% Achieved**

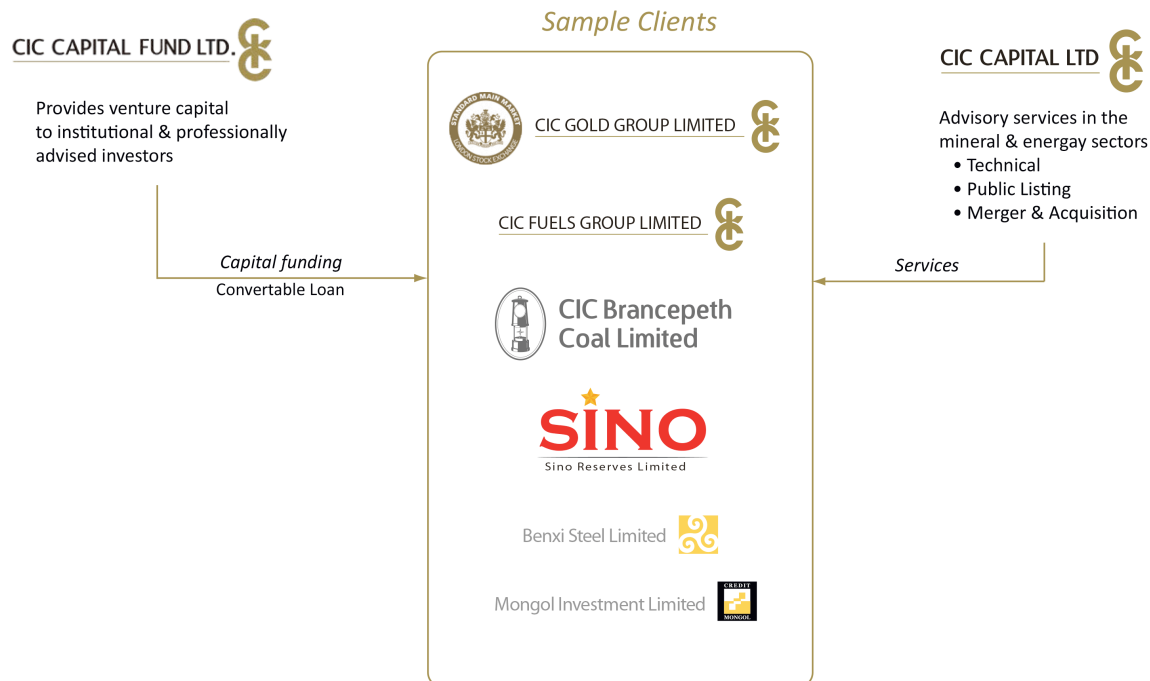
CIC Gold Group Limited converted the majority of CIC Funds convertible loan to 28M shares to which CIC Fund distributed all CIC Gold shares as a dividend to its shareholders (excluding directors) in April 2015. In June 2015 CIC Gold commenced trading on the Main Board of London Stock Exchange at an average price of 6.00 UK pence.

**Phase 6 – Public list various securities of CIC Fund** **ongoing**

CIC Fund engaged CIC Capital to provide advisory services for varies securities listings.

CIC Fund is to re-admit its common shares on a Canadian exchange and a future dual list in the EU. CIC Fund also will seek a regulated listing of its Special Series B Class Non-Voting Shares ("B Class"), which will form the main capital-raising fund.

A diagram showing farm-out of advisory services business now conducted independently by CIC Capital Limited is given below:



## 1.1 Business of CIC Fund

CIC Fund principally seeks equity interests in client companies in return for its capital.

CIC Fund intends to achieve its investment objective by investing byway of convertible loans in a range of companies that will become public companies trading on a designated stock exchange with highly experienced board of management.

*Risk* – CIC Fund will conduct a high degree of due diligence on each convertible loan and the Board will always act with Prudent Risk Management with a degree of skill and care as the funds were their own.

*Convertible Loan* - The convertible loan will be for two years, each share converted will come with a full warrant and be subject to a quarterly company interest of 8.5%. CIC Fund can elect to receive full repayment of the loan or convert to shares.

*Geography* – CIC Fund will seek investments in a broad range of jurisdictions in order to build a global portfolio of loan assets to spread in specific country risks.

*Valuation of the Portfolio* - Shares held in Client Companies will be valued only when the Client Company is listed on a stock exchange with the share having a tradable value.

*Duration* - The term of the loan will be two years. CIC Fund’s loan portfolio is to be weighted towards short-term convertible loan financing of two years to ensure an adequate degree of liquidity. This is intended to provide CIC Fund with both a liquid pool of assets ready for realization, as well as a reliable stream of longer-term income.

## 1.2 Investment Objective

CIC Fund’s investment objective is to provide Shareholders with stable and growing income returns byway of distributing dividend *in Specie* shares earned by converting loans to equity from a portfolio of investments. The dividend *in Specie* of shares will be made available to holders of the Company’s securities on a pro-rata basis based on their shareholding.

CIC Fund, intends to grow the capital value of the investment portfolio by exposure predominantly to private company's undergoing a public listing on a designated exchange and convert loans to equity whereby the shares earned will be freely tradable.

### 1.3 Investment Strategy

CIC Fund will target pre IPO companies to provide convertible loans to company's requiring working capital for at least 18 months and to fund they're public listing. CIC Fund will focus predominantly three sectors:

- mineral and energy company's
- technology company's
- entertainment company's
- multimedia and software company's

The Client Companies must have a board of management that has an extensive expertise in each sector the client company operates in.

### 1.4 Year to date highlights

CIC Fund is in the final phase of re-organization as a close-ended public fund. CIC Fund has also progressed the public listing of it's various securities as follows:

- i) Common Share re-admission to Canadian Exchange and future co-list on regulated European Exchange
- ii) Regulated listing of Special Series B Class Shares Non-Voting (main fund)

Further CIC Fund continued to provide CIC Capital Limited and CIC Gold Group Limited convertible loans as part of proving up CIC Fund's business model and returns to shareholders (part of the re-organization plan).

CIC Fund remains principally in a holding mode as it proves up convertible loans and completes its re-organization.

CIC Fund is independent from Promoters or Sponsors to effect capital raising "road shows". CIC Fund, through its shareholder base, has a solid capacity to raise what CIC Fund requires and reflects the many years of development since 2004 into the ability to self raise capital as needed.

### 1.5 Highlighted Annual Information

The following is a summary of the financial data of CIC Fund for the 12-month periods ended 31 December 2016, 31 January 2017 and 31 January 2018 and is derived from the audited financial statements of CIC Fund:

	YE 31 Jan 2018	YE 31 Jan 2017	YE 31 Jan 2016
	CAD\$	CAD\$	CAD\$
Total Revenues	-	-	-
Net Income (loss)	(1,456,731)	(56,398)	111,642
Basic & diluted loss per common share	-0.0027	0.0001	0.0002
Total assets	3,607,995	5,024,725	4,157,460
Share of net result of associates	-	-	-
Total long term financial liabilities	-	-	-
Cash dividend declared per share*	-	-	3,372,394

\* Dividend issued in client shares cash equivalent

### *Convertible Loan Portfolio*

During the re-organization period CIC Fund only committed to support two companies with convertible loans, namely CIC Capital Limited (“CIC Capital”) (farm-out entity) and CIC Gold Group Limited (“CIC Gold”).

These outstanding convertible loans form the majority of the assets of CIC Fund. In future CIC Fund will retain shares in client companies earned as a result on conversion of convertible loans to equity. These equity interests in Client Company’s will be issued as a dividend *in Specie* as happened with CIC Gold but some shares will be retained to form a significant investment portfolio.

CIC Gold with the funding support of CIC Fund and the advisory services of CIC Capital successfully listed on the regulated main market of the London Stock Exchange in June 2015.

Table showing convertible loans by client

	<b>YE 31 Jan 2018 CAD\$</b>	<b>YE 31 Jan 2017 CAD\$</b>	<b>YE 31 Jan 2016 CAD\$</b>	<b>YE 31 Jan 2015 CAD\$</b>	<b>YE 31 Jan 2014 CAD\$</b>
Amounts due from CIC Capital	3,172,912	4,589,643	3,909,893	2,571,526	404,724
Amounts due from CIC Gold	379,060	379,060	193,278	206,752	-
	<b>3,551,972</b>	<b>4,968,703</b>	<b>4,103,172</b>	<b>2,778,279</b>	<b>404,725</b>

In fiscal year 2018, CIC Fund paid CIC Capital CAD\$1,416,731 for advisory services relating to various future public listing of its common shares, Non voting Special Series B Class Shares (“B Class Shares”). The convertible loans due to CIC Fund by CIC Capital was reduced by CAD\$1,416,731 as payment of the advisory services.

In April 2015, CIC Gold Group Limited converted CAD\$3,372,394 (£1,725,000) convertible loan to 28,750,000 common shares in CIC Gold reducing the outstanding convertible loan for fiscal year 2016 to CAD\$193,278.

### *Non-current asset – investment in associate*

An associate is an entity, other than a partnership, over which the Group exercises significant influence, but not control, over financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are initially recognised at cost.

The consolidated financial statement includes, CIC Fund share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When CIC Fund share of losses exceeds its interest in an associate, CIC Fund carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

Unrealised gains arising from transactions with associates are eliminated to the extent of CIC Fund interest in the entity with adjustments made to the “Investment in associates” and “Share of associates net profit / (loss)” accounts. When an associate makes a new issue of capital, changing CIC Fund percentage ownership, changes in the share of retained profits are reflected in the net profit or loss and changes in the share of reserves are reflected as direct adjustments to the specific equity accounts.

## 1.6 Dividend in *Specie* Distribution and History

CIC Fund intends to deliver high returns through dividends and proved up the dividend distributions during the re-organization phase.

### *Dividends in CIC Capital*

CIC Fund farmed out the Advisory Services business in June 2014 and issued to CIC Fund common shareholders one equal share in CIC Capital as a dividend in *specie*. This created the shareholder base for CIC Capital. CIC Capital by way of its public announcements is seeking a regulated listing on the Frankfurt Stock Exchange with a dual listing in UK as 21.00 Euro cents per share. CIC Fund does not control CIC Capital.

### *Dividends in CIC Gold*

CIC Fund distributed in 13 January 2015, 28,750,000 CIC Gold shares earned from conversion of CIC Gold outstanding loans to CIC Fund's shareholders pro-rata as a dividend *in Specie*. Stuart J. Bromley director of CIC Fund and major shareholder voluntarily declined the dividend and his share allocation was passed on to shareholders pro-rata. This effectively created the shareholder base of CIC Gold prior to its admission to the main board of the London Stock Exchange on 23 June 2015 at 6.00 UK pence per share. The first two-months trading in CIC Gold shares saw an average trading volume of 29,800,000 shares per month representing 1/3 of the share outstanding resulting in a record for one of the highest trading volume ratio to shares outstanding on the main market of the London Stock Exchange for effectively a shell company.

CIC Capital provided the advisory services to CIC Gold for its successful admission to the main board of the London Stock Exchange and earned CIC Gold shares for its advisory services. CIC Capital issued as a dividend in *Specie* on the 14 January 2015, 20,000,000 CIC Gold shares pro-rata to its shareholder (effectively CIC Funds share holder).

The dividend in *specie* in CIC Gold common shares by both CIC Capital and CIC Fund delivered the following dividends:

PER 1,000,000 CIC FUND COMMON SHARES THE SHAREHOLDER WOULD RECEIVE:

Dividend #1	1,000,0000 common shares in CIC Capital
Dividend #2	102,690 common shares in CIC Gold
CIC Capital Dividend	42,960 common shares in CIC Gold

Effectively a shareholder is CIC Fund now would hold 1,000,000 common shares in CIC Capital and 145,550 shares in CIC Gold as well as the original shares in CIC Fund.

**Each new client of CIC Fund receiving convertible loans would ultimately result in the loans being converted to common shares and distributed in part or whole as a dividend in *specie* to CIC Fund's share holders. Therefore any new or existing shareholder in CIC Fund could reduce their investment RISK and RETURN by retaining their CIC Fund common shares and selling their dividend shares.**

## **PART 2 SUMMERY OF QUARTERLY RESULTS**

CIC Fund has undergone reorganization during the past four years and any quarterly results could be misleading to the reader, shareholder or potential investor. In particular in the past fiscal year no corporate actions other than the re-organization actions and the listing of the Company's securities.

	YE 31 Jan 2018				YE 31 Jan 2017			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	CAD\$				CAD\$			
<b>Revenue</b>	-	-	-	-	-	-	-	-
<b>Net profit/(loss) for the period</b>	(1,456,731)	-	-	-	(56,398)	(46,041)	(20,153)	(6,000)
<b>Total Assets</b>	3,607,995	5,024,725	5,024,725	5,024,725	5,024,725	5,007,990	5,018,818	4,671,360
<b>Working Capital</b>	-	-	-	-	6,282	-	-	-
<b>Capital Expenditures</b>	40,000	-	-	-	-	-	-	-
<b>Shareholder Equity</b>	1,814,367	3,271,097	3,271,097	3,271,097	3,271,097	3,225,056	3,204,903	3,198,903
<b>Net income/(loss) per share - basic</b>	0.0026	-	-	-	0.00010	-	-	-

#### *Net profit/(loss) for the period*

The Company principal losses relate to staff salary costs, regulatory compliance costs and general administration. In Q4 YE 31 January 2018 an extraordinary expense of CAD\$1,416,731 for advisory services relating to various future public listing of the company's securities. CIC Fund following the farm-out of the advisory services moved out a large cost of significant staff resources not needed in the core business of the Company.

#### *Working Capital*

CIC Fund raises capital needed to fund the convertible loans by issuing common shares of the Company. This dilutes the shareholders and therefore the Company only raises what we need. Therefore it should not be read that the Company is cash deficient. In future the Company will list on a regulated market is Special B Class non voting shares to raise significant capital thus avoiding dilution and build a large cash fund.

#### *Total Assets*

The assets of the Company are principally the outstanding convertible loans. A reduction in assets in YE 31 January 2018 was the reduction in convertible loan outstanding to CIC Capital to offset advisory costs as stated above.

#### *Capital Expenditures*

CIC Fund capital expenditure are expected to increase significantly in the next fiscal year as the re-org as new client convertible loans are approved.

#### *Shareholder Equity*

Shareholder equity will grow as new convertible loans are approved and the Company target is to reach CAD\$12 million as a base minimum. Dividends in *specie* in client shares earned through conversion of the convertible loans will reduce shareholders equity and is why the Company has set a shareholder equity maintenance target in the medium term.

## **PART 3            GENERAL**

### **3.1      Capital Resources**

CIC Fund has generated its cash from share subscriptions to fund the convertible loans to clients and operating costs. There can be no assurance that funds will be available to CIC Fund in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to CIC Fund.

CIC Fund has established a sophisticated and public fund shareholder base whilst operating under its current management since 2004 (14 years). This shareholder base provides capital required from three main geographic locations, Asia in particular China and Japan, Middle East and Europe.

CIC Fund following its reorganization into a public close-ended fund will in future avoid subscriptions for its voting common shares.

### **3.2      Related Party Transactions**

#### *CIC Capital Client Company*

CIC Capital advises CIC Fund for its various securities future public listing. Mr. Robert Rhodes is CEO/Executive Director of CIC Capital and Non Executive Chairman of CIC Fund. Mr. Robert Rhodes has abstained from any monetary negotiations regarding CIC Capital service fees.

In fiscal year 2018, CIC Fund paid CIC Capital £850,000 for advisory services relating to various future public listing of its common shares, Non-voting Special Series B Class Shares (“B Class Shares”). The convertible loans due to CIC Fund by CIC Capital were reduced by £850,000 as payment of the advisory services.

### **3.3      Off-Balance Sheet Arrangements**

None.

### **3.4      Disclosure Controls and Procedures**

CIC Fund’s Chief Executive Officer (the "Certifying Officer") is responsible for establishing and maintaining disclosure controls and procedures (“the Procedures”) which provide reasonable assurance that information required to be disclosed by CIC Fund under provincial or territorial securities legislation (the “Required Filings”) is reported within the time periods specified. Without limitation, the Procedures are designed to ensure that material information relating to CIC Fund is accumulated and communicated to management, including its Certifying Officers, as appropriate to allow for timely decisions regarding the Required Filings.

CIC Fund’s Certifying Officer is also responsible for establishing and maintaining internal controls over financial reporting (“Internal Controls”) and has designed such Internal Controls, or caused them to be designed under their supervision, which provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with CIC Fund’s International Financial Reporting Standards (IFRS).

There were no changes to our company’s internal controls or in other factors that could materially affect these controls during the year ended January 31, 2018, including any significant deficiencies or material weaknesses of internal controls that would require corrective action.



## **International Financial Reporting Standards (“IFRS”)**

The Companies financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

### **3.5 Critical Accounting Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires CIC Fund to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. Significant estimates and assumptions are used in determining the application of the going concern concept, assumptions used to determine the fair value of stock-based compensation and the determination of future income taxes. CIC Fund evaluates its estimates on an ongoing basis and bases them on various assumptions that are believed to be reasonable under the circumstances. CIC Fund’s estimates form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

### **3.6 Risks and Uncertainties**

#### *Risks associated with CIC Fund’s business*

The equity stakes taken by CIC Fund in Client Companies on loan conversion are, by their nature, subject to numerous and substantial risks, particularly in volatile or illiquid markets and in markets influenced by sustained periods of low or negative economic growth, including the risk of losses resulting from the ownership of securities, trading, counterparty failure to meet commitments, employee errors, misconduct and fraud, and the risk of litigation. The success of CIC Fund will be dependent upon, inter alia, the identification, making, management and realization of suitable Client Companies. There can be no guarantee that such Client Companies can or will be identified or that they will be successful. Poor performance by any Client Company could severely affect CIC Fund’s performance.

#### *Risks associated with the proposed listing structure*

CIC Fund will only provide convertible loans to client companies that are seeking to go public on a designated stock exchange. CIC Fund will take tax and securities law advice on the structure of the proposed listing of Client Companies. However, there is no certainty that the rules governing the proposed listing of a Client Company, or the application of these rules, will remain the same in the future.

#### *Dependence on key personnel*

CIC Fund will be dependent on the ability of the Directors and key employees to source and negotiate attractive convertible loans. In so doing, CIC Fund will be reliant not only on the experience and ability of those Directors and employees, but also on relationships and business networks that certain key individuals have developed over a number of years. If such individuals were to leave CIC Fund, it could have a negative impact on CIC Fund’s ability to achieve its objectives.

#### *Economic Uncertainty*

Future economic uncertainty or significant increases in CIC Fund’s operating costs could result in a reduction in profits generated by CIC Fund.

#### *Legal proceedings and litigation*

By the very nature of CIC Fund’s business, it is expected that from time to time CIC Fund will be subject to complaints or claims in the normal course of business. There is no certainty that such claims or complaints will not be material and that any settlements, awards or legal expenses associated with defending or appealing against any decisions in respect of any such complaints or claims will not have a material adverse effect on CIC Fund’s operating results or financial condition. CIC Fund’s business may be materially and adversely affected if CIC Fund and or its employees or agents are found not to have met the appropriate standard of care or exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards.

### *Equity interests in Client Companies*

CIC Fund will typically receive an equity stake in Client Companies in consideration for the provision of conversion of convertible loans to equity. Equity securities generally represent the most subordinated claims in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of equity securities are generally entitled to dividends only if and to the extent declared by the governing body of the issuer out of income or other assets available, after making interest and any other required payments in respect of more senior securities of the issuer.

Moreover, in the event of an insolvency or winding-up of a Client Company in which CIC Fund holds an equity interest, the claims of shareholders will rank behind all other claims in that company. After repaying holders of more senior securities, such companies may not have any remaining assets to use for repaying amounts owed in respect of CIC Fund's holdings. To the extent that any assets remain, holders of claims that rank equally with CIC Fund's holdings would be entitled to share on an equal and rateable basis in distributions that are made out of those assets.

### *Insurance*

CIC Fund does not hold any insurance. Accordingly, CIC Fund is exposed to the full extent of any financial losses in the event of any incident that causes loss or damage to CIC Fund.

### *Dividends*

There can be no assurance as to the level or frequency of future dividends, if any. The declaration, payment and amount of any future dividends of CIC Fund are subject to the discretion of the directors of CIC Fund, and will depend on, among other things, CIC Fund's earnings, financial position, cash requirements.

## **PART 4 SHARE DATA**

CIC Fund's authorized capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. As at January 31, 2018, CIC Fund has 537,318,639 common shares issued and outstanding, no stock options and no warrants outstanding. The following is the summary of outstanding shares, stock options and warrants:

	<b>YE 31 Jan 2018</b>	<b>YE 31 Jan 2017</b>	<b>YE 31 Jan 2016</b>
Common Shares	537,318,639	537,318,639	537,318,639
Warrants	-	-	-
Options	-	-	-

CIC Fund will conduct a share consolidation of 10:1 in February 2018 voted on by shareholders of CIC Fund.

END.