

**ITOK CAPITAL CORP.**  
(also referred to as “ITOK” or the “Corporation”)

**Management’s Discussion & Analysis**

The following discussion and analysis should be read in conjunction with the interim financial statements for the period ended June 30, 2019 prepared in accordance with International Financial Reporting Standards (“IFRS”). Additional information regarding the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

All dollar figures included therein and in the following discussion analysis are quoted in Canadian dollars unless otherwise noted.

**Date:**

This management’s discussion and analysis (“MD&A”) is dated August 29, 2019 and is in respect of the period ended June 30, 2019. The discussion in this management's discussion and analysis focuses on this period. Estimates and forward-looking information are based on assumptions of future events and actual results may vary from these estimates. This MD&A is prepared in conformity with National Instrument 51-102F1 and has been approved by the Board of Directors.

**Disclaimer for Forward-Looking Statements**

This MD&A contains forward-looking statements relating to future events. In some cases, forward-looking statements can be identified by such words as “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe” or similar expressions. These statements represent management’s best projections, but under reliance should not be placed upon them as they are derived from numerous assumptions. These assumptions are subject to known and unknown risks and uncertainties, including the business risks discussed in the MD&A which may cause actual performance and financial results to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted.

**Status of the Corporation**

ITOK Capital Corp., (the “Corporation”) was incorporated under the laws of the Province of Ontario on January 21, 2005 and is classified as a Capital Pool Company as defined in Policy 2.4 (“Policy 2.4”) of the TSX Venture Exchange (the “Exchange”).

The Corporation has not commenced commercial operations and has no assets. The Corporation’s current business is to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction (as described in “Policy 2.4”). Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a non-arm’s length Qualifying Transaction is also subject to “majority of the minority approval” in accordance with Policy 2.4. The Corporation has not conducted commercial operations other than to enter into discussions for the purpose of identifying potential acquisitions or interests as more particularly described below.

On May 2, 2008, the Corporation completed its initial public offering (the “offering”) of 1,000,000 Common Shares (the “Common Shares”) at a purchase price of \$0.30 per Common Share by way of a prospectus, filed in the Provinces of Alberta, British Columbia, and Ontario, for gross proceeds of \$300,000. Upon the closing of the Offering, there were 1,666,667 Common Shares issued and outstanding, of which 666,667 Common Shares were being held in escrow.

The Common Shares were admitted for trading on the Exchange under the trading symbol "ITK.P" at the opening of the market on May 7, 2008.

On May 10, 2010, ITOK voluntarily halted trading of its shares on the Exchange pending announcement of a proposed Qualifying Transaction pursuant to the policies of the Exchange (the "Qualifying Transaction").

On May 12, 2010, trading in the Common Shares was suspended for failure to complete a Qualifying Transaction within the time prescribed by TSX Venture Exchange Policy 2.4. The Corporation was required to complete a Qualifying Transaction, delist or transfer its listing to the NEX board of the Exchange ("NEX") prior to May 9, 2010.

Pursuant to the resolution at the Annual General Meeting of Shareholders held on July 29, 2010, the Corporation's listing was transferred to NEX on August 11, 2010, the Corporation's Tier classification changed from Tier 2 to NEX, and the Filing and Service Office changed from Toronto to NEX.

As of August 11, 2010, the Corporation is subject to restrictions on share issuances and certain types of payments as set out in the NEX policies. Further to the TSX Venture bulletin dated May 11, 2010, trading in the shares of the Corporation remains suspended. Members are prohibited from trading in the securities of the Corporation during the period of the suspension or until further notice.

The trading symbol for the Corporation changed from ITK.P to ITK.H. There is no change in the Corporation's name, no change in its CUSIP number and no consolidation of capital. The symbol extension differentiates NEX symbols from Tier 1 or Tier 2 symbols within the TSX Venture market.

As a condition of the move to the NEX, 50%, or 333,335 Common Shares originally issued to the Directors of the Corporation were cancelled, as approved by the shareholders of the Corporation at the Annual General Meeting in accordance with Majority of the Minority Approval (as defined in TSX Venture Exchange Policy 2.4).

Until completion of a Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as described in the Corporation's final prospectus dated March 28, 2008, filed on SEDAR, the funds raised pursuant to the Corporation's initial public offering and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan, or direct investment in a potential acquisition.

### **Selected Annual Information**

The following table sets out selected audited financial information (in Canadian dollars) for our Corporation which has been prepared in accordance with IFRS:

<b>Year ended December 31,</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Total assets	\$Nil	\$Nil	\$Nil
Total liabilities	254,668	\$315,794	\$286,773
Net loss and comprehensive loss for the period	\$(28,873)	\$(29,021)	\$(196,759)
Basic and diluted net loss per share for the period	\$(0.03)	\$(0.03)	\$(0.20)
Weighted average number outstanding	1,000,000	1,000,000	1,000,000

## **Results of Operations**

For the six months ended June 30, 2019 the Corporation incurred general and administrative expenses of \$13,614 compared to \$3,081 in June 30, 2018. The increase in expenses was due to additional accounting fees incurred to bring the Corporation's records up to date.

For the six months ending June 30, 2019 and 2018, in relation to the convertible debenture, the Corporation recorded interest expense of \$5,400 and \$5,400, respectively.

## **Disclosure of Outstanding Share Data**

The Corporation's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of non-voting Preferred Shares without par value.

As of June 30, 2019, and June 30, 2018, the Company had 1,333,332 common shares issued and outstanding and no non-voting Preferred Shares outstanding.

As at June 30, 2019 and June 30, 2018, the Corporation had 333,332 common shares held in escrow.

## **Liquidity and Capital Resources**

On March 23, 2015, the Corporation issued \$90,000 convertible debentures, bearing simple interest rate of 12% per annum with maturity date on December 31, 2017. The holder at any time may convert all or any part of the outstanding principal and accrued interest into units at a conversion price of \$0.05 per unit. Upon issuance, a debt discount of \$10,871 was recorded to equity and was accreted over the remaining life of the debenture. As at June 30, 2019 and December 31, 2018, the Corporation had a debenture with a carrying value of \$90,000 and accrued interest payable in relation to the debenture of \$46,132 and \$40,732, respectively.

As at June 30, 2019, the Corporation had net working deficit of \$363,682 comprised of trade and other payables and \$Nil cash on hand. Management believes that the Corporation's cash will not be sufficient to meet its working capital requirements for the next twelve month period.

## **Change in Accounting Policies**

### *IFRS 16 'Leases':*

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17.

Under IFRS 16, lessees assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to use an identified asset for a period of time in exchange for consideration. With the exception of leases with a lease term of 12 months or less and leases of low value assets, IFRS 16 requires the recognition of a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee.

As the Company is classified as a CPC with a limited number of transactions and has not encountered any agreements which meet the definition of IFRS 16, the adoption of IFRS 16, effective January 1, 2019, has had no material impact on the financial statements.

## **Off-Balance Sheet Arrangements**

The Corporation has no off-balance sheet arrangements.

## **Directors and Officers**

As of the date of this MD&A, the Company's directors and officers are as follows:

Charles McMillan, Chief Executive Officer, Chief Financial Officer, and Director  
Muhammad Azimuddin, Director

## **Transactions with Related Parties**

None.

## **Financial Instruments**

The Corporation's financial instruments consist of accounts payable and loans payable. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from the financial instruments and that the fair values of these instruments approximate their carrying values due to their short term nature and floating interest rates.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's cash and receivables are exposed to credit risk. The Corporation reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at June 30, 2019, the Corporation is not exposed to any significant credit risk.

### *Liquidity risk*

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Corporation addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options. While the Corporation has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the year in the interim financial statements is interest expense on loans payable. The Corporation has debt instruments at fixed rates and is therefore not exposed to risk in the event of interest rate fluctuations. As at June 30, 2019, the Corporation is not exposed to any significant interest rate risk.

## **Capital Risk Management**

The Corporation's capital currently consists of common shares. The Corporation defines capital as total shareholders' equity which was \$363,682 at June 30, 2019. Its principal source of cash is from the issuance of common shares. The Corporation's capital management objectives are to safeguard its ability to continue as a going-concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or business for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares issued in the IPO may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until the completion of a Qualifying Transaction.

## **Critical Accounting Estimates**

This MD&A is based on the financial statements which have been prepared in accordance with IFRS. The preparation of the interim financial statements requires that certain estimates and judgments are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances.

In the process of applying the Corporation's accounting policies, management has made the following judgment, which has the most significant effect on the amounts recognized in the interim financial statements.

### *Fair value of financial instruments*

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk, and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### *Going concern*

The Corporation's ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent upon the Corporation's ability to obtain the ongoing support of its lenders, investors, obtain profitable operations, and raise additional capital. These audited interim financial statements do not include any adjustments to the carrying value and classification of assets and liabilities that would necessary should the Corporation not be able to continue as a going concern, and such adjustments could be material.

## **Subsequent Events**

None.

## **Additional information**

Additional information about the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com).