

## TIMIA CAPITAL CORP. (the “Company”)

### MANAGEMENT DISCUSSION AND ANALYSIS in Form 51-102F1 (“MD&A”)

The following discussion and analysis is for the year ended November 30, 2019. This MD&A was approved by the Board of Directors on March 5, 2020.

#### INTRODUCTION

The discussion and analysis of the operating results and financial position of the Company should be read in conjunction with the November 30, 2019 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 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](http://www.sedar.com).

TIMIA Capital Corp. 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 commenced trading on the OTCQB Venture Market (“OTCQB”) under the symbol of TIMCF effective September 9, 2019.

On March 6, 2019, the Company established a new Limited Partnership (LP1) structure resulting in the corporate structure summarized in the chart below. The financial information of these entities is presented in the consolidated financial statements. The “Company” and “TIMIA” herein refers to the consolidated entity.

Entity	Country	Percentage Ownership of Parent
TIMIA Capital Corp.	Canada	-
TIMIA Capital General Partner Inc.	Canada	100%
TIMIA Capital Residual Partner Inc.	Canada	100% <sup>(1)</sup>
TIMIA Capital Holdings Limited Partnership	Canada	100%

Note: <sup>(1)</sup> TIMIA Capital Corp. holds its 15.64% interest in TIMIA Capital 1 Limited Partnership through the wholly owned subsidiary TIMIA Capital Residual Partners Inc.

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 applicable 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 789 West Pender St. Suite 1530, 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 its Revenue Financing (“RF”) contracts between TIMIA and each Investee, interest from the Company’s Short-Term loan investments and income from transaction and other fees (due diligence fees and other similar payment types). Specific investee financings are contracted for various expected durations with a maximum payback period of as much as 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 primarily comprised of equity positions obtained through its prior business model as GreenAngel Energy Corp. The Company is actively managing its equity portfolio 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.

The capital for all of TIMIA’s investments comes from private investments through a Limited Partnership fund, co-investor syndication and common share and debenture issuances.

## HIGHLIGHTS OF PERFORMANCE

For the year ended November 30, 2019, the Company had the following highlights:

- Interest income from investments doubled to \$3,046,608 compared to \$1,521,999 in the prior year;
- Total revenue increased 89% to \$3,288,263 from \$1,738,239 in the prior year;
- Total assets grew 90% to \$27,107,384 from \$14,254,460 in the prior year;
- Net loss was \$1,087,567 compared to net income of \$18,838 for the prior year, the difference was due to a \$1,582,906 gain on investments including \$1,562,002 in cash gains resulting from numerous successful exits from both its equity and loan portfolios in the year ended November 30, 2018 as well as financing costs in the current year ended related to the formation of and financing through a Limited Partnership structure;
- Loan portfolio increased by over 123% in the current year from \$9,680,390 to \$21,596,037;
- Closed \$15,895,000 combined financing round including a \$545,000 private placement of debentures with warrants and \$15,350,000 with a new Limited Partnership fund;
- Loan receivable for Real Savvy Inc. with face value of US\$1,000,000 was settled;
- Deployed \$13,180,920 of capital into nine new loan investments; and
- New board members Jan Lederman, Paul Geyer and Robert Napoli were elected, replacing outgoing board members Mike Volker and James Pratt.

For the three months ended November 30, 2019, the Company had the following highlights:

- Disbursed US\$2,300,000 to two US companies;
- Loan portfolio related return was 19%;
- Total revenue increased over 99% this quarter to \$998,431 from \$501,129 in the same period last year;
- Interest income grew 129% to \$998,431 for the period compared to \$436,118 in the same period last year;
- Completed \$4,150,000 Class A units in the Limited Partnership in the quarter; and
- Net loss of \$287,071 compared to \$420,418 for the same period last year, the difference primarily due to growth in size of the portfolio and relative increase in revenue.

## OVERALL PERFORMANCE

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. The Company also continues to roll out its offering across the United States improving the geographic diversification of the portfolio. During the year ended November 30, 2019, TIMIA benefited from increased payments (combined principal and interest) as a result of the strong revenue growth of its underlying portfolio, interest payments from new portfolio companies and increasing contractual payments as per the underlying existing loan contracts.

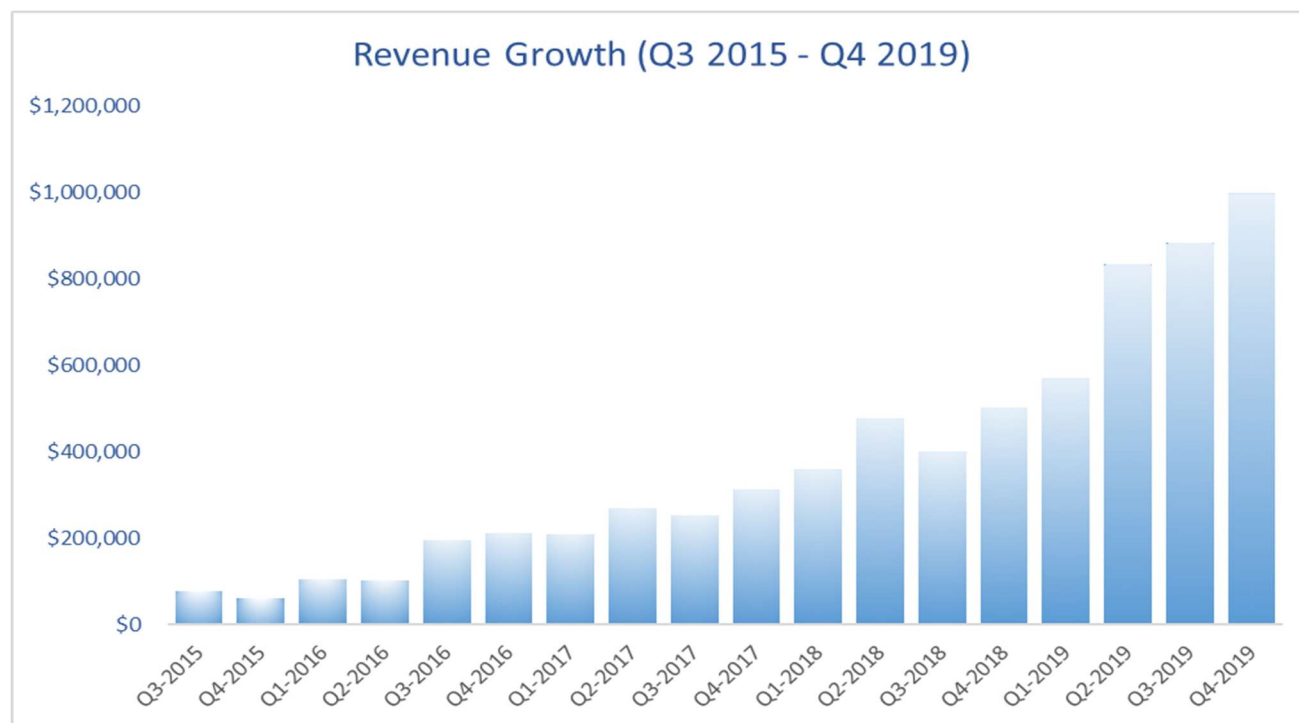
## REVENUE GROWTH

During the three months ended November 30, 2019, the Company continued to expand its loan portfolio by completing two new loan transactions, disbursing growth capital of US\$2,300,000 to two American Companies and three follow-on investments of US\$1,500,000 to three American Companies. The Company invested a total of CAD\$3,000,000 in two Canadian companies and US\$7,650,000 in seven American companies in the year ended November 30, 2019.

The Company's revenue is primarily interest income generated under the Company's RF model. Interest income in the three months ended November 30, 2019 was \$998,431 compared to \$436,118 in the same period last year, a 129% increase. As the Company makes new investments, the number of monthly payments derived from the portfolio grows. Interest income in the year ended November 30, 2019 was \$3,046,608 compared to \$1,521,999 in the prior year, a 100% increase.

Income from transaction and other fees was \$Nil in the three months ended November 30, 2019 compared to \$65,011 in the same period last year. Income from transaction and other fees was \$241,655 in the year ended November 30, 2019 compared to \$216,240 in the prior year. This increase is the result of more completed deals.

Total revenue for the three months ended November 30, 2019 increased 99% to \$998,431 compared to \$501,129 for the three months ended November 30, 2018. Total revenue for the year ended November 30, 2019 increased 89% to \$3,288,263 compared to \$1,738,239 in the prior year. Chart 1 on the following page shows the increase in revenue since Q3 2015.



The increase in revenue, representing interest income and income from transaction and other fees, are the result of new loan investments made by the Company. Management expects the payment amounts to further increase over time as more new and follow-on investments are made and as payments increase from the underlying portfolio.

## EXPENSES INCREASE TO BUILD INFRASTRUCTURE

During the year ended November 30, 2019, the Company invested into the growth of its business with a particular focus this year on fundraising:

### Operational Expense

- Administrative, management and directors' wages and fees increased from \$686,177 to \$907,697 due to a team headcount increase as the organization scales with more capital and assets under management including over 123% growth in loans receivable compared to the prior year. Office, travel, systems and miscellaneous expense went up correspondingly to support increased headcount.
- Investor relations and communications increased from \$307,692 to \$318,152 mainly due to legal and consulting costs incurred as a result of September 2019 listing on the OTCQB Venture Market, offset by declines in usage of external IR consultants;
- Marketing services and promotion expense increased from \$161,756 to \$308,071 to invest in deal flow origination, including systems, personnel, in-person and web events, and advertising. Deal origination activities were increased in order to efficiently put new capital to work;
- Accounting and legal increased from \$266,841 to \$320,996 as a result of higher audit fees owing to the increased complexity of the organization as well as legal fees associated with the expansion of the Company's loan products in the United States and other corporate matters; and

### Finance Expense

- Interest expense was \$984,274 of the total expense amount of \$3,461,837 for the year, an increase of \$192,381 over last year. The increase in interest expense is associated with the issuance of new debentures with warrants during the year.
- The Company incurred \$341,281 in non-recurring fund structuring costs related to the formation and close of the TIMIA 1 Limited Partnership fund. These costs are summarized in more detail in the table that follows:

<b>Fund Structuring Costs</b>	
<b>Expenses</b>	<b>Amount</b>
Exempt market dealer fees	\$ 141,000
Broker and financing costs	192,963
Taxes on management fees	7,318
<b>TOTAL</b>	<b>\$ 341,281</b>

## INTEREST PAYMENTS TO CO-INVESTORS

The Company has syndicated a portion of its loan portfolio to external investors in exchange for cash payments. The consolidated financial statements of the Company at November 30, 2019 include a \$2,575,708 co-investment obligation liability and an interest payment to co-investors expense related to this co-investor program.

Interest payments to co-investors expensed during the three months ended November 30, 2019 were \$126,261 as compared to \$81,774 during the three months ended November 30, 2018. Interest payments to co-investors expensed during the year ended November 30, 2019 was \$409,962 compared with \$403,830 in the prior year. The interest payments to co-investors expensed represents management's estimate of the expense portion of the total payments paid to co-investors during the year.

## NON-CONTROLLING INTEREST

On March 11, 2019, eight financing facility agreements were transferred at fair value for \$8,230,132 from the Company's existing portfolio to the TIMIA 1 Limited Partnership fund (LP1). Consideration for this transaction was

\$5,830,132 in cash and \$2,400,000 in Class B partnership units held by the TIMIA Residual Partner Inc. Limited Partners including TIMIA receive monthly distributions of a pro rata portion of monthly payments from the loan investments in the LP1. As the Manager of the fund, the Company receives a 1.5% Management fee on Committed Capital of \$10,500,000 for the first six years and 0.75% thereafter as well as a monthly operating expense fee. In addition, the LP1 reimburses TIMIA for certain expenses incurred on its behalf.

On September 18, 2019, the Company has received limited partner approval to expand its LP1 from a limit of \$12,000,000 to a limit of \$20,000,000. In July 2019, an additional \$700,000 and \$4,150,000 in September 2019 Class A units were completed, bringing the LP1's capital position to \$15,350,000 out of a possible \$20,000,000.

Cash of \$250,000 was received in advance and was included in share capital subscriptions received in advance at November 30, 2019.

The equity value of the LP1 is recorded as a non-controlling interest on the Company's consolidated statements of financial position. As at November 30, 2019, the non-controlling interest is \$11,609,956. The non-controlling interests of \$456,313 under Net Income (Loss) and Comprehensive Income on the consolidated statements of net income (loss) and comprehensive income (loss) represents the portion of the Net Income (Loss) attributable to the LP1 activity for the year ended November 30, 2019.

## SELECTED ANNUAL INFORMATION

The following selected consolidated financial information have been derived from the Financial Statements and should be read in conjunction with the Financial Statements.

<b>Fiscal Years ended</b>	<b>November 30, 2019</b>	<b>November 30, 2018</b>	<b>November 30, 2017</b>
Net Income (Loss) for the Year	(\$1,087,567)	\$18,838	(\$197,620)
Income (Loss) Per Common Share	(\$0.03)	\$0.00	(\$0.01)
Income (Loss) Per Diluted Common Share	(\$0.03)	\$0.00	(\$0.01)
Total Assets	\$27,107,384	\$14,254,460	\$9,060,664
Total Liabilities	\$12,809,235	\$10,729,659	\$6,082,881
Cash Dividends per Common Share	Nil	Nil	Nil
Weighted Average Number of Common Shares Issued and Outstanding	37,836,480	34,841,608	26,864,675

## SUMMARY OF QUARTERLY RESULTS

	<b>Q4-2019</b>	<b>Q3-2019</b>	<b>Q2-2019</b>	<b>Q1-2019</b>	<b>Q4-2018</b>	<b>Q3-2018</b>	<b>Q2-2018</b>	<b>Q1-2018</b>
Revenue	\$998,431	\$884,231	\$835,038	\$570,563	\$501,129	\$399,991	\$476,940	\$360,179
Adjusted EBITDA (note 1)	\$208,249	\$74,382	\$112,091	\$111,154	(\$100,347)	\$109,686	\$974,275	\$359,135
Net income (loss)	(\$287,071)	(\$54,658)	(\$490,358)	(\$255,480)	(\$420,418)	(\$413,221)	\$769,371	\$83,106
Basic and diluted income (loss) per share	(\$0.01)	(\$0.00)	(\$0.02)	(\$0.01)	(\$0.01)	(\$0.01)	\$0.02	\$0.00
Total assets	\$27,107,384	\$22,300,299	\$22,332,091	\$14,617,521	\$14,254,460	\$13,108,902	\$11,942,311	\$11,595,664
Total liabilities	\$12,809,235	\$12,060,304	\$11,486,282	\$11,246,188	\$10,729,659	\$9,372,383	\$7,874,878	\$8,367,853

### (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, all other non-cash expenses, and costs relating to fund structuring that are periodic in nature. 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 November 30, 2019, the Company's cash balance was \$4,662,156 and working capital was \$4,571,341. This is compared with \$3,749,949 and \$3,614,268 respectively as of November 30, 2018.

The funds raised by the private placement of debentures, the limited partnership, co-investment agreements and cash generated from the underlying portfolio provide the Company with enough funds to operate and grow the business into 2020.

## OUTLOOK

The Company completed two new loan investments for the three months ended November 30, 2019, compared to three new loan investments in the equivalent quarter a year earlier. The Company invested a total of CAD\$3,000,000 in two Canadian companies and US\$7,650,000 in seven American companies in the year ended November 30, 2019. The Company continues to invest in growth companies, increasingly diversifying its investment holdings across North America.

	At November 30, 2019		At November 30, 2018	
	Number of Loans	Carrying Value	Number of Loans	Carrying Value
Canada	11	\$ 10,954,780	9	\$ 8,337,612
United States of America	7	10,192,732	1	1,342,778
<b>Total</b>	<b>18</b>	<b>\$ 21,147,512</b>	<b>10</b>	<b>\$ 9,680,390</b>

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.

As with TIMIA's recent portfolio exits, 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) Certain 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 invested in the Company's convertible debentures. As at November 30, 2019, there was \$598,095 (2018: \$814,653) due to directors, officers, family members of directors and officers and a company controlled by a family member of a director.
- (b) Debentures of \$1,582,500 (2018: \$675,000) 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 November 30, 2019, there was \$1,606,836 (2018: \$788,672) due to directors, officers, family members of directors and officers and a company controlled by a director.
- (c) During the year ended November 30, 2019, \$196,023 (2018: \$121,188) of interest from both debentures and convertible debentures were accrued or paid to certain directors, officers, family members of directors and officers and a company controlled by a director.
- (d) Accounts payable of \$27,979 (2018: \$13,183) was due to directors and/or officers identified as key management personnel as at November 30, 2019.
- (e) Rent expense of \$18,500 (2018: \$30,510) was accrued or paid during the year ended November 30, 2019.
- (f) Investments by directors and their family accounts for \$2,500,000 of Limited Partner contributions.

The Company considers the Chief Executive Officer, Chief Financial Officer, Chief Investment Officer, Chief Credit Officer, and Directors as key management personnel. Key management compensation for the years ended November 30, 2019 and 2018 were as follows:

- (a) Directors fees of \$57,527 (2018: \$44,703) were accrued or paid during the year ended November 30, 2019.
- (b) Management fees of \$483,677 (2018: \$489,091) were accrued or paid during the year ended November 30, 2019.
- (c) Share-based payments of \$127,187 (2018: \$114,707) were recorded for directors and certain officers identified as key management personnel for the year ended November 30, 2019.

## RECENT EVENTS

On November 22, 2019, TIMIA Capital Holdings Limited Partnership, an entity wholly owned by the Company, secured a revolving credit facility (the "Credit Facility") from a lender. The amount available to be drawn under the Credit Facility is \$7,500,000 and will mature on November 22, 2020 ("Maturity Date"), with an option to extend the Maturity Date by 3 months. The principal drawn on the Credit Facility will bear an interest rate equal to the greater of a) prime plus 5.7%, or b) 10.5%. The standby fee on the undrawn balance is equal to 1% of the undrawn principal amount of the facility is payable monthly. A minimum usage fee is due if at any time the principal amount outstanding under the facility falls below \$2,000,000.

The Credit Facility contains both general and financial covenants which the Company is required to report on a regular basis and restrict the level of indebtedness as a ratio to current assets and require a minimum cash balance.

The Company immediately drew \$1,465,363 and incurred cash transaction costs of \$65,375 which are being amortized as accretion expense over the term of the facility. The balance outstanding under the Credit Facility is classified as amortized cost and accounted for using the effective interest rate method. The carrying value as at November 30, 2019 was \$1,405,270.

On October 29, 2019, the Company financed an additional US\$500,000 for software company TransitScreen Inc. This second tranche follows the first disbursement of US\$1,000,000 previously announced on May 1, 2019.

On October 15, 2019, the Company entered into a US\$3,000,000 investment facility for a Connecticut-based software company. The financing facility includes an initial disbursement of US\$1,400,000, which has been advanced, and a further US\$1,600,000 to be disbursed upon certain milestones being met over the term of the agreement.

On October 11, 2019, the Company entered into a US\$3,000,000 investment facility for a software company. The financing facility includes an initial disbursement of US\$900,000, which has been advanced, and a further US\$2,100,000 to be disbursed upon certain milestones being met over the term of the agreement.

On September 18, 2019, the Company has received limited partner approval to expand its LP1 from a limit of \$12,000,000 to a limit of \$20,000,000.

Effective September 9, 2019, the Company commence trading on the OTCQB Venture Market (“OTCQB”) under the symbol of TIMCF. The Company has also applied to the Depository Trust Company (DTC) for both DTC and CNS eligibility to greatly reduce the cost and simplify the process of trading in its common shares on the OTCQB in the United States.

## SUBSEQUENT EVENTS

Subsequent to year-end, the Company exited two loan portfolio investments for total proceeds of \$2,995,000.

In December 2019, the Company entered into a sublease agreement for office space in Vancouver with a term ending April 2021. The Company’s minimum rental commitments as a result are:

2020 - \$93,209  
2021 - \$31,070

Since November 30, 2019, cash payments of \$2,820,000 related to share capital subscriptions in the LP1 were received.

On February 3, 2020, the Company announced that it had entered into a \$3,000,000 (US) investment facility with a Boston-based software company. The financing facility includes an initial disbursement of US\$1,500,000, which has been advanced, and a further US\$1,500,000 to be disbursed upon certain milestones being met over the term of the agreement.

## FINANCIAL INSTRUMENTS RISK

### Financial Instruments

The following table summarizes information regarding the carrying values and classification of the Company’s financial instruments as of the years ended November 30, 2019 and 2018:

		<b>2019</b>		<b>2018</b>
Cash – FVTPL	\$	4,662,156	\$	3,749,949
Accounts receivable – Amortized cost		284,326		193,956
Loans receivable – Amortized cost		21,147,512		9,307,564
Equity investments – FVTPL		965,100		965,100
Accounts payable – Amortized cost		305,665		206,399
Revolving credit facility – Amortized cost		1,405,270		-
Convertible debentures – Amortized cost		2,047,696		2,028,565
Debentures – Amortized cost		6,076,930		5,454,334
Co-investment obligations – Amortized cost		2,575,708		2,886,456



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 are carried at their fair value. Loans receivable, accounts receivable, convertible debentures, 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 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. In prior periods, the Company accrued a loan loss provision each quarter 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. The Company adopted IFRS 9 this year and thus as of December 1, 2018, 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. The ECL expense this year is \$75,699 and the loan loss accrued is \$448,525 as at November 30, 2019.

## 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	305,665	305,665	305,665	-	-
Revolving credit facility	1,405,270	1,405,270	1,405,270	-	-
Convertible debentures	2,047,696	2,047,696	1,764,196	283,500	-
Debentures	6,076,930	6,076,930	101,284	1,767,275	4,208,371
Co-investment obligations	2,575,708	2,575,708	280,538	-	2,295,170
<b>Total</b>	<b>12,411,269</b>	<b>12,411,269</b>	<b>3,856,953</b>	<b>2,050,775</b>	<b>6,503,541</b>

Co-investment obligations, having a carrying value of \$2,575,708, 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's foreign exchange risk is due to the Company's seven loan investments totaling US\$7,650,000 which are currently valued together at \$10,386,787 denominated 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. 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 years ended November 30, 2019 and 2018, 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 year.

#### **OUTSTANDING SHARE DATA**

As of November 30, 2019, the Company had 39,774,796 common shares outstanding, 5,175,000 stock options, 6,331,480 share purchase warrants outstanding and \$2,051,000 convertible debentures convertible into 14,650,000 common shares. As of the date of this MD&A, the Company had 40,024,796 common shares outstanding, 4,925,000 stock options, 6,331,480 share purchase warrants outstanding and \$2,051,000 convertible debentures convertible into 14,650,000 common shares.

#### **ON BEHALF OF THE BOARD:**

*"Michael Walkinshaw"*

Chief Executive Officer

**TIMIA CAPITAL CORP.**