TIMIA CAPITAL CORP.
MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis is for the quarter ended May 31, 2021. This MD&A was approved by the Board of Directors on July 22, 2021.

INTRODUCTION

The Management's Discussion and Analysis (MD&A) for the three and six month quarter ended May 31, 2021 provides detailed information on the operating activities, performance and financial position of TIMIA Capital Corp. "TIMIA", the "Company", "we", "us" or "our" refer to TIMIA Capital Corp. and its consolidated entities. This analysis of the operating results and financial position of the Company should be read in conjunction with the May 31, 2021 consolidated Financial Statements and related Notes (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All monetary amounts are expressed in Canadian dollars unless otherwise indicated. 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. is listed on the TSX Venture Exchange (the "TSX-V") trading under the symbol "TCA".

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking information" and "forward-looking statements", collectively "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.

BUSINESS OVERVIEW

TIMIA Capital Corporation has developed a proprietary loan origination platform that services private market, high-yield loan opportunities, thereby earning recurring fees and a share of the profit. While focusing on the fast growing, global, business-to-business recurring revenue segment, TIMIA's automated loan origination system is applicable to multiple technology sectors, thereby creating scalable and profitable growth for TIMIA's stakeholders. Other sources of revenue include income from the settlement of loans as well as transaction fees from due diligence and similar services. Specific investee financings are contracted for various expected durations typically between 3 and 5 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.

The capital for all of TIMIA's investments comes from private investors through a Limited Partnership fund, lender finance arrangements, co-investor syndication, and issuances of preferred and common shares.

TIMIA'S BUSINESS AND STRATEGY

The Company targets companies seeking capital in the following three subsectors: Software-as-a-Service (SaaS), software enabled service companies and hardware enabled service companies. Using proprietary software, the Company is able to efficiently originate transactions, automate underwriting as well as manage the loan portfolio and investors on an ongoing basis. The key contributors to growth in value to the shareholders are recurring revenue, continued improvement in efficiency at originating deals, acceleration in number of deals originated and maintaining economies of scale. Management currently believes value for common shareholders is best created by growing capital under management through limited partnerships as it provides income while providing non-dilutive capital. Gross return on the portfolio since inception is 25%.

Key Statistics

	For the six months ended May 31, 2021	Date from inception (August, 2015) to May 31, 2021
Loan Facilities Issued	$12,675,600	$89,961,900
Loan Funds Disbursed	$6,703,830	$53,841,680
Loans Settled, Disbursed Value	$6,980,472	$27,677,960
Income (Loss) from Settlement of Loans	$1,155,160	$13,690,101
Income (Loss) from Settlement of Loans	$513,698	$4,008,698
Realized Credit Losses	$-	$155,196

Structure and basis of consolidation

Our capital sourcing strategy has evolved from raising capital directly in the form of debt and equity, to raising non-dilutive capital in the form of limited partnerships and lender finance arrangements. Management expects to continue to use non-dilutive sources of capital to increase per share profitability for shareholders as well as improve our ability to scale with growth. To date the following partnerships have been established:

- On March 6, 2019, the Company established its first Limited Partnership ("LP I");
- On November 28, 2019, the Company established TIMIA Capital Holdings Limited Partnership for purposes of facilitating a lender finance arrangement to help fund growth in a warehouse format for future limited partnerships; and
- On July 15, 2020, the Company established its third Limited Partnership ("LP II").

TIMIA Capital GP Inc. and TIMIA Capital II GP Inc. (wholly owned subsidiaries of the Company) each act on behalf of the general partners for LP I and LP II (together the limited partnerships). The Company owns 12.4% and 6.4% of total units as at May 31, 2021, respectively of LP I and LP II, while TIMIA Capital Holdings is 100% owned. All the benefits and rewards of ownership of the limited partnership flow to the limited partners; the external parties that funded the limited partnership. The Company earns a management fee and a performance fee for managing the business activities of the limited partnerships. In addition, this capital is non-dilutive to the common shareholders of TIMIA Capital Corp. while providing the common shareholders with a share of the profit (loss) of the limited partnership.

LP II has a functional currency of US dollars. On consolidation the results are translated to the Company's presentation currency of Canadian dollars. As a result, exchange differences arising on consolidation from this translation are recorded in other comprehensive income.

The financial results of the Company as at and for the quarter ended May 31, 2021 discussed in this MD&A include results of operations of TIMIA Capital Corp., TIMIA Capital GP Inc., TIMIA Capital II GP Inc., LP I, TIMIA Capital Holdings Limited Partnership and LP II.

RESULTS OF OPERATIONS

TIMIA continues to build the value and size of its portfolio by expanding the number of companies in its loan portfolio, making follow-on investments in existing portfolio companies and actively assisting in the growth plans of the companies in their portfolio.

FINANCIAL HIGHLIGHTS

For the three months ended May 31, 2021, the Company had the following highlights:

- Total revenue increased 106% to $1,837,674 from $891,186 in the same period last year. Total revenue includes income from settlements of $516,009 in the current period;
- Interest income from investments increased 33% to $1,155,160 compared to $869,793 in the same period last year;
- Net income increased $123,423 to $602,034 compared to $478,611 in the same period last year;
- Net and comprehensive loss was $407,229 compared to a comprehensive income of $478,611 for the same period last year;
- Loan portfolio decreased from $27,257,851 to $25,517,630 in the last three months; and
- Disbursed $4,342,200 in new and follow-on investments and exited from loans totalling $5,118,370.

For the six months ended May 31, 2021, the Company had the following highlights:

- Total revenue increased 28% to $3,108,489 from $2,431,383 in the same period last year. Included in prior period was a $516,000 of income from loan settlements compared to $513,698 in the current year;
- Interest income from investments increased 30% to $2,352,688 compared to $1,809,494 in the same period last year;
- Net income decreased $196,162 to $726,593 compared to $922,755 the same period last year;
- Net and comprehensive loss was $752,325 compared to a comprehensive income of $922,755 for the same period last year;
- Loan portfolio decreased from $27,247,297 to $25,517,630 in the last six months, inclusive of five loan buyouts being replaced by four new investment; and
- Disbursed $6,703,830 in new investments and exited from loans totalling $6,980,472

PORTFOLIO RETURNS AND STATISTICS

From August, 2015 through to the quarter ended May 31, 2021, the Corporation has completed 38 Financing transactions, either directly, through its subsidiaries or through the LP Funds. The Company has earned a cumulative gross IRR of 25%. Of these 38 transactions, the Corporation settled 18 of these loans due to merger or other re-financing activity and 20 facilities remain in effect at quarter end.

REVENUE

Interest income in the three and six months ended May 31, 2021 was $1,155,160 and $2,352,688, compared to $869,793 and $1,809,494, a 33% and 30% increase respectively. During the quarter ended May 31, 2021 , the Company continued to expand its loan portfolio by completing two new loan transactions, disbursing loans of $1,207,200 to two US companies.

Total revenue for the three and six months ended May 31, 2021 increased 106% and 28% to $1,837,674 and $3,108,489 compared to $891,186 and $2,431,383 respectively in the comparative period. Chart 1 shows the increase in revenue since Q1 2016.

Specific investee financings are contracted for various expected durations typically between 3 and 5 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.

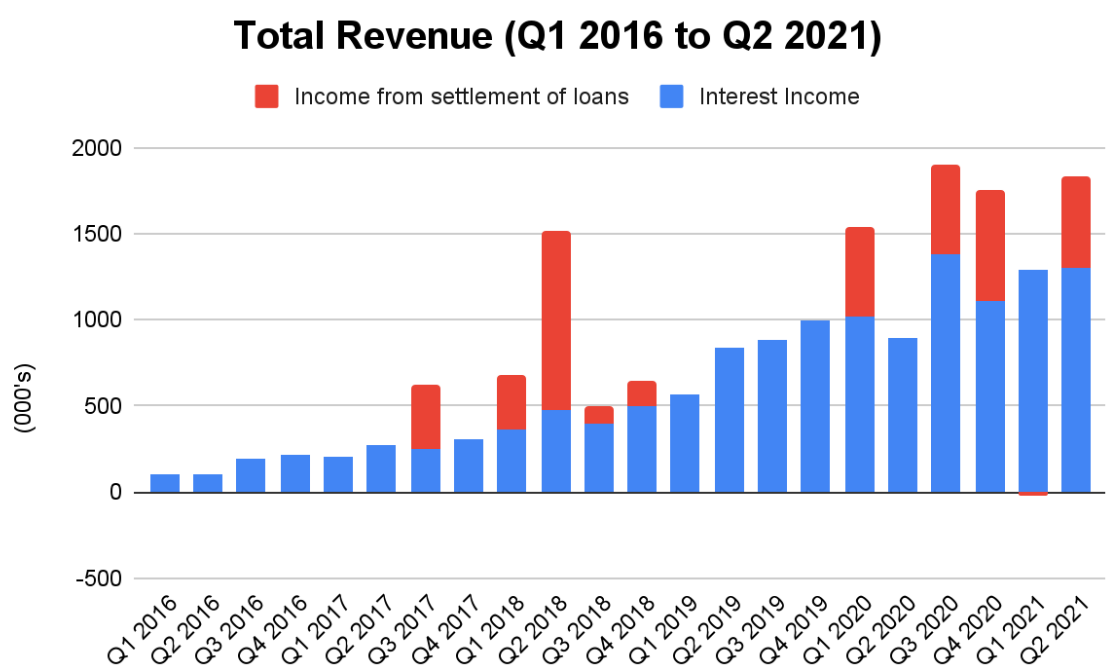
Other sources of revenue include income from the settlement of loans as well as transaction fees from due diligence and similar services. The prior year's quarter included a Gain on Settlement of Loans of $516,009 which has been reclassified to Income from Settlement of Loans current quarter.

The Company's revenue is primarily interest income generated from the loan portfolio. As the Company loan portfolio grows, interest revenue increases. Interest revenue also includes changes in amortized cost of loan values included in the Portfolio.

Income from transaction and other fees was $145,941 and $242,103 in the three and six months ended May 31, 2021 compared to $21,393 and $105,880 respectively in the comparative period, a significant increase as a result of increased due diligence activity compared to prior year during this period.

Income from settlement of loans for the three and six months ended May 31, 2021 was $536,573 and $513,698 compared to $nil and $516,009 respectively in the prior year. The six month period gain was derived from five exits in the period (2020 - two exits). Income realized on loan exits is classified as revenue. While income from early repayment of loans is not the primary focus of the Company's revenue growth forecast, the Company does expect some loans to be repaid prior to maturity either due to change in business needs of the company invested in or as a result of change in ownership through acquisition.

Chart 1



EXPENSES

During the quarter ended May 31, 2021, the Company significantly reduced finance costs as a result of the redemption of the Series B, C Debentures at the end of fiscal 2020 and full redemption of the Series D Debentures by May 31, 2021. This reduction is partially offset by increased finance costs associated with additional draw of $1,975,000 on the revolving credit facility during the period. The Company continued to invest into the growth of both the origination of deals and the underlying automated platform, as well as general corporate expenses related to portfolio management and public company expenses:

	Three month period ended		**Six month period ended**	
May 31	**2021**	**2020**	**2021**	**2020**
Operational Expense, not including Finance Costs and Expected Credit Loss	807,761	604,232	1,563,481	1,367,054
Interest expenses and Expected Credit Loss	122,146	209,562	386,366	519,832
Total Expenses	**929,907**	**813,794**	**1,949,847**	**2,096,448**

Operational Expenses

- Administrative, management and directors' fees increased $15,850 to $330,475 from $314,625. This increase is mainly driven by increase in headcount and related salary costs year over year.
- Office, travel, systems, and miscellaneous expenses increased $74,714 or 84% from $88,780 to $163,494. Increased expense levels in the current period relating to new digital tools implemented to aid in sourcing deals during COVID period;
- Accounting and legal expenses increased $17,476 or 36% from $48,265 to $65,741. Prior year comparative does not include increased audit and tax fees related to LP II, which was formed in the third quarter of prior year.
- For the three month period ended, IR, communications and regulatory fees increased $41,123 or 68% from $60,920 to $102,043. In March 2021 the Company entered into an agreement with a Toronto based company that connects public issuers with the investment community. Pursuant to the terms of the agreement, the company will assist TIMIA with aspects of its investor awareness strategy including assisting with TIMIA'S investor marketing strategy, utilizing online technology platforms, and contacting capital market participants. This resulted in a $45,000 increase in IR expenses.

Interest and Expected Credit Loss (ECL) Expense

- For the three and six month period ended Interest expense was $197,462 and $422,802, a decrease of $75,084 and $268,487 from $272,546 and $691,289 in the relative comparative periods. The decrease is a result of settlement of debentures in 2020.
- For the three and six month period ended ECL recovery was ($75,316) and ($36,436) compared to ($62,984) and an expense of $38,105 in the relative comparative periods, an increase in recovery of $12,332 and $74,541.

FOREIGN EXCHANGE AND FORWARD CONTRACTS

US dollar denominated investments and subsidiaries are converted to Canadian dollars quarterly at the then prevailing quarter end exchange rates. At the start of the Company's fiscal year, December 1, 2020, the US dollar was trading at 1.30 Canadian Dollars. By the end of the second quarter the US dollar had fallen to 1.21 Canadian dollars. Common Shareholder income was adversely affected by this in several ways including the recognition of unrealised losses on US denominated assets owned directly by TIMIA, and also through the reduction in carried interest income earned by the Company in its capacity of the manager of the limited partnerships.

Foreign exchange losses result from the conversion to Canadian dollars of investments that are denominated in US dollars. During the six month period, $610,766 of foreign exchange losses were recognized in the consolidated net income.

Foreign currency translation adjustment is a result of the conversion of the Company's US dollar denominated subsidiary, LP II. These adjustments are included within net income (loss) and comprehensive Income (loss). During the three and six month period translation adjustment losses were $1,009,016 and $1,478,671 respectively. This translation adjustment is a result of consolidation of LP II, a US dollar-based partnership formed in July 2020. Majority of this translation difference arises due to the fluctuation in USD to CAD exchange rates from the date of LP II capital initial closings in 2020. The average exchange rate based on dates of LP II closings was 1.34 compared to a period end close rate of 1.21.

A significant portion of the foreign exchange losses and all of the translation adjustments are unrealized, meaning that increases in the value of the US dollar may result in a reversal of these losses in future periods.

Forward Contracts can be used to manage exposure to foreign exchange losses. TIMIA Capital Corp holds forward contracts to buy $2,500,000 USD that resulted in an offsetting gain in the six month period of $223,250, fully attributable to income allocated to the shareholders of TIMIA, for a net amount receivable under the contract of $475,750. The decision to use forward contracts to manage foreign currency fluctuation as it relates to the non-controlling interests is made by the investors in LP I and LP II. LP II functions in USD. As such, other than as seen in the consolidated entity, translation adjustments do not have an impact on the results of LP II.

Attribution of FX Gains/(Losses) For the six months ended May 31, 2021	**Common Shareholders**	**Non-Controlling Interests**	**Total**
Forward contract gain/(loss)	$223,250	-	$223,250
Foreign exchange gain/(loss)	(404,263)	(206,503)	(610,766)
Foreign exchange gain/(loss) in Net Income	**(181,013)**	**(206,503)**	**(387,516)**
Foreign currency translation adjustment	(91,219)	(1,387,699)	(1,478,918)
Foreign exchange gain/(loss) in Comprehensive Income	**($272,232)**	**($1,594,202)**	**($1,866,434)**

Attribution of FX Gains/(Losses) For the three months ended May 31, 2021	**Common Shareholders**	**Non-Controlling Interests**	**Total**
Forward contract gain/(loss)	$153,250	-	$153,250
Foreign exchange gain/(loss)	(300,791)	(140,292)	(441,083)
Foreign exchange gain/(loss) in Net Income	(147,541)	(140,292)	(287,833)
Foreign currency translation adjustment	(59,902)	(949,361)	(1,009,263)
Foreign exchange gain/(loss) in Comprehensive Income	**($207,443)**	**($1,089,653)**	**($1,297,100)**

NON-CONTROLLING INTEREST

TIMIA Capital LP I

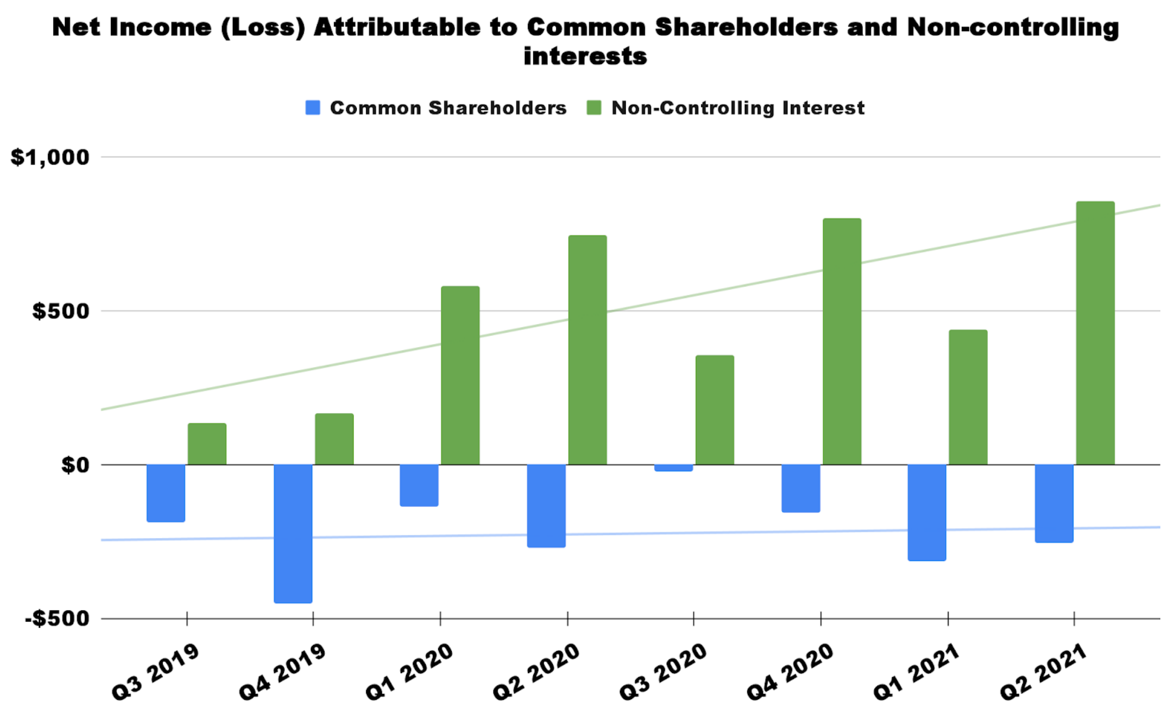
Since inception the Company completed financings for a total of $18,420,000 (“Committed Capital”) financing in its first Limited Partnership (“LP I”). In addition to holding units in LP I, TIMIA is entitled to receive a management fee of 1.5% of Committed Capital for the first six years and 0.75% thereafter. In addition, LP I reimburses TIMIA for operating expenses incurred on its behalf.

TIMIA Capital LP II

Since inception of LP II, the Company closed financings of $21,580,459 (US$16,215,000) The Company is invested in LP II and is entitled to receive a management fee of 1.5% of Invested Capital and a performance fee based upon the profit of LP II for the life of the fund. In addition, LP II reimburses TIMIA for operating expenses incurred on its behalf.

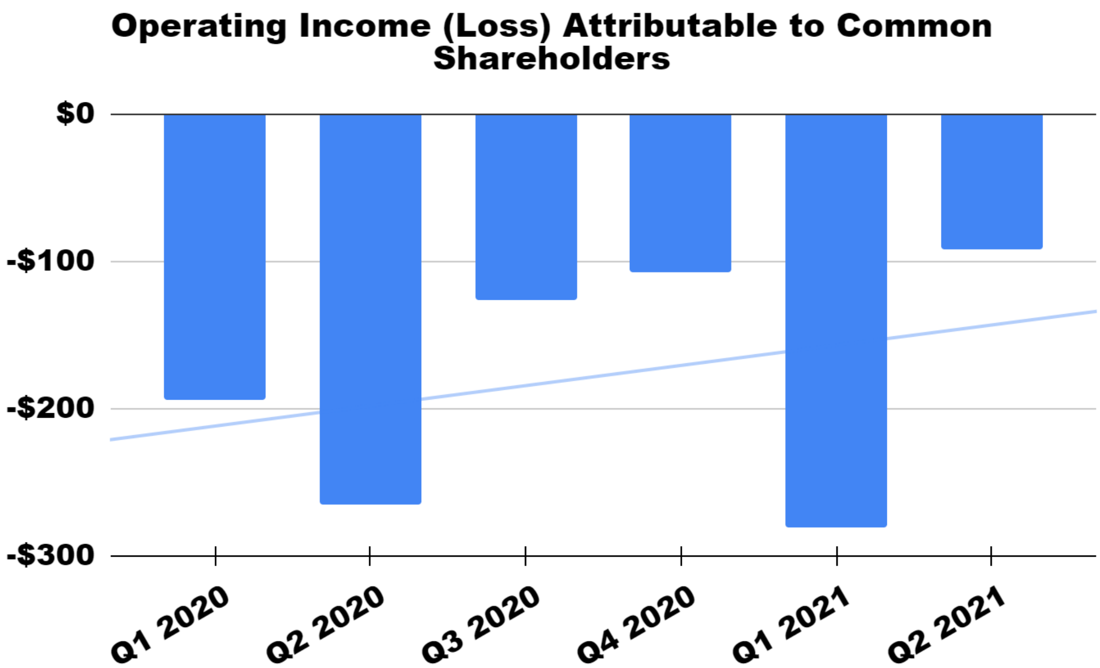
ATTRIBUTION OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

Transactions among LP I, LP II and the Company, including management and administration fees and performance fees earned, are fully eliminated on consolidation. The income statement shows an attribution of income (loss) between shareholders of the Company and the non-controlling interest (in this case, TIMIA’s Limited Partners in both LP I and LP II). The following chart shows the progression of the attribution of income (loss) between the shareholders of the Company and the non-controlling interest over the last eight quarters:



Net Income (Loss) attributable to common shareholders improves in tandem with both increases in the size of TIMIA’s investment portfolio and continued satisfactory rates of return. As the Company has maintained its loan performance, it has attracted new limited partner investors, thereby increasing its investment portfolio and improving common shareholder Net Income (Loss). In addition to holding investments through Limited Partnerships, the Company holds investments directly as well. Interest income and any gains or losses that relate to these investments are attributed directly to common shareholders.

While Net Income (Loss) attributable to common shareholders includes foreign exchange gain/loss, a significant portion is unrealized and driven by US dollar loans receivable foreign exchange gains/loss will continue to fluctuate until the investments are exited. Management is specifically focused on Operating Income attributable to common shareholders as a key performance measurement. The following chart illustrates Operating Income attributable to common shareholders before foreign exchange gains/losses and forward contract gains over the last 6 periods, and indicates a general trend to Operating Income break even.



The Net Income (Loss) and Comprehensive Income (Loss) for the three and six months ended May 31, 2021 was allocated as follows**:**

Non-controlling Interests

- Net income attributable to non-controlling interests of $857,610 and $1,297,595 representing income from investments held by the Limited Partnerships (LP I and LP II) for the three and six months ended, less allowable costs as defined under the Limited Partnership Agreement, including fees to the manager and expected credit losses.
- Comprehensive loss attributable to non-controlling interests of ($91,749) and ($90,102) for the three and six months ended includes foreign currency translation adjustments arising from the consolidation of LP II, a US denominated fund with a functional currency of US dollars.

Shareholders of the Company

- Net loss attributable to shareholders of the Company of ($255,576) and ($571,002) and net loss and comprehensive loss of ($315,480) and ($662,223) for the three and six months ended was allocated to the common share equity holders representing income (loss) from investments held by the Company, all transaction fee income, fees and carry earned from the Limited Partnerships and all expenses not incurred by the Limited Partnership as well as the Company's proportionate interest in LP I and LP II.

When the LP's cumulative returns indicate that carried interest is earned by the Company, the LP's recognize an allocation of capital to the Company.

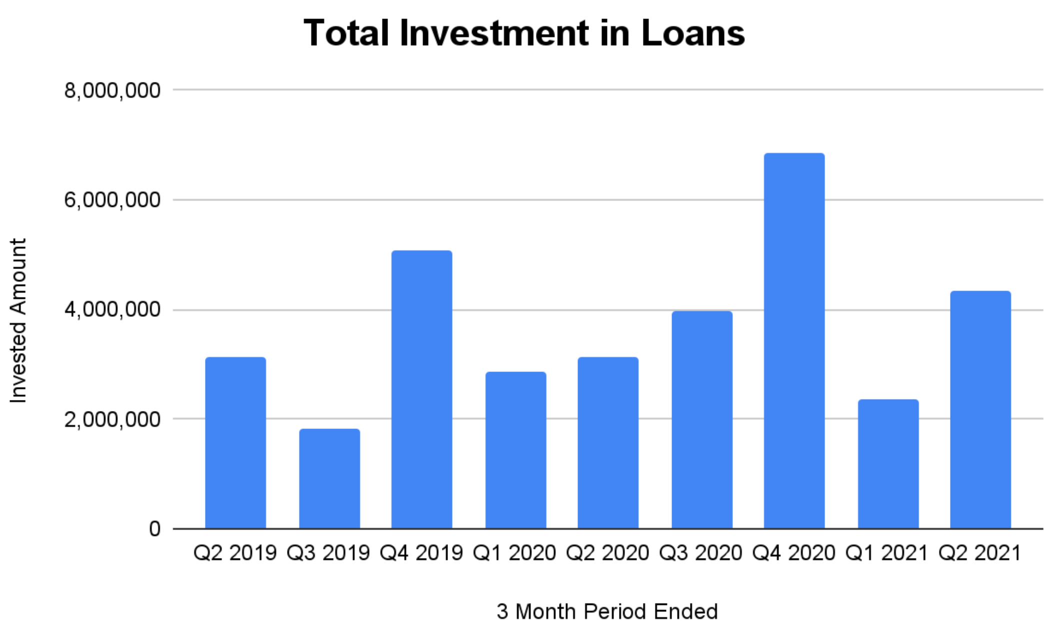
BALANCE SHEET

LOANS RECEIVABLE

TIMIA's current portfolio has 20 unique deals with an aggregate facility size of $49,319,600. Current disbursements extended under those facilities total $26,163,720. The Company completed three and five new loan investment for the three and six months ended May 31, 2021 for a total investment of $4,342,200 and 6,703,830. In addition, four and six loan investments were exited in the three and six month periods ended for gross proceeds of $1,579,299 and $7,827,355. The following table shows the movement in the loan receivable balance, excluding expected credit loss provisions for the six months ended May 31, 2021:

	May 31, 2021
Opening balance	$27,614,080
Advances on loans receivable	6,703,830
Net: interest revenue (expense) and principal payments	(106,762)
Settlement of investments	(6,980,472)
Foreign exchange	(1,387,171)
Closing balance	$25,843,506

The following chart shows gross investments made each quarter based on cash disbursed:



The Company has observed a significant increase in broad-based economic activity in the quarter, including an increase in both growth equity financings, and merger and acquisitions activity. This has impacted both the existing portfolio in terms of loan buyouts and financings, as well as loan originations via increased competition in the marketplace. Management expects to see this increased activity continue into the remainder of 2021, leading to continued loan buyouts from a portion of the remaining investee companies.

The Company continues to evaluate new investment opportunities 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. Management continues to evaluate the significant liquidity in the marketplace and its impact on credit quality and yields.

TIMIA also manages a small portfolio of equity investments. The Company is actively managing its equity positions to optimize returns to shareholders however it is no longer making new equity investments or follow-on investments in the existing portfolio. From time to time, TIMIA may acquire new equity holdings as a function of its lending activity.

SUMMARY OF QUARTERLY RESULTS

	Q2 2021	Q1 2021	Q4-2020	Q3-2020	Q2-2020	Q1-2020	Q4-2019	Q3-2019
Revenue	$1,837,674	$1,270,815	$1,756,853	$1,899,780	$891,186	$1,540,197	$998,431	$884,231
Net income (loss)	$602,034	$124,559	$645,182	$333,243	$478,611	$444,144	($287,071)	($54,658)
Net income and Comprehensive income (loss)	($407,229)	($345,096)	$506,440	($73,584)	$478,611	$444,144	($287,071)	($54,658)
Net loss attributable to shareholders of the Company	($255,576)	($315,426)	($155,953)	($23,580)	($269,127)[1]	($137,684)	($452,992)	($189,781)
Net income attributable to non-controlling interests	$857,610	$439,985	$801,135	$356,823	$747,738	$581,828	$165,921	$135,123
Basic and diluted loss per share	($0.01)	($0.01)	($0.01)	($0.00)	($0.01)	($0.00)	($0.01)	($0.00)
Total assets	$39,463,518	$38,950,912	$41,923,767	$37,015,223	$31,894,045	$29,995,311	$27,107,384	$22,300,299
Total liabilities	$6,669,109	$5,579,992	$7,569,075	$12,705,377	$14,744,095	$12,996,351	$12,809,235	$12,060,304

Note 1: During the three months ended May 31, 2020, income of $143,000 was re-allocated to Net Income (Loss) attributable non-controlling interest from Net Income (Loss) Attributable Shareholders. This adjustment reflects the cumulative effect of a misallocation of income during the consolidation process during prior periods. As the misallocation is not material to any previous period reported, this has been adjusted in the current period. The chart below reflects the adjusted allocations for the prior periods had this adjustment had been made:

	Q4-2020	Q3-2020	Q2-2020	Q1-2020	Q4-2019	Q3-2019
Net income (loss) and comprehensive income attributable to shareholders of the Company **Adjusted**	($155,953)	(53,618)	(126,127)	(196,684)	(536,992)	(189,781)
Non-controlling interests **Adjusted**	$801,135	(19,966)	604,738	640,828	249,921	135,123

Management will continue to focus on improving the net income (loss) attributable to the common shareholders by increasing its assets under management (or loan book), while maintaining the historically strong investment performance, and thereby earning more fees and share of profit.

LIQUIDITY AND SOLVENCY

As at May 31, 2021, the Company's cash balance was $11.4 million and working capital was positive $12.2 million, compared with $12.9 million and $11.1 million, respectively, as of November 30, 2020. During the period, a portion of the debentures were settled with cash payments.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Company may have transactions in the normal course of business with individuals (as well as their family members or entities they control) who are related to the Company either as key management personnel or a member of the board of directors. Any such transactions are in the normal course of operations and are measured at market based on exchange amounts. The Company had the following related party transactions:

a) Debentures of $150,000 (November 30, 2020: $1,107,500) are held by 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 May 31, 2021, there was $1,527 (November 30, 2020: $1,123,010) due to directors, officers, family members of directors and officers and a company controlled by a director.

b) During the six months ended May 31, 2021, $16,208 (May 31, 2020: $55,173) of interest from debentures was accrued or paid to certain directors, officers, family members of directors and officers and a company controlled by a director.

c) Accounts payable of $29,113 (November 30, 2020: $24,053) was due to directors and/or officers identified as key management personnel as at May 31, 2021.

d) Rent expense of $9,492 (May 31, 2020: $8,400) was accrued or paid during the six months ended May 31, 2021 to a third party company controlled by the CFO.

e) Investments by officers and directors, and their family members or companies controlled by them, for $6,592,320 of Limited Partner contributions as at May 31, 2021 and $5,731,418 at November 30, 2020.

The Company considers the Chief Executive Officer, Chief Financial Officer, Chief Credit Officer, and Directors as key management personnel. Key management compensation for the six months ended May 31, 2021 and 2020 were as follows:

a) Directors fees of $53,154 (May 31, 2020: $36,401) were accrued or paid during the six months ended May 31, 2021.

b) Management compensation of $160,000 (May 31, 2020: $215,787) was accrued or paid during the six months ended May 31, 2021.

c) Share-based payments expense of $66,759 (May 31, 2020: $61,501) were recorded for directors and certain officers identified as key management personnel for the six months ended May 31, 2021.

OUTLOOK

The following discussion is qualified in its entirety by the caution regarding forward-looking statements at the beginning of this MD&A. The outlook for TIMIA's businesses is contingent on its ability to navigate the current and future impact of COVID-19 on its business.

The Company focuses its investments on recurring revenue and technology based service companies with healthy financial outlooks and a proven record of growth, and intends to fund investment opportunities with a combination of limited partnerships, debt, equity, and operating profits. To facilitate the origination of these investments, the Company is planning continued investment in it's origination platform to source potential investees and assess and evaluate opportunities. Management has developed a scalable process to allow for growth in the portfolio in a cost efficient method, an approach management believes is unmatched by its current competitors.

SUBSEQUENT EVENTS

On June 11, 2021, the Company's board of directors declared a quarterly cash dividend of $0.02 per Series A Preferred Shares, payable on June 30, 2021, to Series A preferred shareholders of record as at June 17, 2021.

On June 4, 2021, the Company disbursed $1,208,400 ($1,000,000 USD) to a US based software company on an investment facility for $1,812,600 ($1,500,000 USD).

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial Instruments

The following table summarizes information regarding the carrying values and classification of the Company's financial instruments as at May 31, 2021 and November 30, 2020:

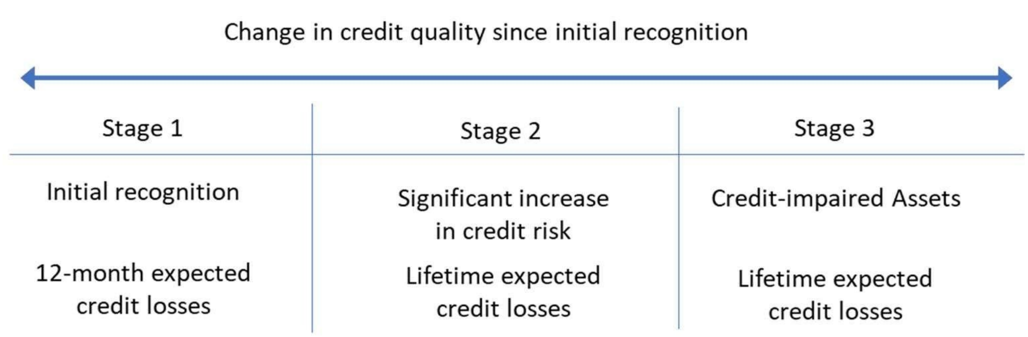
		May 31, 2021		November 30, 2020
Cash	$	11,433,924	$	12,872,769
Accounts receivable – Amortized cost		428,424		413,239
Loans receivable – Amortized cost		25,517,630		27,247,297
Equity investments – FVTPL		1,247,903		965,100
Forward contract receivable – FVTPL		475,750		252,500
Accounts payable – Amortized cost		175,207		300,967
Revolving credit facility – Amortized cost		4,485,416		2,510,320
Debentures – Amortized cost		1,186,274		4,134,400
Co-investment obligations – Amortized cost	$	269,816	$	279,350

The estimated fair values of cash and accounts payable approximate their respective carrying values due to their nature and short terms to maturity. Equity investments and forward contract receivable are carried at their fair value. Loans receivable, accounts receivable, co-investment obligations, revolving credit facility, and debentures 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 loan 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 loan receivable.

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. In accordance with IFRS 9, the Company calculates an expected credit loss (ECL) based on the 'three stage' model outlined in the diagram below.



The Company assigns each loan in the portfolio to a credit quality stage of Stage 1, Stage 2 or Stage 3. This credit quality staging is then used to calculate the lifetime ECL. The lifetime ECL is the maximum loss in default adjusted for the probability of loss. At each reporting period, the ECL is calculated for each loan receivable. The Company periodically reviews the ECL model to determine if industry trends or macro-economic factors have changed, causing a need to adjust the ECL model. In the current period, post-model adjustments were recorded due to specific circumstances relating to the underlying loans.

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	175,207	175,207	175,207	-	-
Revolving credit facilities	4,485,416	4,485,416	4,485,416	-	-
Debentures	1,198,749	1,198,749	12,475	1,186,274	-
Co-investment obligations	279,350	279,350	32,952	-	246,398
Total	6,138,722	6,138,722	4,706,050	1,186,274	246,398

Foreign Exchange Risk

The Company's foreign exchange risk is due to the Company's twelve loan investments totaling US$16,467,331 which are currently valued at $19,879,362. In addition, the Company has entered into a forward contract which commits the Company to buy US$2,500,000 at a fixed exchange rate. Changes in the foreign exchange rate could impact the gain (loss) realized on this contract.

During 2020, the Company also completed a close in a second Limited Partnership ("LP II") which has a functional currency of US dollars. Changes in US and Canadian dollar exchange rates will give rise to foreign currency translation adjustments that may have a material impact on the other comprehensive income recognized by the Company.

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. A 10% change in the interest rate would not result in a material impact on the Company's operations.

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 six month periods ended May 31, 2021 and 2020, together with other financial information included in the Company's interim 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 year.

OUTSTANDING SHARE DATA

As of May 31, 2021, the Company had 46,457,722 common shares outstanding, 5,985,913 preferred shares outstanding, 4,555,000 stock options, 431,667 share purchase warrants outstanding and 238,759 brokers' warrants outstanding. As of the date of this MD&A, the Company had 46,457,722 common shares outstanding, 5,985,913 preferred shares outstanding, 4,555,000 stock options, 431,667 share purchase warrants outstanding and 238,759 brokers' warrants outstanding.

ON BEHALF OF THE BOARD:

"Michael Walkinshaw"

Chief Executive Officer
TIMIA CAPITAL CORP.