TIMIA CAPITAL CORP. (the "Company")

MANAGEMENT DISCUSSION AND ANALYSIS in Form 51-102F1
("MD&A")

The following discussion and analysis is for the three and nine months ended **August 31, 2018**. This MD&A was approved by the Board of Directors on October 24, 2018

INTRODUCTION

The discussion and analysis of the operating results and financial position of the Company should be read in conjunction with the August 31, 2018 condensed interim Financial Statements and related Notes (the "Financial Statements"), which have been prepared in accordance with IAS 34 Interim Financial Reporting of International Financial Reporting Standards ("IFRS"). All monetary amounts are expressed in Canadian dollars unless otherwise indicated in the notes to the financial statements. This discussion and analysis may contain forward-looking statements about the Company's future prospects, and the Company provides no assurance that actual results will meet management's expectations. Additional information relating to TIMIA Capital Corp. is available on SEDAR at www.sedar.com.

TIMIA Capital Corp. (the "Company") was incorporated under the Business Corporations Act of British Columbia on October 26, 2007 under the name Angelwest Capital Corp. The Company changed its name to GreenAngel Energy Corp. on October 27, 2009 and then to TIMIA Capital Corp. on September 23, 2015 and is listed on the TSX Venture Exchange (the "TSX-V") trading under the symbol "TCA". The Company primarily focuses on providing financing to North American technology companies in exchange for either i) variable monthly payments structured as a percentage of revenue, subject to minimum monthly payments or ii) a fixed schedule of predetermined monthly payments. In addition to the capital injection, companies receiving financing from TIMIA capital receive a suite of value added services such as benchmarking performance against industry best practices, and quarterly educational seminars. The Company's head office and principal place of business is Suite 207 - 415 West Cordova Street, Vancouver, British Columbia, Canada.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "designed", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements. Based on current available information, the Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that those expectations will prove to be correct. The forward-looking statements in this MD&A are expressly qualified by this statement, and readers are advised not to place undue reliance on the forward-looking statements.

OVERVIEW

TIMIA provides financing and support to private technology businesses in North America (individually, an "Investee" and collectively the "Investees") and, in return, receives monthly payments. TIMIA's revenue consists of interest from Revenue-Based Financing ("RBF") contracts between TIMIA and each Investee, as well as term loan interest income, consulting revenue (portfolio monitoring fees, due diligence fees, and transaction fees) and other similar types of payments. Specific investee financings are contracted for various expected durations, typically six years with a maximum payback period of eight years. Payments are received monthly and each investment's value is assessed for impairment at each reporting date based on the performance of the Investee's gross revenue and other financial performance measures. TIMIA also manages a portfolio of equity investments comprised of both equity positions obtained through its RBF model as well as clean energy companies from its prior business model as GreenAngel Energy Corp.

TIMIA provides the initial capital for all investments made from its own balance sheet via common share and debenture issuances. After an initial period of loan stabilization, TIMIA then syndicates pools of its loan portfolio to outside co-investors, retaining a portion of the co-investors yield as compensation for TIMIA. In exchange for the syndication, TIMIA receives capital which is re-invested in new investments as well as for general operating purposes.

HIGHLIGHTS OF PERFORMANCE

For the three months ended August 31, 2018, the Company had the following highlights:

- Total revenue increased 59% to $399,991 compared to the same quarter a year ago;
- Exits this quarter returned cash of $1,564,409 compared to cash from exits of $567,109 in the same period last year;
- $1,750,000 was raised through the co-investment model including $1,000,000 from an existing institutional investor;
- Investment portfolio activity included successful exits from a loan and an equity investment. Three new loan investments were completed;
- Total assets increased 65% to $13.1 million compared to the same period last year; and
- A net loss of $413,221 or $0.01 per share compared with a net income of $235,016 or $0.01 per share for the same period last year, reflecting an increase in non-cash expenses as well as investment in marketing and sales activities.

For the nine months ended August 31, 2018, the Company had the following highlights:

- $1,562,002 in gains on investments resulting from numerous successful exits from both its equity and loan portfolios;
- Strong cash balance of $5,477,74 available for future investments compared to a cash balance of $713,792 nine months earlier;
- Total revenue of $1,237,110 an increase of 70% from $728,724 for the same period a year earlier;
- Interest income grew 58% to $1,085,881 for the period compared to $688,724 a year ago; and
- Net income of $439,256 compared to a net loss of $413,221 for the period ended August 31, 2017.

OVERALL PERFORMANCE

During the three months ended August 31, 2018, the Company continued to grow its investment business by completing three investments (one new investment and two follow-on investments, the $500,000 investment in 7Geese was subsequently announced after the end of the quarter) as well as successfully exiting one investment from its loan portfolio and another from its equity portfolio.

During the three months ended August 31, 2018, the Company posted a net loss of $413,221 compared with a net income of $235,016 in the same three month period last year reflecting an increase in non-cash expenses in addition to the investments in marketing and sales activities during the quarter ended August 31, 2018.

For the nine months ended August 31, 2018, the Company posted a net income of $439,256 compared to a net loss of $2,554 in the same nine month period last year. The net income is primarily due to an approximate 58% increase in interest income over the same nine month period last year and the Company recognizing a gain on investments of $1,526,002 from the successful exits of iCompass Technologies Inc. (“iCompass”), QuickMobile Inc. (“QuickMobile”), Beanworks Solutions Inc. (“Beanworks”) and Mazza Innovation Ltd. (“Mazza”).

TIMIA continues to build the value and size of its portfolio by making new investments, follow-on investments in existing portfolio companies and actively assisting in their growth plans. During the nine months ended August 31, 2018, TIMIA benefited from increased payments (combined principal and interest) as a result of the strong revenue growth of its underlying portfolio. At the same time, the Company increased its investments in infrastructure, staff and marketing.

PORTFOLIO HIGHLIGHTS

For the three months ended August 31, 2018, TIMIA's investment portfolio had the following highlights:

- Loan portfolio company, Beanworks was recapitalized through a Series B round and exited its $1,150,000 financing agreement with TIMIA Capital providing an exit payment of $1,332,223 to TIMIA Capital;
- TIMIA Capital disbursed $750,000 in growth capital as part of a $2,000,000 facility entered into with ZIVA Dynamics ("ZIVA") to support ZIVA's marketing activities and product development; and
- Equity portfolio company, Mazza was acquired by Sensient Technologies, a company listed on the New York Stock Exchange; providing a return of cash to TIMIA of $232,187.

REVENUE GROWTH

The Company's revenue is primarily interest income generated under the Company's RBF model. Interest income in the three months ended August 31, 2018 increased 26% to $317,787 compared to $251,599 for the same quarter a year ago. Interest income in the nine months ended August 31, 2018 was $1,085,881 compared to $688,724 in the same period last year. As the Company makes new investments, the value of the combined monthly payments derived from its portfolio grows.

Consulting revenue was $82,204 for the three months ended August 31, 2018 compared to $nil for the same quarter a year ago. Consulting revenue was $151,229 in the nine months ended August 31, 2018 compared to consulting revenue of $40,000 in the nine months ended August 31, 2017. Total revenue for the quarter increased 59%, up from $251,599 for the quarter ended August 31, 2017 to $399,991 this quarter. Total revenue for the nine month period ended August 31, 2018 was $1,237,110 compared to $728,724 for the nine month period ended August 31, 2017.

Chart 1 shows the increase in revenue since Q3 2016.

<u>Chart 1</u>

The increase in revenue over this period, representing principal, interest and transaction fees, are a result of new loan investments made by the Company as well as increasing payments from each Company in the portfolio. Management expects the payment amounts to increase over time as both new and follow-on investments are made and as payments increase from the underlying portfolio. The decrease in revenue for the third quarter ended August 31, 2018 compared to the second quarter ended May 31, 2018 reflects the timing of multiple exits that have occurred over the last two quarters and their short-term impact on revenue. This same effect significantly increased the Company's cash balance and helped drive profitable gains on investments. The surplus cash balance is actively being reinvested, including $2,000,000 in disbursements during the quarter, to reverse this revenue trend.

EXPENSES INCREASE TO FUND AND BUILD INFRASTRUCTURE

During the three and nine months ended August 31, 2018, the Company invested in the business to build a scalable investment platform and attract key personnel, with the following key items being highlighted:

Operational Expense

- Administrative, management and directors' wages and fees increased due to a team headcount increase as the organization scales;
- Office, promotion and miscellaneous expense increased primarily due to higher marketing expenses designed to increase deal flow and public market activities such as investor relations. For the nine month period ended August 31, 2018, marketing and promotion expenditures were $167,006 and IR and communication expenditures amounted to $233,809; and
- Share-based payments expense was higher largely due to the vesting of options from an option grant on May 10, 2018 to management and directors of which 41% of options vested this quarter with the remainder vesting between one and three years from their issue date.

Finance Expense

- Interest expense makes up $207,481 of the total expense amount of $747,473 for the quarter, an increase of $71,680 over the same period last year. The increase in interest expense is associated with the issuance of new debentures with warrants in the previous three consecutive quarters; No debentures were issued this quarter.

The breakdown of expenses for the three and nine months ended August 31, 2018 and 2017 are as follows:

<u>Three months</u>

		2018		2017
Administrative, management and directors fees	$	102,264	$	76,748
Accounting and legal	$	54,222	$	17,693
Office, promotion and miscellaneous	$	249,844	$	72,111
Share-based payments	$	94,395	$	40,058
Interest expense	$	207,481	$	135,801
Transfer agent and regulatory fees	$	5,533	$	6,759
Loan loss provision	$	33,734	$	33,000
Total Expenses:	$	747,473	$	382,170

<u>Nine months</u>

		2018		2017
Administrative, management and directors wages and fees	$	463,213	$	223,097
Accounting and legal	$	72,245	$	60,899
Office, promotion and miscellaneous	$	596,777	$	260,780
Share-based payments	$	174,304	$	68,738
Interest expense	$	581,679	$	357,583
Transfer agent and regulatory fees	$	21,556	$	26,047
Loan loss provision	$	91,321	$	100,500
Total Expenses:	$	2,001,095	$	1,097,644

INTEREST PAYMENTS TO CO-INVESTORS

The Company has syndicated a portion of its loan portfolio to external investors in exchange for cash payments. The financial statements of the Company at August 31, 2018 include a co-investment obligation liability and an interest payments to co-investors expense in Other Items related to this co-investor program.

Interest payments to co-investors expensed during the quarter ended August 31, 2018 was $160,978 and represents management's estimate of the interest expense portion of the total payments paid to co-investors during the period. Interest payments to co-investors were higher this quarter compared to the previous quarter because of the sale of more co-investments. There were no payments to co-investors in the prior year.

SUMMARY OF QUARTERLY RESULTS

	Q3-2018	Q2-2018	Q1-2018	Q4-2017	Q3-2017	Q2-2017	Q1-2017	Q4-2016
Revenue	$399,991	$476,940	$360,179	$312,171	$251,599	$268,246	$208,879	$211,346
Adjusted EBITDA (note 1)	$109,686	$974,275	$359,135	$16,533	$97,115	$103,028	$31,037	$32,925
Net income (loss)	($413,221)	$769,371	$83,106	($195,066)	$235,016	($104,462)	($133,108)	($133,407)
Basic and diluted income (loss) per share	($0.01)	$0.02	$0.00	($0.00)	$0.01	($0.00)	($0.01)	($0.00)
Total assets	$13,108,902	$11,942,311	$11,595,664	$9,060,664	$7,957,565	$6,185,675	$6,054,281	$5,329,821
Total liabilities	$9,372,383	$7,874,878	$ 8,367,853	$6,082,881	$4,893,292	$4,296,612	$4,110,151	$3,379,000

(Note 1) **Non-GAAP Measures and Other Financial Measures**
In managing our business and assessing our financial performance, we supplement the information provided by the GAAP-based financial statements with metrics and non-GAAP financial measures which are utilized by our management to evaluate our performance. Although we believe these measures are widely used in the specialty finance industry, some may not be defined by us in precisely the same way as by other companies in the specialty finance industry, so there may not be reliable ways to compare us to other companies. Adjusted EBITDA represents a net loss and comprehensive loss from continuing operations (the most directly comparable GAAP measure) excluding amounts for: income tax expense; interest expense; depreciation and amortization; non-cash revenue; non-cash gains; equity-based compensation and all other non-cash expenses. We believe Adjusted EBITDA is a helpful measure because it allows us to evaluate our performance by removing from our operating results items that do not relate to our core operating performance. Adjusted EBITDA is not a measure of financial performance under GAAP and should not be considered in isolation or as a substitute for net loss and comprehensive loss from continuing operations, the most directly comparable GAAP financial measure. Adjusted EBITDA is not defined in the same manner by all companies and may not be comparable to other similarly titled measures of other companies unless the definition is the same.

LIQUIDITY AND SOLVENCY

As at August 31, 2018, the Company's cash balance was $5,477,794 and working capital was $5,014,085. This is compared with $713,792 and $1,160,034, respectively as of November 30, 2017.

The funds raised by the private placement of debentures, co-investment agreements, equity completed after year end, and cash generated from the successful exits of portfolio investments combined with growing interest income result in the Company having enough funds to operate through 2018.

OUTLOOK

The Company completed three investments including one new RBF investment and two investments into existing loan portfolio companies this quarter for a total of five new financings and three follow-on disbursements during the nine months ended August 31, 2018 (November 30, 2017: three new loan investments including one new term loan and two RBF investments as well as three follow-on RBF investments). Additionally, the Company is evaluating a number of investments and has capital ready to deploy to new and follow-on investments.

Management evaluates these investments in terms of their current revenue, future expected revenue growth, gross margins, earnings, cash flow, market position, and management quality. Furthermore, every month TIMIA monitors each investment in its portfolio in terms of its growth against plan and financial performance on various key financial metrics.

As with its fifth and most recent portfolio exit from Beanworks Solutions Inc., management expects some of the remaining underlying investee companies to be sold or to achieve a similar exit for its investors in accordance with its financing agreements at predetermined exit values.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Company had the following related party transactions:

(a) No convertible debentures (November 30, 2017: $nil) were issued to directors, officers, family members of directors and officers and a company controlled by a family member of a director and officer identified as key management personnel. As at August 31, 2018, there was $814,725 (November 30, 2017: $819,541) due to directors, officers, family members of directors and officers and a company controlled by a family member of a director and officer identified as key management personnel.

(b) Debentures of $400,000 (November 30, 2017: $75,000) were issued to directors, officers, family members of directors and officers and a company controlled by a family member of a director and officer identified as key management personnel. As at August 31, 2018, there was $513,830 (November 30, 2017: $184,784) due to directors, officers, family members of directors and officers and a company controlled by a family member of a director and officer identified as key management personnel.

(c) Accounts payable of $10,156 (November 30, 2017: $13,356) was due to directors and officers identified as key management personnel as at August 31, 2018.

The Company considers the Chief Executive Officer, Chief Financial Officer, Chief Investment Officer, Executive Vice President, Chief Compliance Officer and directors as key management personnel. Key management compensation for the nine months ended August 31, 2018 and 2017 were as follows:

(a) Directors fees of $33,707 (2017: $29,516) were accrued or paid during the nine months ended August 31, 2018.

(b) Management fees and wages of $425,948 (2017: $191,365) were accrued or paid during the nine months ended August 31, 2018.

(c) Share-based payments of $174,304 (2017: $68,738) were recorded for directors and officers identified as key management personnel.

WUTIF Capital (VCC) Inc. ("WUTIF"), a company related to the Chairman of the Board of TIMIA is pursuing legal action against Mazza Innovation Ltd. ("Mazza") and its primary shareholder relating to a dispute over the distribution of proceeds received from the sale of Mazza. TIMIA's Chief Financial Officer, who is also a member of the Board of Directors of TIMIA, was the President and a member of the Board of Directors of Mazza at the time of the sale. TIMIA is not a party to the legal action.

RECENT EVENTS

On August 31, 2018, Beanworks Solutions Inc. (“Beanworks”) executed the early exit provisions of its revenue finance contract with the Company. The Company, which had invested $1,150,000 out of a $2,000,000 facility in Beanworks, received an exit payment of $1,332,223. As a result of this payout, the Company recorded a realized gain of $92,808 during the nine months ended August 31, 2018.

On August 16, 2018, the Company made a further $750,000 investment in Wagepoint Inc. The $750,000 investment is part of the software company's existing $2,000,000 revenue financing facility with the Company.

On August 14, 2018, the Company made a $500,000 investment in Paltech Solutions dba 7Geese Inc. (“7Geese”), of Vancouver, BC which was announced on September 5, 2018. The $500,000 investment is part of the software Company’s existing $1.5 million revenue financing facility with TIMIA, and the second disbursement in four months.

On August 9, 2018, the Company arranged a $2,000,000 investment facility for Ziva Dynamics Inc. The financing facility includes an initial disbursement of $750,000 and a further $1,250,000 to be disbursed upon certain milestones being met over the term of the agreement.

On July 10, 2018, the Company exited its investment of Mazza Innovation Ltd. (“Mazza”) for total proceeds of $232,187, realizing a gain of $88,187 during the nine months ended August 31, 2018.

On June 27, 2018, the Company closed $750,000 in non-dilutive capital through the Company's co-investor platform. The additional capital brought the Company’s cash balance to over $5,500,000 and increased its capacity to provide revenue-based financing solutions to companies.

On June 13, 2018, the Company closed $1,000,000 in non-dilutive capital through the Company's co-investor platform.

On May 24, 2018, QuickMobile, one of TIMIA Capital Corp.'s revenue finance investments successfully completed its previously announced acquisition by Cvent Inc. As a result, QuickMobile has executed the early exit provisions of its revenue finance contract with the Company. The Company, which had invested $2,000,000 in QuickMobile, received an exit payment of $3,039,193, in addition to cumulative monthly payments received to the end of April 30, 2018, of $960,807, for a total of $4,000,000 received over the 2.5 years life of the facility. As a result of this payout, the Company recorded a realized gain of $1,036,104 during the nine months ended August 31, 2018.

On May 10, 2018, the Company arranged a $2,000,000 investment facility for Vonigo Software Ltd. The financing facility includes an initial disbursement of $700,000 and a further $1,300,000 to be disbursed upon certain milestones being met over the term of the agreement.

On May 1, 2018, the Company arranged a $1,500,000 investment facility for Paltech Solutions, doing business as 7Geese Inc. The financing facility includes an initial disbursement of $1,000,000 and a further $500,000 to be disbursed upon certain milestones being met over the term of the agreement.

On May 1, 2018, the Company appointed Oak Hill Financial Inc. for investor relations services, including, but not limited to: providing an investor relations program catering to Investment Industry Regulatory Organization of Canada (IIROC) retail brokerage investors; introducing prospective IIROC retail brokerage clients to TIMIA; and targeting adviser channels of distribution, including positioning TIMIA with Canadian-based IIROC investment advisers and family offices.

On April 17, 2018, the Company appointed Stephanie Andrew to Vice-President, Finance.

On March 19, 2018, the Company’s partner Finhaven Technology Inc. (“Finhaven”) launched an equity and debt issuance platform utilizing the ethereum blockchain for the creation of tokenized securities. Finhaven relies on its proprietary coding and smart contracts to ensure that the creation, sale and future resale of these security tokens will all be in compliance with applicable securities laws.

On February 28, 2018, the Company entered into a loan agreement with Parkbench Inc. The financing is for a total of $2,000,000, with a first disbursement of $1,000,000 and a further $1,000,000 to be disbursed upon certain milestones being met over the next 24 months.

On February 20, 2018, Rise People bought out its finance agreement with the Company. The transaction paid the Company the original $1,500,000 investment plus an additional cash payment of approximately $70,000 over and above reimbursed transaction expenses.

On January 31, 2018, the Company established collaboration with Finhaven Technology Inc., a blockchain powered investment banking platform, to create a cryptocurrency based investment platform (CBIP) for the Company.

On January 18, 2018, the Company closed $350,000 in non-dilutive capital from a co-investment financing. Co-investment financing allows qualified investors to directly participate in the Company's portfolio of investments by investing alongside the Company, thereby significantly increasing the amount of non-dilutive capital available to the Company. Investors will receive a specified percentage of future cash flows from portfolio companies. On January 29, 2018, the Company completed a second closing of $1,500,000 with the Company's first institutional investor, for total proceeds of $2,100,000.

On January 10, 2018, iCompass Technologies Inc., one of TIMIA Capital Corp.'s revenue finance investments, executed the early exit provisions of its contract with the Company. The Company, which had invested $1,250,000 in iCompass, received an exit payment of $1,606,000, in addition to cumulative monthly payments of $338,000 received to the end of November 30, 2017, for a total of $1,944,000 received over the life of the facility. As a result of this payout, the Company recorded a realized gain of $308,903 during the nine months ended August 31, 2018.

On January 2, 2018, the Company closed a non-brokered private placement of $64,400 in new equity units at a price of $0.12 to accredited investors. Each unit is composed of one common share and a half of one common share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share at an exercise price of $0.14 per warrant share for a period of 24 months from the date of closing of the private placement.

The Company closed $794,500 in debentures from both new and existing accredited investors. The debentures pay 12% annual interest and will be secured against the assets of the Company. They will mature on June 15, 2022, with an option for early redemption by the Company after December 15, 2019.

On December 14, 2017, the Company entered into a loan agreement with Wagepoint Inc. The financing is for a total of $2,000,000, with a first disbursement of $750,000 and a further $1,250,000 to be disbursed upon certain milestones being met over the next 24 months.

On November 23, 2017, the Company entered into a co-investment agreement with its first institutional investor for $250,000. Under the agreement, the investor will receive the future cash flow from certain loans under the Company's loans receivable portfolio. The co-investment agreement will terminate upon the discharge of all of the obligations of the respective parties that make up the underlying loans receivable portfolio. The actual amounts paid and timing of payments under the co-investment agreement depend on the performance of the underlying loans receivable.

On November 8, 2017, the Company entered into a loan agreement with Avenue HQ Inc. (formerly Realty Butler Technology Inc.) ("Avenue"). The financing is for a total of $1,350,000, with a first disbursement of $500,000 and a further $850,000 to be disbursed upon certain milestones being met over the next twelve months. The Company will receive monthly interest and principal payments based on a prescribed percentage of Avenue's revenue.

On November 6, 2017, the Company entered into a loan agreement with Rise People. The financing was for a total of $2,000,000, with a first disbursement of $1,500,000 and a further $500,000 to be disbursed upon certain milestones being met over the next twelve months. The Company would receive monthly interest and principal payments based on a prescribed percentage of Rise People's revenue.

On September 19, 2017, the Company closed its $1,000,000 12% “D Round” Debenture Offering as previously announced on February 2, 2017.

On September 18, 2017, 4,900,000 common share purchase warrants were exercised at a price of $0.06 per common share. Proceeds from the exercise of the warrants were $294,000 and 4,900,000 common shares have been issued from the Company’s treasury.

On September 1, 2017, the Company invested $350,000 in Beanworks Solutions, Inc. pursuant to the existing loan agreement that the two parties entered into on May 31, 2017.

On August 29, 2017, the Company completed its first RBF exit with the exit of Lambda Solutions Inc. (“Lambda”). The proceeds of this exit, plus monthly payments received over the life of the investment, totaled $823,000 on the $600,000 investment. The Company recognized a net book value gain of $35,310 on the disposition of this facility.

On August 2, 2017, the Company closed a non-brokered private placement of 5,391,999 Units at a price of $0.12 per unit for gross proceeds of $647,080. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at an exercise price of $0.14 per warrant share for a period of two years.

On July 17, 2017, the Company made a follow-on investment of $250,000 in iCompass, an existing portfolio company. The total amount invested in this portfolio company is $1,250,000.

SUBSEQUENT EVENT

On October 17, 2018, the Company announced that it has entered a US$2.5 million investment facility for Austin, Texas-based software company, Real Savvy, Inc. (“RealSavvy”). The financing facility includes an initial disbursement of US$1,000,000 and a further US$1,500,000 to be disbursed upon certain milestones being met over the term of the agreement.

On October 15, 2018, the Company put in place a $1 million investment facility for Aprio Inc. (“Aprio”) of Toronto, ON. The financing facility which was announced on October 23, 2018, includes an initial disbursement of $400,000 and a further $600,000 to be disbursed upon certain milestones being met over the term of the agreement.

On October 10, 2018, the Company announced that it put in place a $2 million investment facility for FormHero Inc. (“FormHero”) of Toronto, ON. The financing facility includes an initial disbursement of $1,000,000 and a further $1,000,000 to be disbursed upon certain milestones being met over the term of the agreement.

On September 19, 2018, 1,288,000 shares were issued pursuant to the exercise of outstanding warrants. The individual exercising the warrants was a member of senior management.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial Instruments

Under IFRS, financial instruments are classified into one of the following categories: held-to-maturity, fair value through profit or loss (“FVTPL”), loans and receivables, available-for-sale or other financial liabilities.

The following table summarizes information regarding the carrying values of the Company's financial instruments:

		August 31, 2018		November 30, 2017
Cash – FVTPL	$	5,477,794	$	713,792
Accounts receivable – Loans and receivables		119,376		366,202
Loans receivable – Loans and receivables		6,559,890		6,832,962
Equity investments – FVTPL		908,196		1,052,196
Accounts payable – Other financial liabilities		666,804		178,022
Convertible debentures – Other financial liabilities		2,024,580		2,010,935
Debentures – Other financial liabilities		4,767,578		3,586,317
Co-investment obligations – Other financial liabilities	$	1,901,185	$	250,000

The estimated fair values of cash and accounts payable approximate their respective carrying values due to their nature and short terms to maturity. Investments are carried at their fair value. Notes payable, loans receivable, convertible debentures, debentures and debenture subscriptions received are carried at amortized cost.

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and royalty investments. The Company limits exposure to credit risk by maintaining its cash with financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and royalty investments.

In monitoring credit risk the Company performs ongoing credit evaluations of its investees' financial condition. The evaluation considers delinquency trends, sales volumes and the investee's ability to maintain its financial condition. Every quarter, the Company accrues a loan loss provision of 0.75% (3% p.a.) of the portfolio amortized loan balance, net of future cash flows belonging to the holders of the co-investment obligation agreements. Included in the amounts presented is a loan loss provision of $33,734 for the quarter ended August 31, 2018.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash balances to meet current working capital requirements. The Company is dependent on obtaining regular financings in order to continue as a going concern. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash consists of cash deposited in business accounts held by high credit quality financial institutions. The Company is not invested in any asset backed commercial paper.

	Carrying amount	Contractual cash flows	Within 1 year	Within 2 years	Within 5 years
	$	$	$	$	$
Accounts payable	666,804	666,804	666,804	-	-
Convertible debentures	2,024,580	2,024,580	15,943	-	2,008,637
Debentures	4,767,578	4,767,578	55,381	-	4,712,197
Co-investment obligations	1,901,185	1,901,185	79,039	-	1,822,146
Total	9,360,147	9,360,147	817,167	-	8,542,980

Co-investment obligations, having a carrying value of $1,901,185, do not contain a contractual cash flow. Co-investors are only entitled to a percentage of revenue, if and when received.

Foreign Exchange Risk

The Company does not have significant foreign exchange risk as all of its transactions this quarter are in Canadian dollars.

Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash. The Company's practice has been to invest cash at floating rates of interest in order to maintain liquidity, while achieving a satisfactory return for shareholders.

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 financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity 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. Additionally, the Company adjusts its investments to fair value at the end of each reporting period. This process could result in significant write-downs of the Company’s investments over one or more reporting periods, particularly during periods of overall market instability, which could have a significant unfavourable effect on the Company’s financial position. The Company manages market risk by having a portfolio of investments not singularly exposed to any one issuer; however, its investment activities are currently concentrated primarily in the technology and energy sectors. The Company also manages its market risk by reviewing commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

In compliance with the requirements of National Instrument 52-109, Certification of Disclosure in Issuers’ Annual and Interim Filings, the Certifying Officers have reviewed and certified the Financial Statements for the three and nine months ended August 31, 2018 and year ended November 30, 2017, together with other financial information included in the Company’s annual securities filings. The Certifying Officers have also certified that disclosure controls and procedures have been designed to provide reasonable assurance that material information relating to the Company is made known within the Company and that they operated effectively during the period.

OUTSTANDING SHARE DATA

As of August 31, 2018 and as at the date of this MD&A, the Company had 34,777,462 common shares outstanding, and $2,051,000 convertible debentures convertible into 14,650,000 common shares. As of August 31, 2018, the Company had 10,643,814 share purchase warrants outstanding and 4,705,000 stock options; it had 9,355,814 share purchase warrants outstanding and 5,993,000 stock options as at the date of this MD&A.

ON BEHALF OF THE BOARD:

“Michael Walkinshaw”

Chief Executive Officer

TIMIA CAPITAL CORP.